COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P W 0 0 0 0 0 8 0 3

COMPANY NAME

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES

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

San Lazaro Leisure Park, Brgy. Lantic, Carmona, Cavite

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	SEC	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
admin@manilajockey.com	(632) 914-4849	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
973	06/30	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Nestor N. Ubalde	nestorubalde@yahoo.com	914-4758	09175576284

CONTACT PERSON's ADDRESS

14th Flr. Strata 100 Bldg., F. Ortigas Jr. Road, Ortigas Center, Pasig City

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

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

MANILA JOCKEY CLUB, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

MANILA JOCKEY CLUB, INC.

RACING SINCE 1867

April 12, 2016

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **MANILA JOCKEY CLUB, INC.** is responsible for the preparation and fair presentation of the consolidated financial statements as of **December 31, 2015 and 2014** and for the years ended **December 31, 2015, 2014 and 2013**, including the additional components attached therein, 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 reviews and approves the consolidated financial statements and submits the same to the stockholders.

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

Alfonso R. Reyno, Jr. Chairman and CEO	**Alfonso G. Reyno III** President and COO	**Nestor N. Ubalde** Chief Finance Officer

SUBSCRIBED AND SWORN to before me this 14 APR 2016 day of ______, affiants personally appeared before me, exhibiting to me their respective government issued identification cards with photographs as follows:

NAMES	PASSPORT / DRIVER'S LICENSE NO.	DATE OF ISSUE	PLACE OF ISSUE
Alfonso R. Reyno, Jr.	EB8557161	July 4, 2013	Manila
Alfonso G. Reyno III	EB6074546	August 2, 2012	DFA Manila
Nestor N. Ubalde	NO4-89-106906	March 3, 2015	Rizal

Doc. No. 19
Page No. 05
Book No. IV
Series of 2016

CHINO PAOLO Z. ROXAS
NOTARY PUBLIC
APPOINTMENT NO. M-149 (2015-2016)
UNTIL DECEMBER 31, 2016
PTR NO. 1418810/01-07-16/ PASIG CITY
IBP NO. 1022669/01-07-16/MAKATI CITY
CITIES OF PASIG, TAGUIG, SAN JUAN AND PATEROS
ROLL OF ATTORNEY NO. 57018

SGV
Building a better working world

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

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

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

INDEPENDENT AUDITORS' REPORT

APR 15 2016

The Stockholders and the Board of Directors
Manila Jockey Club, Inc.
San Lazaro Leisure Park
Brgy. Lantic, Carmona, Cavite

We have audited the accompanying consolidated financial statements of Manila Jockey Club, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive income (loss), 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.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Manila Jockey Club, Inc. 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.

Arnel F. De Jesus
Partner
CPA Certificate No. 43285
SEC Accreditation No. 0075-AR-3 (Group A),
February 14, 2013, valid until April 30, 2016
Tax Identification No. 152-884-385
BIR Accreditation No. 08-001998-15-2015,
June 26, 2015, valid until June 25, 2018
PTR No. 5321627, January 4, 2016, Makati City

April 11, 2016

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LARGE TA ... SSIS ... CE DIVISION
Date APR 15 2016
R E
MA. GRAC

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Note 7)	**₱134,470,762**	₱302,978,624
Receivables (Note 8)	**200,069,482**	184,547,008
Inventories (Note 9)	**94,804,252**	95,301,721
Other current assets (Note 10)	**11,331,636**	4,723,557
Total Current Assets	**440,676,132**	587,550,910
Noncurrent Assets		
Real estate receivables - net of current portion (Note 8)	**45,121,918**	128,751,041
Investments in associates and joint ventures (Note 11)	**2,301,262,044**	2,310,148,036
Available-for-sale (AFS) financial assets (Note 12)	**31,942,805**	22,067,765
Property and equipment (Notes 13 and 31)	**957,207,789**	1,028,026,907
Investment properties (Notes 11, 14, 16 and 31)	**998,356,015**	1,010,782,640
Other noncurrent assets (Notes 1 and 15)	**30,959,981**	31,992,212
Total Noncurrent Assets	**4,364,850,552**	4,531,768,601
	₱4,805,526,684	₱5,119,319,511
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans and borrowings (Note 16)	**₱39,000,000**	₱74,437,500
Accounts payable and other liabilities (Note 17)	**301,126,960**	354,327,222
Income tax payable	**6,907**	12,687,646
Current portion of long-term loans and borrowings (Notes 13, 14 and 16)	**–**	14,285,715
Due to related parties (Note 27)	**–**	38,640,000
Subscription payable (Note 27)	**–**	42,808,835
Total Current Liabilities	**340,133,867**	537,186,918
Noncurrent Liabilities		
Accrued retirement benefits (Note 22)	**38,982,230**	42,512,894
Deferred tax liabilities - net (Note 26)	**228,578,560**	246,103,418
Total Noncurrent Liabilities	**267,560,790**	288,616,312
	607,694,657	825,803,230
Equity		
Capital stock (Note 28)	**996,170,748**	996,170,748
Additional paid-in capital	**27,594,539**	27,594,539
Actuarial gains on accrued retirement benefits	**21,621,047**	21,144,472
Net cumulative changes in fair values of AFS financial assets (Note 12)	**3,923,214**	5,216,306
Retained earnings (Note 28)	**3,150,149,222**	3,245,679,278
Treasury shares (Note 28)	**(7,096)**	(7,096)
Equity attributable to equity holders of the parent company	**4,199,451,674**	4,295,798,247
Noncontrolling interests	**(1,619,647)**	(2,281,966)
Total Equity	**4,197,832,027**	4,293,516,281
	₱4,805,526,684	₱5,119,319,511

See accompanying Notes to Consolidated Financial Statements.

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Years Ended December 31		
	2015	2014	2013
REVENUES			
Club races	**₱199,811,373**	₱223,888,768	₱216,425,501
Rent (Notes 13 and 14)	**87,163,618**	86,065,488	89,004,920
Real estate	**46,567,719**	35,388,928	148,533,687
Food and beverages	**18,972,040**	17,520,185	7,100,295
Others	**18,819,138**	19,686,768	33,885,440
	371,333,888	382,550,137	494,949,843
COST OF SALES AND SERVICES (Note 18)			
Club races	**175,111,876**	168,656,048	170,333,080
Rent	**62,600,842**	59,579,622	48,858,973
Real estate (Note 9)	**1,008,078**	4,322,592	46,508,923
Food and beverages	**19,324,889**	16,667,638	14,516,986
Others	**22,140,854**	19,595,144	33,713,947
	280,186,539	268,821,044	313,931,909
GROSS INCOME	**91,147,349**	113,729,093	181,017,934
General and administrative expenses (Note 19)	**(188,535,895)**	(171,849,961)	(191,777,220)
Selling expense (Note 9)	**(4,446,269)**	(7,191,379)	(14,049,256)
Interest income (Notes 7, 8, 12 and 23)	**5,018,290**	12,820,019	13,238,860
Finance costs (Notes 16 and 24)	**(2,385,464)**	(3,733,470)	(4,810,933)
Equity in net earnings of associates and joint ventures (Note 11)	**12,478,009**	17,098,728	10,568,704
Other income - net (Note 25)	**28,301,476**	43,355,394	2,123,278,411
INCOME (LOSS) BEFORE INCOME TAX	**(58,422,504)**	4,228,424	2,117,466,500
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)			
Current	**4,366,275**	19,564,964	12,114,936
Deferred	**(17,729,105)**	(17,090,907)	(3,835,437)
	(13,362,830)	2,474,057	8,279,499
NET INCOME (LOSS)	**(45,059,674)**	1,754,367	2,109,187,001
OTHER COMPREHENSIVE INCOME (LOSS)			
Items of other comprehensive loss to be reclassified to profit or loss in subsequent periods			
Net changes in fair values of AFS financial assets (Note 12)	**(1,293,092)**	(3,797,287)	(9,694,318)
Items of other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses) on remeasurement of retirement benefits, net of tax (Note 22)	**476,575**	(3,730,876)	(3,554,152)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱45,876,191)**	(₱5,773,796)	₱2,095,938,531
Net income (loss) attributable to:			
Equity holders of the parent company	**(₱45,721,993)**	₱1,754,367	₱2,109,187,501
Noncontrolling interests	**662,319**	–	(500)
	(₱45,059,674)	₱1,754,367	₱2,109,187,001
Total comprehensive income (loss) attributable to:			
Equity holders of the parent company	**(₱46,538,510)**	(₱5,773,796)	₱2,095,939,031
Noncontrolling interests	**662,319**	–	(500)
	(₱45,876,191)	(₱5,773,796)	₱2,095,938,531
Basic/Diluted Earnings (Loss) Per Share (Note 29)	**(₱0.0459)**	₱0.0018	₱2.1173

See accompanying Notes to Consolidated Financial Statements.

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Capital Stock (Note 28)	Additional Paid-In Capital (Note 28)	Net Cumulative Changes in Fair Values of AFS Financial Assets (Note 12)	Actuarial Gains on Accrued Retirement Benefits (Note 22)	Retained Earnings (Note 28) Appropriated	Retained Earnings (Note 28) Unappropriated	Treasury Shares (Note 28)	Subtotal	Noncontrolling Interests	Total
BALANCES AT DECEMBER 31, 2014	**₱996,170,748**	**₱27,594,539**	**₱5,216,306**	**₱21,144,472**	**₱–**	**₱3,245,679,278**	**(₱7,096)**	**₱4,295,798,247**	**(₱2,281,966)**	**₱4,293,516,281**
Total comprehensive loss for the year	–	–	(1,293,092)	476,575	–	(45,721,993)	–	(46,538,510)	662,319	(45,876,191)
Cash dividends declared (Note 28)	–	–	–	–	–	(49,808,063)	–	(49,808,063)	–	(49,808,063)
BALANCES AT DECEMBER 31, 2015	**₱996,170,748**	**₱27,594,539**	**₱3,923,214**	**₱21,621,047**	**₱–**	**₱3,150,149,222**	**(₱7,096)**	**₱4,199,451,674**	**(₱1,619,647)**	**₱4,197,832,027**
BALANCES AT DECEMBER 31, 2013	**₱948,734,898**	**₱27,594,539**	**₱9,013,593**	**₱24,875,348**	**₱17,180,917**	**₱3,321,616,115**	**(₱7,096)**	**₱4,349,008,314**	**(₱2,281,966)**	**₱4,346,726,348**
Total comprehensive loss for the year	–	–	(3,797,287)	(3,730,876)	–	1,754,367	–	(5,773,796)	–	(5,773,796)
Stock dividends declared (Note 28)	47,435,850	–	–	–	–	(47,435,850)	–	–	–	–
Cash dividends declared and paid (Note 28)	–	–	–	–	–	(47,436,271)	–	(47,436,271)	–	(47,436,271)
Reversal of previous appropriation during the year (Note 28)	–	–	–	–	(17,180,917)	17,180,917	–	–	–	–
BALANCES AT DECEMBER 31, 2014	**₱996,170,748**	**₱27,594,539**	**₱5,216,306**	**₱21,144,472**	**₱–**	**₱3,245,679,278**	**(₱7,096)**	**₱4,295,798,247**	**(₱2,281,966)**	**₱4,293,516,281**
BALANCES AT DECEMBER 31, 2012	**₱862,487,439**	**₱27,594,539**	**₱18,707,911**	**₱28,429,500**	**₱17,180,917**	**₱1,341,799,972**	**(₱7,096)**	**₱2,296,193,182**	**₱139,342,675**	**₱2,435,535,857**
Total comprehensive income for the year	–	–	(9,694,318)	(3,554,152)	–	2,109,187,501	–	2,095,939,031	(500)	2,095,938,531
Stock dividends declared and paid (Note 28)	86,247,459	–	–	–	–	(86,247,459)	–	–	–	–
Cash dividends declared and paid (Note 28)	–	–	–	–	–	(43,123,899)	–	(43,123,899)	–	(43,123,899)
Loss of control of MIC (Note 6)	–	–	–	–	–	–	–	–	(141,624,141)	(141,624,141)
BALANCES AT DECEMBER 31, 2013	**₱948,734,898**	**₱27,594,539**	**₱9,013,593**	**₱24,875,348**	**₱17,180,917**	**₱3,321,616,115**	**(₱7,096)**	**₱4,349,008,314**	**(₱2,281,966)**	**₱4,346,726,348**

See accompanying Notes to Consolidated Financial Statements.

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱58,422,504)**	₱4,228,424	₱2,117,466,500
Adjustments for:			
Depreciation (Notes 13, 14 and 20)	**81,133,631**	77,779,448	85,535,827
Equity in net earnings of associates and joint ventures (Note 11)	**(12,478,009)**	(17,098,728)	(10,568,704)
Interest income (Note 23)	**(5,018,290)**	(12,820,019)	(13,238,860)
Gain on sale of:			
AFS financial assets (Note 12)	**(2,582,792)**	(1,250,360)	–
Investment property (Notes 14 and 25)	–	–	(13,351,064)
Finance costs (Note 24)	**2,385,464**	3,733,470	4,810,933
Amortization of franchise fee (Note 18)	**1,794,000**	1,794,000	1,794,000
Dividend income (Note 25)	**(350,485)**	(798,013)	–
Unrealized foreign exchange loss - net	**93,642**	106,752	92,405
Gain on reversal of liabilities (Note 25)	–	(8,004,970)	–
Remeasurement gain on retained interest (Notes 6 and 25)	–	–	(2,092,949,673)
Operating income before working capital changes	**6,554,657**	47,670,004	79,591,364
Decrease (increase) in:			
Receivables	**42,148,164**	84,274,223	(18,949,455)
Other current assets	**(1,654,902)**	62,109	12,835,811
Inventories	**497,469**	4,062,952	46,204,543
Increase (decrease) in:			
Accounts payable and other liabilities	**(55,408,133)**	45,297,846	(18,370,406)
Accrued retirement benefits (Note 22)	**(2,849,842)**	2,121,899	4,151,367
Cash generated from (used in) operations	**(10,712,587)**	183,489,033	105,463,224
Income taxes paid, including creditable withholding and final taxes	**(22,000,191)**	(9,699,056)	(14,295,861)
Net cash provided by (used in) operating activities	**(32,712,778)**	173,789,977	91,167,363
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received (Notes 11 and 25)	**47,866,140**	9,517,045	–
Acquisitions of property and equipment (Note 13)	**(35,085,533)**	(78,070,091)	(22,725,408)
Acquisitions of AFS financial assets (Note 12)	**(21,297,900)**	(8,129,767)	–
Proceeds from sale of:			
AFS financial assets (Note 12)	**12,712,560**	4,758,026	–
Investment property	–	–	8,392,857
Property and equipment	–	–	1,494,866
Interest received (Note 23)	**4,825,121**	12,695,310	–
Decrease (increase) in other noncurrent assets	**(761,769)**	617,846	(1,663,719)
Net cash provided by (used in) investing activities	**8,258,619**	(58,611,631)	(14,501,404)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid by the Parent Company (Note 28)	**(49,042,547)**	(45,829,488)	(43,123,899)
Proceeds from short-term loans and borrowings (Note 16)	–	–	30,000,000
Decrease in deposit for future stock subscription	–	–	(75,100,000)
Increase in subscription payable	–	–	42,808,835
Payments of:			
Subscriptions	**(42,808,835)**	–	–
Short-term loans and borrowings (Note 16)	**(36,437,500)**	(12,000,000)	(14,000,000)
Long-term loans and borrowings (Note 18)	**(14,285,715)**	(14,285,714)	(14,285,715)

(Forward)

	Years Ended December 31		
	2015	2014	2013
Interest paid	**(₱2,385,464)**	(₱3,733,470)	(₱4,810,933)
Advances from related parties	–	–	(17,310)
Net cash used in financing activities	**(143,960,061)**	(75,848,672)	(78,529,022)
EFFECT OF DECONSOLIDATION OF A SUBSIDIARY ON CASH AND CASH EQUIVALENTS	–	–	(8,892,026)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(93,642)**	(106,752)	(92,405)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(168,507,862)**	39,222,922	(10,847,494)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**302,978,624**	263,755,702	274,603,196
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱134,470,762**	₱302,978,624	₱263,755,702

See accompanying Notes to Consolidated Financial Statements

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Manila Jockey Club, Inc. (the "Parent Company") and Subsidiaries (collectively referred to as the "Group") was incorporated in the Philippines on March 22, 1937 and was listed in the Philippine Stock Exchange (PSE) on October 11, 1963.

In 1987, the Philippine Securities and Exchange Commission (SEC) approved the extension of the Parent Company's corporate life for another 50 years starting March 22, 1987.

The Parent Company is presently engaged in the construction, operations and maintenance of a racetrack located in Cavite, Philippines and in the holding or conducting of horse races therein with bettings both directly or indirectly by means of mechanical, electric and/or computerized totalizator. It has a congressional franchise granted on November 23, 1997 under Republic Act (R.A.) No. 8407 to hold such races and to maintain the race track, which will expire on November 23, 2022 (see Note 15). The Parent Company is also engaged in the development and sale of condominium units and residential properties, and lease of an office building through joint venture (JV) arrangements with certain developers.

Under R.A. No. 8407, the Parent Company shall pay annually to the National Treasury a franchise tax equivalent to 25% of its gross earnings from horse races in lieu of all taxes, except income tax, that are imposed by the national or local government on the activities covered by the franchise. Starting 2001, the Parent Company pays value-added tax (VAT) in lieu of the franchise tax by virtue of the provision of R.A. No. 7716 or the Expanded VAT Law.

Subsidiaries, Joint Ventures and Associates

	Place of incorporation	Nature of business	Functional currency	Percentage of ownership 2015	2014
Subsidiaries					
Biohitech Philippines, Inc. (Biohitech) [a]	Philippines	Waste management	Philippine Peso	**50.00**	50.00
Gametime Sports and Technologies, Inc. (Gametime) [a]	Philippines	Gaming	Philippine Peso	**100.00**	100.00
Manilacockers Club, Inc. (MCI)	Philippines	Gaming	Philippine Peso	**100.00**	100.00
MJC Forex Corporation (MFC)	Philippines	Money changer	Philippine Peso	**100.00**	100.00
New Victor Technology, Ltd. (NVTL)	Hong Kong	Gaming	Philippine Peso	**100.00**	100.00
San Lazaro Resources and Development Corporation (SLRDC) [a]	Philippines	Real estate	Philippine Peso	**100.00**	100.00
SLLP Holdings, Inc. (SLLPHI) [a]	Philippines	Holdings	Philippine Peso	**100.00**	100.00
Hi-Tech Harvest Limited [a]	Hong Kong	Marketing	Philippine Peso	**100.00**	–
Joint Ventures					
Gamespan, Inc. (Gamespan) [a]	Philippines	Gaming	Philippine Peso	**50.00**	50.00
San Lazaro BPO Complex (SLBPO)	Philippines	Real estate	Philippine Peso	**30.00**	30.00
Associates					
MJC Investments Corporation Doing business under the name and style of Winford Leisure and Entertainment Complex and Winford Hotel and Casino (MIC) [b]	Philippines	Real estate and Gaming	Philippine Peso	**22.31**	28.32
Techsystems, Inc. (Techsystems) [a]	Philippines	Information Technology	Philippine Peso	**33.00**	33.00

[a] *Not yet started commercial operation as of December 31, 2015*
[b] *Formerly MJC Investments Corporation. Became an associate effective January 18, 2013 (see Note 6).*

The registered office address of the Parent Company is San Lazaro Leisure Park, Brgy. Lantic, Carmona, Cavite.

The consolidated financial statements as at and for the years ended December 31, 2015 was authorized for issuance by the Board of Directors (BOD) on April 11, 2016.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The consolidated financial statements are prepared using the historical cost basis, except for AFS financial assets, which are carried at fair value. The consolidated financial statements are presented in Philippine Peso (Peso or ₱), which is the Parent Company's functional and presentation currency. All amounts are rounded off to the nearest Peso, except when otherwise indicated.

Statement of Compliance

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

3. Summary of Significant Changes in Accounting Policies and Disclosures

New and Amended Standards and Interpretations

The Group applied for the first time certain amendments, which are effective for annual periods beginning on or after January 1, 2015. The adoption of these amendments did not have any significant impact on the financial statements.

- Amendments to PAS 19, *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 Depreciation*; and
- 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*; and
- PAS 40, *Investment Property.*

Future Changes in Accounting Policies

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these standards when they become effective. Adoption of these standards and interpretations are not expected to have any significant impact on the financial statements of the Group.

No definite adoption date prescribed by the SEC and FRSC

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

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);
- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments);
- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests* (Amendments);
- PAS 1, *Presentation of Financial Statements* - Disclosure Initiative (Amendments);
- PFRS 14, *Regulatory Deferral Accounts*;
- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments); and
- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments).

Annual Improvements to PFRSs (2012-2014 cycle)

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*;
- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*;
- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*;
- PAS 19, *Employee Benefits - regional market issue regarding discount rate*; and
- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*.

Effective January 1, 2018

- PFRS 9, *Financial Instruments*

  In July 2014, the IASB issued the final version of PFRS 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 comparative information is not compulsory. 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.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*

  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is 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 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

Effective January 1, 2019

- 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 sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

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

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

4. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of the Group where the Parent Company has control. 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; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in Biohitech in 2015 and 2014 that are not held by the Group and are presented separately in the consolidated statements of comprehensive income (loss) and consolidated statements of financial position separate from equity attributable to equity holders of the parent.

An acquisition, transfer or sale of a noncontrolling interest is accounted for as an equity transaction. No gain or loss is recognized in an acquisition of a noncontrolling interest. If the Group loses control over a subsidiary, it: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated profit or loss; and (iii) reclassifies the Parent Company's share of components previously recognized in OCI to the consolidated profit or loss or retained earnings, as appropriate.

Transactions Eliminated on Consolidation. All intragroup transactions and balances including income and expenses, and unrealized gains and losses are eliminated in full.

Accounting Policies of Subsidiaries. The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as those of the Parent Company.

Functional and Presentation Currency. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value, and the amount of any noncontrolling interest in the acquiree.

For each business combination, the Group elects to measure the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the profit or loss under "General and administrative expenses" account.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

When subsidiaries are sold, the difference between the selling price and net assets and goodwill is recognized in the profit or loss.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the statement of financial position based on current or noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to sold or consumed in the 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 the 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 income tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement
The Group measures financial instruments at each reporting date. Additional fair value related disclosures including fair values of financial instruments measured at amortized cost are disclosed in Note 32.

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 to the Group.

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

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

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

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

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

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

Cash and Cash Equivalents

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

Financial Assets and Financial Liabilities

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

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

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 FVPL. Fair value is determined by reference to the transaction price or other market prices. If such market prices are not readily determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities.

Financial assets are classified into the following categories:

a. Financial assets at FVPL
b. Loans and receivables
c. Held-to-maturity (HTM) investments
d. AFS financial assets

Financial liabilities, on the other hand, are classified into the following categories:

a. Financial liabilities at FVPL
b. Other financial liabilities

As of December 31, 2015 and 2014, the Group has no financial assets or financial liabilities at FVPL and HTM investments.

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

a. *Loans and receivables*

   This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statements of comprehensive income (loss). The losses arising from impairment are recognized in the consolidated statements of comprehensive income (loss) in finance costs for loans and in cost of sales or other operating expenses for receivables.

   Included in this category are the Group's cash in banks and cash equivalents, receivables and deposits (presented as part of "Other noncurrent assets" in the consolidated statements of financial position) as of December 31, 2015 and 2014.

b. *AFS financial assets*
AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statements of comprehensive income (loss) in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of income.

Unquoted AFS financial assets that do not have ready market prices are measured at cost, less allowance for impairment, if any, since their fair market value cannot be reliably measured.

The Group's AFS financial assets consist of investments in quoted and unquoted equity securities, quoted debt securities, preferred shares and club membership shares as of December 31, 2015 and 2014.

c. *Other financial liabilities*
This category pertains to financial liabilities that are not held for trading or not designated at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., payables and accruals) or borrowings (e.g., loans and obligations arising from finance lease). The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium (or discount) and any directly attributable transaction costs. Gains and losses on amortization and accretion are recognized in profit or loss.

Included in this category are the Group's short-term and long-term loans and borrowings, accounts payable and other liabilities, due to related parties and subscription payable as of December 31, 2015 and 2014.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or 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) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 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 of 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.

Financial liabilities

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

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

Impairment of Financial Assets

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

Assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statements of comprehensive income (loss). Interest income (recorded as finance income in the statement of income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of income.

Assets carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the current market rate of return for a similar financial asset.

AFS financial assets
For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statements of comprehensive income (loss), is removed from OCI and recognized in the statement of income. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statements of comprehensive income (loss).

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statements of comprehensive income (loss), the impairment loss is reversed through the statements of comprehensive income (loss).

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories

Inventories include real estate inventories, food and beverages inventory, and gamefowls which are valued at the lower of cost and net realizable value (NRV).

Real Estate Inventories

Real estate inventories include completed and on-going projects of the Group, and are stated at the lower of cost and net realizable value. Real estate inventories include properties held for future development and properties being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation.

The carrying values of revalued real estate properties as of January 1, 2004 transferred to real estate inventories in 2005 were considered as the assets' deemed cost as of the said date in accordance with PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards.*

Investments in Associates and Joint Ventures

Investment in an associate in which the Group exercises significant influence and which is neither a subsidiary nor a joint venture of the Group is accounted for under the equity method of accounting.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The Group's investment in a joint venture is accounted for using the equity method.

Under the equity method, the cost of investment in associate and joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate and the joint venture. Goodwill, if any, relating to an associate or a joint venture is included in the carrying amount of the investment and is not amortized or separately tested for impairment. The statements of comprehensive income (loss) reflect the share of the results of operations of the associate and joint venture. Where there has been a change recognized directly in the equity of the associate and the joint venture, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized profits or losses resulting from transactions between the Group and the associate and joint venture are eliminated to the extent of the interest in the associate and joint venture.

The reporting dates of the associate, the joint venture and the Parent Company are identical and the accounting policies of the associate and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of joint control over the joint venture and loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture and the associate upon loss of joint control and significant influence, respectively, and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

For interest in joint operation, the Group accounts for each assets, liabilities, revenue, share in revenue and expense separately. The Group would recognize in relation to its interest its:
- Assets, including its share in any assets jointly held
- Liabilities, including its share of any liabilities jointly incurred
- Revenue from the sale of its share of the real estate inventories
- Share of the revenue from services rendered jointly
- Expenses, including its share of expenses incurred jointly

<u>Property and Equipment</u>
Property and equipment, except for land, is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price, nonrefundable taxes, any related capitalizable borrowing costs, and other directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Land is stated at cost.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to income 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 property and equipment.

Depreciation commences when an asset is in its location and condition capable of being operated in the manner intended by the management. Depreciation ceases at the earlier of the date that the asset is classified as held for sale in accordance with PFRS 5, *Non-current Asset Held for Sale and Discontinued Operations,* and the date the asset is derecognized.

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

	No. of Years
Land improvements	5 to 25
Building and improvements	5 to 25
Machinery and equipment	3 to 10
Transportation equipment	5 to 10
Furniture and fixtures	5

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statements when the asset is derecognized.

The residual values and useful lives of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction in progress is stated at cost. This includes cost of construction, borrowing costs incurred during the development or construction phase and other direct costs. Borrowing costs are capitalized until the property is completed and becomes available for use. Construction in progress is not depreciated until such time as the relevant assets are completed and are available for use. The capitalized interest is amortized over the estimated useful life of the related assets.

Investment Properties

The Group's investment properties consist of land that is not used in operations and land and building held for lease. Investment properties are measured initially at cost, including transaction costs. The revalued amount of the land is taken as its deemed cost in accordance with PFRS 1 as of the date of adoption.

Investment properties, except land, are subsequently measured at cost less accumulated depreciation and any accumulated impairment in value. Land is subsequently carried at cost less any impairment in value.

Depreciation of investment properties commences once they become available for use and is calculated on a straight-line basis over the estimated useful life of 25 years.

Depreciation ceases at the earlier of the date that the asset is classified as held for sale in accordance with PFRS 5 and the date the asset is derecognized. The estimated useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the items of investment property.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use or no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party.

Transfers are made from investment properties when and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell. When an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the consolidated statement of financial position) and does not treat it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains as investment property and is not reclassified as owner-occupied property during the redevelopment.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Franchise Fee

The franchise fee, presented as part of "Other noncurrent assets" in the consolidated statements of financial position, is accounted for at cost less accumulated amortization and any accumulated impairment in value. Costs incurred for the renewal of the Parent Company's franchise for another 25 years starting November 23, 1997 have been capitalized and are amortized over the period covered by the new franchise. The carrying value of the franchise is reviewed for impairment when there are indicators of impairment and any impairment loss is recognized in the profit or loss.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that its investment in associates, interest in joint ventures, property and equipment, investment properties and franchise fee may be impaired. If 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. 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 the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying value of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Capital Stock
Capital stock represents the portion of the paid in capital representing the total par value of the shares issued. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, dividend distributions and effects of changes in accounting policy.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Dividend Distribution
Dividends are recognized as a liability and deducted from equity when declared by the BOD of the Company. Dividends for the year that are declared after the reporting date are dealt with as a non-adjusting event after the reporting date.

Earnings Per Share (EPS)
Basic EPS is computed by dividing the net income attributable to equity holders of the Parent Company for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any.

Diluted EPS is calculated by dividing the net income attributable to equity holders of the Parent Company for the year by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

The Parent Company currently does not have potential dilutive common shares.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and sales taxes. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

The Group has concluded that it is acting as an agent in its club racing operations and as principal in all other arrangements (i.e., real estate sales and rental services).

The following specific recognition criteria must also be met before revenue is recognized:

Commission income from club races
Revenue is recognized as earned based on a percentage of gross receipts from ticket sales from horse racing operations in accordance with the Parent Company's franchise agreement.

Real estate sales
The Parent Company assesses whether it is probable that the contract price (which embodies economic benefits) will flow to the Company. Collectability of the contract price is demonstrated by the buyer's commitment to pay, which is supported by the buyer's initial and continuous investments that motivates the buyer to honor its obligation. Collectability is also assessed by considering factors such as collections and credit standing of the buyer.

Revenue from sales of completed real estate projects from the joint venture is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee Q&A No. 2006-01, the percentage-of-completion method is used to recognize income from sales of projects where the Company has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliably. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Any excess of collections over the recognized revenue are included in the "Trade payable and buyers' deposits" under the "Accounts payable and other liabilities" account in the consolidated statements of financial position. If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the

Trade payable and buyers' deposits" under the "Accounts payable and other liabilities" account in the consolidated statements of financial position.

Cost of real estate sales pertains to the cost of the land and is recognized under the percentage-of-completion method, if the criteria of the full accrual method are not satisfied.

The cost of inventory recognized in the consolidated statements of comprehensive income (loss) upon sale is determined with reference to the costs of the land contributed for the property, allocated to saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.

For income tax purposes, full recognition is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.

Rental income from stables, building and other facilities
Revenue from the lease of stables, building and other facilities is recognized in the consolidated statements of comprehensive income (loss) on a straight-line basis over the lease term.

Interest income
Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

Dividend income
Revenue is recognized when the Parent Company's right to receive the payment is established.

Cost of Sales and Services and Expenses
Cost of club races, cost of rental services and expenses are recognized in the consolidated statement of comprehensive income at the date they are incurred.

Selling expense pertains to the marketing fees related to the real estate sales. General and administrative expenses constitute cost of administering the business.

Other Comprehensive Income (OCI)
Items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the profit or loss for the year are recognized as OCI and are presented as OCI in the consolidated statements of comprehensive income (loss).

OCI of the Group pertains to gains and losses on remeasuring AFS financial assets and actuarial gains and losses on remeasurement of retirement plan.

Retirement Benefits Cost
The Group has noncontributory funded defined benefit plans, administered by trustees, covering substantially all of its regular employees.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined benefit costs comprise service cost, net interest on the net defined benefit liability or asset and 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.

Leases

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

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

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
b. a renewal option is exercised or extension is granted, unless the term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. there is substantial change to the asset.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to reassessment for scenario (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

The Group as a lessee

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

The Group as a lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Borrowing Costs
Borrowing costs are capitalized if these are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. All other borrowing costs are expensed as incurred.

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

For income tax purposes, full revenue recognition on real estate sales is applied when more than 25% of the contract price has been collected in the year of sale; otherwise, the installment method is applied, where real estate sales are recognized based on collection multiplied by the gross profit rates of the individual sales contracts.

Deferred tax
Deferred tax is recognized using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

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

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the related deferred taxes relate to the same taxable entity and the same taxation authority.

Income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

VAT
Revenue, expenses and assets are recognized net of the amount of VAT except where the VAT incurred on a purchase of assets or services are not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Foreign Currency Denominated Transactions and Translations
Transactions denominated in foreign currency are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. All foreign exchange gains and losses are recognized in profit or loss.

Provisions
Provisions are recognized when: (1) the Group has a present obligation (legal or constructive) as a result of a past event; (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain and its amount is estimable.

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

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on the Group's operating segments is presented in Note 30 to the consolidated financial statements.

Events After the Reporting Date
Events after the reporting date that provide additional information about the Group's financial position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used are based on management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from the estimates and assumptions used. The effects of any change in estimates or assumptions are reflected in the consolidated financial statements when these become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 if control exists in an investee company
Control is presumed to exist when an investor 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. On the other hand, joint control is presumed to exist when the investors contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management has determined that it has control by virtue of its power to cast the majority votes at meetings of the BOD in all of its subsidiaries (see Note 1).

Determination if joint control exists in a joint venture
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management has determined that it has joint control in San Lazaro BPO Complex Joint Venture and Gamespan Inc. since the strategic financial and operating decisions of the entity are made jointly by the venturers through its BOD (see Note 1).

Determination of joint venture or joint operation
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e, joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e, joint venturers) have rights to the net assets of the arrangement.

Management has determined that arrangement for ventures with Avida, Alveo and CCC are classified as joint operations (see Note 9).

Classification of leases
Management exercises judgment in determining whether substantially all the significant risks and rewards of ownership ofs the leased assets are transferred to the Group. Lease agreements which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased items are accounted for as finance leases. Otherwise, these are considered as operating leases.

a. *Operating lease commitments - the Group as a lessor*
The Group has entered into lease agreements on certain items of its property and equipment and investment properties. The Group has determined that it retains all the significant risks and rewards of ownership of these properties. Accordingly, the lease agreements are accounted for as operating leases (see Notes 13, 14 and 31).

b. *Operating lease commitments - the Parent Company as lessee*
The Parent Company has entered into a lease agreement for the lease of office and parking lots where it has determined that the risks and rewards related to the leased assets are retained by the lessor. As such, the lease agreement was accounted for as an operating lease (see Note 31).

Impairment of noncurrent nonfinancial assets
The Group assesses at each reporting date whether there is any indication that its interest in associates and joint ventures, property and equipment, investment properties and franchise fee may be impaired. Indication of impairment include: (a) decline in the asset's market value that is significantly higher than would be expected from normal use; (b) evidence of obsolescence or physical damage; (c) internal reports indicate that the economic performance of the asset will be worse than expected; etc. If such indication exists, the entity shall estimate the recoverable amount of the asset, which is the higher of an asset's or CGU's fair value less costs to sell and its value in use.

There were no indicators of impairment present on movement of financial assets, as such, there were no impairment losses recognized in 2015 and 2014. Total carrying value of the Group's interest in associates and joint ventures, property and equipment, investment properties and franchise fee as of December 31, 2015 and 2014 are disclosed in Notes 11, 13, 14 and 15 to the consolidated financial statements, respectively.

Recognition of deferred tax assets
The Group reviews the carrying amount of the deferred tax assets at each reporting date and adjusts 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.

As of December 31, 2015 and 2014, the Parent Company's deferred tax assets and subsidiaries' unrecognized deferred tax assets are disclosed in Note 26 to the consolidated financial statements.

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

Estimation of allowance for doubtful accounts
The allowance for doubtful accounts relating to receivables is estimated based on two methods. The amounts calculated using each of these methods are combined to determine the total allowance to be provided. First, specific accounts are evaluated based on information that certain customers may be unable to meet their financial obligations. In these cases, judgment is used based on the best available facts and circumstances, including but not limited to, the length of relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific reserves against amounts due to reduce receivable amounts expected to be collected. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated. Second, a collective assessment of historical collection, write-off, experience and customer payment terms is made.

The amount and timing of recorded expenses for any period could therefore differ based on the judgments or estimates made. An increase in the Group's allowance for doubtful accounts will increase its recorded operating expenses and decrease its current assets.

As of December 31, 2015 and 2014, the carrying value of receivables (including noncurrent portion of real estate receivables), net and allowance for doubtful accounts, are disclosed in Note 8 to the consolidated financial statements.

In 2015, 2014 and 2013, provision for doubtful accounts are disclosed in Notes 8 and 19 to the consolidated financial statements, and written off receivable accounts without previous impairment allowance are disclosed in Notes 8 and 25 to the consolidated financial statements.

Determination of NRV of real estate inventories
The Group's estimates of the NRVs of real estate inventories are based on the most reliable evidence available at the time the estimates are made of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made of the NRV in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

As of December 31, 2015 and 2014, the cost of the real estate inventories, the amount written down to the cost and carrying value of the real estate inventories are disclosed in Note 9 to the consolidated financial statements.

Estimation of impairment of AFS financial assets
The Group treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment.

The Group treats 'significant' generally as 20% or more of original cost and 'prolonged' as greater than 12 months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equity securities and the future cash flows and the discount factors for unquoted equity securities.

As of December 31, 2015 and 2014, the carrying value of the Group's AFS financial assets are disclosed in Note 12 to the consolidated financial statements. No impairment loss was recognized in 2015, 2014 and 2013.

Estimation of the useful lives of property and equipment and investment properties (excluding Land)
The Group estimates the useful lives of property and equipment and investment property based on the internal technical evaluation and experience with similar assets. Estimated useful lives of property and equipment and investment property (the period over which the assets are expected to be available for its intended use) are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets.

There were no changes in the useful lives of property and equipment and investment property in 2015, 2014 and 2013. As of December 31, 2015 and 2014 the carrying value of depreciable property and equipment are disclosed in Note 13 to the consolidated financial statements. The carrying value of depreciable investment property as of December 31, 2015 and 2014 are disclosed in Note 14 to the consolidated financial statements.

Estimation of retirement benefits cost and obligations
The determination of the obligation and cost for retirement benefits cost is dependent on management's selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions are described in Note 22 and include among others, discount rates, expected rate of return on plan assets and expected rate of salary increase. Actual results that differ from the Group's assumptions are accumulated and amortized over the future periods and therefore generally affect the recognized expense and recorded obligation in such future period. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's retirement and other retirement obligations.

As of December 31, 2015 and 2014, carrying value of accrued retirement benefits are disclosed in Note 22 to the consolidated financial statements. Retirement benefits cost in 2015, 2014 and 2013 are disclosed in Note 22 to the consolidated financial statements.

6. Deconsolidation of MIC

In 2013, the Parent Company and a group of Strategic Investors entered into an agreement for the Strategic Investors to subscribe up to 70% of MIC's outstanding capital stock. As a result, the Parent Company owned less than controlling interest in MIC, which led to deconsolidation. Assets and liabilities aggregating ₱869.5 million and ₱13.0 million, respectively, together with the noncontrolling interest amounting to ₱141.6 million were derecognized.

The retained interest of the Group in MIC were remeasured at fair value, which resulted to the recognition of a gain on remeasurement amounting to ₱2.1 billion in 2013, presented as part of "Other income - net" account in the consolidated statement of comprehensive income (loss) (see Note 25).

7. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash on hand	**₱9,742,835**	₱10,704,469
Cash in banks	**95,908,691**	244,728,436
Cash equivalents	**28,819,236**	47,545,719
	₱134,470,762	₱302,978,624

Cash in banks generally earns interest at the respective bank deposit rates. Cash equivalents are short-term deposits made for varying periods of up to three months and earn interest at the respective short-term deposit rates. Interest income earned amounted to ₱2.0 million, ₱1.8 million and ₱2.7 million in 2015, 2014 and 2013, respectively (see Note 23).

8. Receivables

This account consists of:

	2015	2014
Trade		
Real estate receivables - current portion	**₱168,468,704**	₱100,213,730
Rent receivables (see Notes 13 and 14)	**9,253,915**	10,596,918
Receivable from Philippine Amusement and Gaming Corporation (PAGCOR) (see Note 31)	**8,061,391**	6,995,045
Receivables from off-track betting (OTB) operators	**1,150,427**	1,965,943
Non-trade		
Advances and loans to officers and employees	**6,171,609**	7,799,575
Due from related parties (see Note 27)	**4,116,424**	2,079,161
Dividends receivable (see Note 11)	**3,640,837**	29,792,491
Advances to suppliers	**2,296,102**	–
Claims for tax credit certificates (TCC)	**2,252,054**	2,252,054
Deposits and advances to contractors	**1,778,413**	1,778,413
Receivable from Metro Manila Turf Club (MMTC) (see Note 31)	**653,863**	16,360,723
Others	**16,778,356**	16,377,571
	224,622,095	196,211,624
Less allowance for doubtful accounts	**24,552,613**	11,664,616
	₱200,069,482	₱184,547,008

Real Estate Receivables

The real estate receivables of the Parent Company are as follows:

	2015	2014
Current	**₱168,468,704**	₱100,213,730
Noncurrent	**45,121,918**	128,751,041
	₱213,590,622	₱228,964,771

Real estate receivables, which are collectible in monthly installments, represent noninterest-bearing receivables with average term ranging from two to three years. Titles to condominium properties are not transferred to the buyers until full payment is made.

Interest income from accretion of real estate receivables amounted to ₱2.6 million, ₱10.4 million and ₱9.7 million in 2015, 2014 and 2013, respectively (see Note 23).

Advances and Loans to Officers and Employees

The Parent Company grants salary loans and advances to its officers, payable through salary deductions. The loans bear an average interest rate of 9% per annum. Interest income earned on advances and loans to officers and employees amounted to ₱0.2 million in 2015, 2014 and 2013 (see Note 23).

Advances to Suppliers

Advances to suppliers are non-interest bearing payments and are capitalized to property and equipment, upon actual receipt of the property and equipment, which is normally within twelve months or within the normal operating cycle.

Claims for TCC

The Parent Company accrued ₱2.3 million for its claim against the City of Manila for a tax refund for undue payment of franchise tax on race tracks, amusement taxes on admission and real property taxes levied against the Parent Company for the years 1994 and 1995 pursuant to Manila Revenue Code of 1993 (Ordinance No. 7794).

The Trial Court rendered a decision in favor of the Parent Company on March 7, 1997 ordering the City of Manila to grant the Parent Company a tax refund of ₱2.3 million and for which a *writ of execution* was already issued on May 12, 2003 by the Trial Court. Prior to the implementation of the *writ of execution*, the Parent Company entered into a compromise agreement with the City of Manila for an out-of-court settlement. The *writ of execution* issued by the Trial Court has not been implemented as of April 11, 2016.

Other Non-trade Receivables

Other non-trade receivables include accrued interest and other various individually insignificant items.

Allowance for Doubtful Accounts

The following table shows the rollforward of the allowance for doubtful accounts as of December 31, 2015 and 2014:

	2015	2014
Balance at beginning of year	**₱11,664,616**	₱8,696,776
Provision during the year (see Note 19)	**13,249,397**	3,278,413
Amounts written off during the year	**(324,890)**	(310,573)
Recovery of doubtful accounts	**(36,510)**	–
Balance at end of year	**₱24,552,613**	₱11,664,616

Allowance for doubtful accounts per class of receivable is as follows:

	2015	2014
Trade	**₱11,393,551**	₱1,197,798
Non-trade	**13,159,062**	10,466,818
Balance at end of year	**₱24,552,613**	₱11,664,616

Allowance for doubtful accounts as of December 31, 2015 and 2014 were based on specific and collective assessment made by the management.

The Parent Company directly wrote-off receivables amounting to ₱1.4 million, ₱5.0 million and ₱0.2 million in 2015, 2014 and 2013 respectively (see Note 25).

9. Inventories

This account consists of:

	2015	2014
Real estate:		
Condominium units for sale - at cost	**₱42,771,653**	₱42,928,254
Land held for development - at cost	**38,189,898**	38,189,898
Memorial lots for sale - at net realizable value	**8,449,965**	8,870,166
Residential units for sale - at cost	**4,318,107**	4,749,383
	93,729,623	94,737,701
Food and beverages - at cost	**527,629**	564,020
Gamefowls	**547,000**	–
	₱94,804,252	₱95,301,721

Condominium units for sale and residential units for sale pertain to the completed condominium and residential projects of the Parent Company.

The movements in the real estate inventories account are as follows:

	2015	2014
Balance at beginning of year	**₱94,737,701**	₱99,060,293
Cost of real estate sold (see Note 18)	**1,008,078**	4,322,592
Balance at end of year	**₱93,729,623**	₱94,737,701

In 2015, 2014 and 2013, no impairment loss was recognized. The cost of memorial lots for sale as at December 31, 2015 and 2014 amounted to ₱9.8 million and ₱10.9 million, respectively.

The Parent Company entered into agreements with certain real estate developers to develop their properties located in Sta. Cruz, Manila and Carmona, Cavite into condominium units and residential complexes. Significant provisions of the agreements are discussed below.

Condominium units for sale
On February 26, 2005, the Parent Company entered into Joint Development Agreements (JDAs) with Avida Land Corporation (Avida) and Alveo Land Corporation (Alveo) for the development of 5.2 hectares and 1.3 hectares (the "Project Areas"), respectively, of the Parent Company's 11.6-hectare property located in Sta. Cruz, Manila, into a primary residential complex consisting of condominium buildings and townhouses (the "Project"). Under the JDAs, the Parent Company agreed and contributed its rights, title and interest in the Project and the Project Areas, while Avida and Alveo agreed and provided the necessary capital to finance the Project and expertise to develop the Project Areas. In return for their respective contributions to the Project, the Parent Company, Avida and Alveo received their respective allocation as described in the JDAs.

Towers 1 to 5 of AVIDA and Towers 1 and 2 of Alveo are fully completed as of December 31, 2015 and 2014. The construction of Tower 3 of Alveo is 63.00%, 39.82% and 13.55% complete as of December 31, 2015, 2014 and 2013, respectively.

Residential units for sale
On February 24, 2004, the Parent Company entered into a Joint Venture Agreement (JVA) with Century Communities Corporation (CCC) for the development of 17.09 hectares of the Parent Company's 33-hectare property in Carmona, Cavite into an exclusive residential subdivision with some commercial areas. As of December 31, 2015, the project is completed.

Marketing expense, presented as "Selling expense" in the consolidated statements of comprehensive income, is the share of the Parent Company in the marketing cost pertaining to real estate operations. The amount of marketing cost in 2015, 2014 and 2013 amounted to ₱4.4 million, ₱7.2 million and ₱14.0 million, respectively.

10. Other Current Assets

This account consists of:

	2015	2014
Prepaid expenses	**₱6,099,400**	₱2,023,689
Prepaid income tax	**4,968,118**	–
Tickets and chemical supplies	–	2,456,455
Others	**264,118**	243,413
	₱11,331,636	₱4,723,557

Others include prepaid insurance, input VAT and rental deposit.

11. Investment in Associates and Joint Ventures

Investment in associates and joint ventures consist of:

	2015	2014
Investment in associates		
MIC	**₱2,282,630,067**	₱2,294,664,038
Techsystems	–	–
	2,282,630,067	2,294,664,038
Investment in joint ventures		
Gamespan	**9,792,161**	9,792,161
SLLBPO	**8,839,816**	5,691,837
	18,631,977	15,483,998
	₱2,301,262,044	₱2,310,148,036

Investment in Associates

MIC. Investment in MIC pertains to the Group's 22.31% and 28.32% interest in MIC as of December 31, 2015 and 2014, respectively (see Note 6). The movements and details of the accounts are as follows:

	2015	2014
Investment in associate	**₱2,294,664,038**	₱2,301,520,445
Equity in net loss of associate	**(12,033,971)**	(6,856,407)
	₱2,282,630,067	₱2,294,664,038

The summarized financial information of MIC is as follows:

	2015	2014
Current assets	**₱2,212,327,114**	₱745,912,332
Noncurrent assets	**3,854,328,316**	1,746,676,279
Current liabilities	**625,230,122**	209,906,893
Noncurrent liabilities	**2,475,451,860**	–
Equity	**2,965,973,448**	2,282,681,718
Income	**4,793,659**	10,178,114
Expenses	**58,733,468**	34,397,147
Net loss	**53,939,809**	24,219,033

Movement in equity pertains to subscription of MIC shares by the strategic investors amounting to ₱673.8 million with related transaction costs of ₱3.4 million and collection of subscription receivable from the Parent Company and MIC's affiliate amounting to ₱42.8 million and ₱24.0 million, respectively in 2015.

The difference between the carrying values of investment in MIC against the share in net asset of MIC as of December 31, 2015 and December 31, 2014 represents goodwill amounting to ₱1.6 billion.

Techsystems. The investment in associate, Techsystems, pertains to the acquisition cost of ₱1.0 million representing 33% ownership by the Parent Company. Techsystems undertakes to facilitate the short message service betting or online betting for the races conducted by the Parent Company. As of December 31, 2015 and 2014, investment in Techsystems is fully provided with allowance. As of December 31, 2015, Techsystems has not yet started commercial operation.

The summarized financial information of Techsystems is as follows:

	2015	2014
Total liabilities	**₱5,167,650**	₱5,167,650
Capital deficiency	**(5,167,650)**	(5,167,650)

<u>Investment in Joint Ventures</u>
Gamespan. Gamespan was incorporated on June 20, 2012 to operate and manage the totalizator hardware and software owned by the Parent Company, set-up new media infrastructure for offering and taking bets in horse racing and other sports. It shall also have the exclusive broadcast rights to all the races and other games operated by the Parent Company which it may distribute to different broadcasters to maximize viewership and participation. As of December 31, 2015, Gamespan has not yet started its commercial operations.

The summarized financial information of the Gamespan is as follows:

	2015	2014
Current assets	**₱20,184,979**	₱20,184,979
Noncurrent assets	**29,167**	29,167
Current liabilities	**629,824**	629,824
Equity	**19,584,322**	19,584,322

The movement of the equity in joint venture in Gamespan is as follows:

	2015	2014
Balance at beginning of year	**₱9,792,161**	₱9,792,161
Equity in net earnings for the year	**–**	–
Balance at end of year	**₱9,792,161**	₱9,792,161

SLBPO. On December 12, 2008, the Parent Company entered into a JVA with Ayala Land, Inc. (ALI) to create SLBPO, an unincorporated taxable joint venture (JV), for the purpose of leasing, managing and administering the developed office units and retail development area in the building complex at the Sta. Cruz property (the Building Complex). The Building Complex was also constructed and developed under a JDA with ALI.

The movement of the equity in joint venture of the San Lazaro JV for period ended December 31, 2015 and 2014 is as follows:

	2015	2014
Balance at beginning of year	**₱5,691,837**	₱3,159,925
Equity in net earnings for the year	**24,511,980**	23,955,135
Share on dividends declared	**(21,364,001)**	(21,423,223)
Balance at end of year	**₱8,839,816**	₱5,691,837

Dividend receivable from the JV amounted to ₱3.6 million and ₱29.8 million in 2015 and 2014, respectively.

The summarized financial information of the San Lazaro JV are as follows:

	2015	2014
Current assets	**₱170,004,540**	₱226,959,095
Noncurrent assets	**15,837,279**	6,916,636
Current liabilities	**107,827,582**	160,372,515
Noncurrent liabilities	**33,444,496**	39,426,738
Equity	**44,569,741**	34,076,478
Dividends	**71,213,336**	71,410,744
Income	**95,060,877**	90,205,228
Expenses	**13,354,278**	10,354,776
Net income	**81,706,599**	79,850,452

Equity in net earnings (losses) of associates and joint ventures

	2015	2014	2013
SLBPO	**₱24,511,980**	₱23,955,135	₱21,905,981
MIC	**(12,033,971)**	(6,856,407)	(11,129,438)
Gamespan	**–**	–	(207,839)
	₱12,478,009	₱17,098,728	₱10,568,704

12. AFS Financial Assets

This account consists of:

	2015	2014
At fair value:		
Debt securities	**₱16,536,916**	₱8,621,690
Equity securities	**14,772,592**	12,812,778
At cost:		
Equity securities	**633,297**	633,297
	₱31,942,805	₱22,067,765

The reconciliation of the carrying amounts of AFS financial assets is as follows:

	2015	2014
Balance at beginning of year	**₱22,067,765**	₱21,242,951
Additions during the year	**21,297,900**	8,129,767
Disposal during the year	**(11,713,950)**	(8,987,827)
Unrealized mark-to-market gains during the year	**291,090**	1,682,874
Balance at end of year	**₱31,942,805**	₱22,067,765

The movements in net cumulative changes in fair values of AFS financial assets are as follows:

	2015	2014
Balance at beginning of year	**₱5,216,306**	₱9,013,593
Unrealized mark-to-market gains during the year	**1,289,700**	(2,546,927)
Realized mark-to-market gains during the year	**(2,582,792)**	(1,250,360)
Balance at end of year	**₱3,923,214**	₱5,216,306

The fair values of quoted AFS financial assets are determined based on published prices in an active market. AFS financial assets that are unquoted and do not have ready market prices are measured at cost, less allowance for impairment, if any, since their fair value cannot be reliably measured.

Gain on sale of AFS financial assets amounted to ₱2.6 million in 2015, ₱1.3 million in 2014, and nil in 2013 (see Note 25).

Dividend income from these investments amounted to ₱0.4 million in 2015, ₱0.8 million in 2014 and nil in 2013 (see Note 25). Interest income amounted to ₱0.2 million in 2015, ₱0.4 million in 2014, and ₱0.5 million in 2013 (see Note 23).

13. Property and Equipment

Movements in this account are as follows:

2015

	January 1	Additions	Disposals	Reclassifications and adjustments	December 31
Cost					
Land	₱304,869,383	₱–	₱–	₱–	₱304,869,383
Land improvements	337,492,757	1,237,262	–	8,607,209	347,337,228
Building and improvements	661,605,396	1,407,286	–	5,434,693	668,447,375
Machinery and equipment	555,443,590	6,362,671	(37,197,645)	–	524,608,616
Transportation equipment	29,804,488	4,985,823	–	–	34,790,311
Furniture and fixtures	25,183,095	687,666	–	–	25,870,761
	1,914,398,709	14,680,708	(37,197,645)	14,041,902	1,905,923,674
Accumulated depreciation					
Land improvements	152,708,178	13,952,674	–	–	166,660,852
Building and improvements	284,186,659	27,603,418	–	–	311,790,077
Machinery and equipment	417,945,108	23,609,355	–	–	441,554,463
Transportation equipment	25,064,785	1,811,356	–	–	26,876,141
Furniture and fixtures	20,032,161	1,730,203	–	–	21,762,364
	899,936,891	68,707,006	–	–	968,643,897
Net book value	1,014,461,818	(54,026,298)	(37,197,645)	14,041,902	937,279,777
Construction in progress	13,565,089	20,404,825	–	(14,041,902)	19,928,012
	₱1,028,026,907	(₱33,621,473)	(₱37,197,645)	₱–	₱957,207,789

2014

	January 1	Additions	Disposals	Reclassifications and adjustments	December 31
Cost					
Land	₱304,869,383	₱–	₱–	₱–	₱304,869,383
Land improvements	337,492,757	–	–	–	337,492,757
Building and improvements	653,338,416	740,992	–	7,525,988	661,605,396
Machinery and equipment	486,071,333	69,499,228	(126,971)	–	555,443,590
Transportation equipment	28,974,488	830,000	–	–	29,804,488
Furniture and fixtures	21,838,820	3,344,275	–	–	25,183,095
	1,832,585,197	74,414,495	(126,971)	7,525,988	1,914,398,709
Accumulated depreciation					
Land improvements	139,302,268	13,405,910	–	–	152,708,178
Building and improvements	256,367,159	27,819,500	–	–	284,186,659
Machinery and equipment	397,754,720	20,190,388	–	–	417,945,108
Transportation equipment	22,844,590	2,220,195	–	–	25,064,785
Furniture and fixtures	18,315,331	1,716,830	–	–	20,032,161
	834,584,068	65,352,823	–	–	899,936,891
Net book value	998,001,129	9,061,672	(126,971)	7,525,988	1,014,461,818
Construction in progress	17,435,481	3,655,596	–	(7,525,988)	13,565,089
	₱1,015,436,610	₱12,717,268	(₱126,971)	₱–	₱1,028,026,907

Depreciation Charges

The amount of depreciation is allocated as follows:

	2015	2014	2013
Cost of club races (see Notes 18 and 20)	**₱38,200,787**	₱38,249,637	₱39,170,853
General and administrative expenses (see Notes 19 and 20)	**15,648,673**	16,291,028	16,804,481
Cost of rental services (see Notes 18 and 20)	**14,256,668**	10,347,828	16,655,767
Cost of food and beverages (see Notes 18 and 20)	**454,791**	464,330	478,101
Cost of others (see Note 20)	**146,087**	–	–
	₱68,707,006	₱65,352,823	₱73,109,202

Capitalized Borrowing Costs
No interest on loans was capitalized in 2015 and 2014. Undepreciated capitalized interest relating to land improvements, building and improvements and machinery and equipment as of December 31, 2015 and 2014 amounted to ₱38.3 million and ₱41.1 million, respectively.

Carmona Property
In 2001, the Parent Company acquired a parcel of land located in Carmona, Cavite from Royal Asia Land, Inc. (RALI), formerly known as KPPI Land Corporation, valued at ₱523.6 million payable in 12 equal quarterly installments from 2001 to 2004. The remaining installment payments due in 2004 were rescheduled as part of the requirements of the term loan obtained from a local bank. Total payments made by the Parent Company amounted to ₱433.7 million. No payments were made in 2015 and 2014. The outstanding balance of ₱89.9 million as of December 31, 2015 and 2014 is included under "Accounts payable and other liabilities" in the consolidated statements of financial position (see Note 17).

Assets Under Operating Lease
The Parent Company has various operating lease agreements for its building improvements, specifically, cluster stables, with horse owners. The lease agreements provide for fixed monthly payments which are subject to rental escalations and renewal options. The carrying value of the cluster stables that are leased out on these operating leases amounted to ₱28.3 million and ₱30.0 million as of December 31, 2015 and 2014, respectively. Rent income from stable rentals in 2015, 2014, and 2013 amounted to ₱44.3 million, ₱43.5 million and ₱46.8 million, respectively.

The Parent Company has various operating lease agreements with concessionaires to lease certain areas within the Turf Club. The lease shall be for a period of two to five years. Rent income from concessionaires amounted to ₱0.5 million, ₱0.6 million and ₱1.7 million in 2015, 2014 and 2013, respectively.

Operating Lease Commitment with PAGCOR - the Parent Company as Lessor
In 2013, the Parent Company entered a lease contract for three years commencing July 10, 2013 with PAGCOR to lease an area of 189.231 square meters (sqm.) for a monthly fixed rental of ₱510.51 per sqm. for its casino and related activities.

Rent income from PAGCOR amounted to ₱1.2 million in 2015, 2014, and 2013 (see Note 31).

Lease of Equipment with PAGCOR
In October 2013, the Parent Company entered into a lease agreement with PAGCOR to lease one thousand four hundred twenty seven (1,427) sqm. property, with modern slot machines, including the rights to a proprietary system of linking and networking the said slot machines in Turf Club Bldg., San Lazaro Leisure Park, Carmona, Cavite. The Parent Company shall receive monthly variable rent equivalent to thirty-five percent (35%) of revenues less winnings/prizes and five (5%) franchise tax. The agreement shall be effective until June 30, 2016. In 2015, 2014 and 2013, income from the lease agreement with PAGCOR amounted to ₱28.1 million, ₱26.1 million, and ₱27.9 million, respectively.

14. **Investment Properties**

This account consists of:

	2015	2014
Land:		
Sta. Cruz property held for capital appreciation (see Note 16)	**₱359,631,580**	₱359,631,580
Sta. Cruz property held for lease	**238,168,692**	238,168,692
Carmona property (see Note 16)	**109,750,785**	109,750,785
Undivided interest in a parcel of land in Carmona	**56,723,976**	56,723,976
	764,275,033	764,275,033
Building:		
Developed office units (see Note 11)	**198,076,593**	208,501,675
Retail development area (see Note 11)	**36,004,389**	38,005,932
	234,080,982	246,507,607
	₱998,356,015	₱1,010,782,640

The movements in the carrying amount of investment properties are shown below:

	2015		
	Land	**Building**	**Total**
Cost	**₱764,275,033**	**₱310,665,629**	**₱1,074,940,662**
Accumulated Depreciation			
Balance at beginning of year	–	**64,158,022**	**64,158,022**
Depreciation (see Notes 18 and 20)	–	**12,426,625**	**12,426,625**
Balance at end of year	–	**76,584,647**	**76,584,647**
Net Book Value	**₱764,275,033**	**₱234,080,982**	**₱998,356,015**

	2014		
	Land	Building	Total
Cost	₱764,275,033	₱310,665,629	₱1,074,940,662
Accumulated Depreciation			
Balance at beginning of year	–	51,731,397	51,731,397
Depreciation (see Notes 18 and 20)	–	12,426,625	12,426,625
Balance at end of year	–	64,158,022	64,158,022
Net Book Value	₱764,275,033	₱246,507,607	₱1,010,782,640

The Carmona property with carrying value of ₱109.8 million and the 5.1 hectare property in Sta. Cruz with carrying value of ₱359.6 million as of December 31, 2015 and 2014 are used by the Parent Company as collateral for its long-term loans obtained from a bank. These long term loans have already been paid in November 2015 thereby releasing the liens related to the properties (see Note16).

Depreciation amounting to ₱12.4 million for the period ended December 31, 2015 and 2014, are included as part of "Cost of rental services" (see Note 18). Direct operating expenses related to the investment properties amounted to ₱0.1 million in 2015, 2014 and 2013.

Philippine Economic Zone Authority (PEZA) zones

Carmona Property. Presidential Proclamation No. 1517, signed on May 26, 2008, created and designated several parcels of land of the private domain situated at Barangay Lantic, Municipality of Carmona, Province of Cavite as Tourism Economic Zone pursuant to R.A. No. 7916 as amended by R.A. No. 8748.

The registration as an Econozone Developer/Operator shall entitle the Parent Company to establish, develop, construct, administer, manage and operate a Special Economic Zone to be known as San Lazaro Leisure and Business Park (SLLBP) with an area of 542,294 square meters.

Sta. Cruz Property. Presidential Proclamation No. 1727, dated February 13, 2009, created and designated several parcels of land owned by the Parent Company at the site of the former San Lazaro race track in Sta. Cruz, Manila consisting of 74,244 square meters, as a tourism economic zone with information technology component and to be known as the San Lazaro Tourism and Business Park.

Pursuant to the proclamation, the Parent Company and the PEZA signed the Registration Agreement to entitle the Parent Company to develop and operate the aforementioned special economic zone on February 29, 2009. A certificate of registration was thereafter issued.

Sta. Cruz Property - Held for Lease

On March 26, 2007, the Parent Company entered into a JDA with ALI (amended and supplemented on July 18, 2007) for the construction, financing, development and operation of a building complex on the parcel of land located at Sta. Cruz, Manila. The Building Complex shall consist of two office buildings with a retail development area to primarily cater business process outsourcing companies.

Under the JDA, the Parent Company agreed to contribute the necessary cash to fully finance the construction and development of the retail development area and its corresponding share (30%) of the development of the office units. In return for their respective contributions, the parties will distribute and allocate the developed units among themselves. As of December 31, 2015 and 2014, the Parent Company's contribution to the JDA amounting to ₱310.7 million is presented as the cost of "Building" under "Investment properties" in the consolidated statements of financial position.

On December 12, 2008, the Parent Company and ALI executed a Deed of Partition for the distribution and allocation of the developed units. The entire retail development area and the appurtenant parking lots were allocated to the Parent Company in return for its contribution for the construction and development of the said area. For the Parent Company's contribution in the construction and development of the office building, the Parent Company was allocated with developed office building with gross leasable area of 5,793 square meters located at various floors and the appurtenant parking lots. In 2015, 2014 and 2013, rental income amounted to ₱13.1 million, ₱14.7 million and ₱11.4 million, respectively.

Undepreciated capitalized interest relating to the Building Complex as of December 31, 2015 and 2014 amounted to ₱6.1 million and ₱6.4 million, respectively.

Fair Market Values

As of December 31, 2015 and 2014, the aggregate fair value of the Parent Company's investment properties amounted to ₱3.3 billion. Fair values of the Carmona property and Sta. Cruz property have been determined based on valuation performed by independent professional appraisers using the sales comparison approach and income approach by land residual technique with reports dated January 18, 2012 and May 5, 2010, respectively. Management believes that there are no material changes in fair value on these investment properties as of December 31, 2015 and 2014 from the most recent revaluations performed by independent appraisers.

Investment property was classified as Level 2 in 2015 and 2014 as to the qualification of fair value hierarchy.

15. Other Noncurrent Assets

This account consists of:

	2015	2014
Franchise fee (see Note 1)	**₱12,590,839**	₱14,384,839
Deferred input VAT	**9,512,949**	8,884,652
Deposits	**8,619,765**	8,485,789
Others	**236,428**	236,932
	₱30,959,981	₱31,992,212

Franchise Fee
Movements in the carrying amounts of franchise fees are shown below:

	2015	2014
Acquisition cost	**₱44,850,000**	₱44,850,000
Accumulated amortization:		
Balance at beginning of year	**30,465,161**	28,671,161
Amortization for the year (see Note 18)	**1,794,000**	1,794,000
Balance at end of year	**32,259,161**	30,465,161
	₱12,590,839	₱14,384,839

Franchise fee has a remaining amortization period of 7 years as of December 31, 2015.

16. Short-term and Long-term Loans and Borrowings

Short-term Loans
As of December 31, 2015 and 2014, outstanding balance of short-term loans and borrowings amounted to ₱39.0 million and ₱74.4 million, respectively. These loans were obtained for working capital requirements and bear average interest of 3.5% and 3.25% in 2015 and 2014, respectively. The promissory notes covering these loans have terms of one year or less and are renewed upon maturity.

Interest expense on short-term loans amounted to ₱1.9 million, ₱2.7 million and ₱2.9 million in 2015, 2014 and 2013, respectively (see Note 24).

Short-term loans amounting to ₱35.4 million and ₱12.0 million were paid in 2015 and 2014, respectively.

Long-term Loans

	2015	2014
Bank loans	**₱–**	₱14,285,715
Less current portion	–	14,285,715
Noncurrent portion	**₱–**	₱–

These loans bear interest of 4.25% with maturity date of November 2015 and were settled accordingly. These loans are payable in equal quarterly installments and interest rates were subject to quarterly repricing. Loans amounting to ₱14.3 million were fully paid in 2015. The loans were secured by real estate mortgages on Carmona property and Sta. Cruz property with carrying values of ₱109.8 million as of December 31, 2015 and 2014 and ₱359.6 million as of December 31, 2015 and 2014, respectively.

Interest expense on bank loans amounted to ₱0.4 million, ₱0.9 million and ₱1.6 million in 2015, 2014 and 2013, respectively (see Note 24).

17. Accounts Payable and Other Liabilities

This account consists of:

	2015	2014
Due to RALI (see Note 13)	**₱89,900,000**	₱89,900,000
Accounts payable	**85,568,757**	91,757,028
Cash bond on OTB operators	**30,398,961**	32,094,081
Documentary stamps payable	**22,354,124**	28,888,879
Provision for probable losses (see Note 31)	**13,135,947**	13,135,947
Accrued expenses	**12,324,381**	10,056,537
Due to concessionaires	**8,619,334**	7,961,441
Due to contractors	**7,083,538**	27,558,182
Taxes on winnings	**6,576,083**	8,458,554
Trade payable and buyers' deposits	**5,888,432**	5,687,887
Unclaimed winnings	**5,642,733**	3,340,275
Dividends payable (see Note 28)	**3,590,898**	2,825,382
Retention payable	**2,211,943**	1,775,464
Due to OTB operators	**1,983,749**	2,528,019
Due to horse owners	**1,238,769**	3,345,922
VAT payable	**1,095,862**	6,643,393
Due to Philracom	**963,909**	2,352,250
Due to MMTC	–	12,006,725
Others	**2,549,540**	4,011,256
	₱301,126,960	₱354,327,222

Accounts payable are noninterest-bearing and are normally settled within the next financial year.

Trade payable and buyers' deposits represent cash received by the Parent Company from real estate sales where the criterion of full accrual method on revenue recognition is not satisfied as of reporting period.

Accrued expenses include normal and recurring expenses incurred by the Group and will be utilized in the next financial year.

18. Cost of Sales and Services

Cost of club races consists of:

	2015	2014	2013
Personnel costs (see Note 21)	**₱52,318,151**	₱50,120,651	₱52,238,163
Depreciation (see Notes 13 and 20)	**38,200,787**	38,249,637	39,170,853
Utilities	**21,127,337**	21,008,302	16,532,357
Commission	**21,043,268**	23,750,220	23,349,788
Transportation and travel	**7,308,208**	7,318,151	7,125,528
Contracted services	**4,703,036**	4,841,069	6,424,604
Rent	**4,142,214**	3,358,549	3,259,102
Supplies	**3,918,577**	3,145,157	3,921,892
Software license	**3,178,613**	2,640,815	571,948
Meetings and conferences	**2,953,576**	2,596,248	2,434,029
Repairs and maintenance	**2,446,007**	2,458,525	2,941,770
Amortization of franchise fee (see Note 15)	**1,794,000**	1,794,000	1,794,000
Security services	**1,790,698**	2,206,574	1,871,265
Taxes and licenses	**1,293,589**	789,978	1,658,288
Gas, fuel and oil	**1,286,808**	1,679,311	1,527,660
Others	**7,607,007**	2,698,861	5,511,833
	₱175,111,876	₱168,656,048	₱170,333,080

Cost of real estate sold amounted to ₱1.0 million, ₱4.3 million and ₱46.5 million in 2015, 2014 and 2013, respectively (see Note 9).

Cost of rental services consists of:

	2015	2014	2013
Depreciation (see Notes 13, 14 and 20)	**₱26,683,293**	₱22,774,453	₱29,082,392
Utilities	**11,878,061**	13,390,309	6,976,219
Meetings and conferences	**6,129,034**	4,936,448	1,421,717
Contracted services	**4,181,523**	4,859,511	2,925,905
Personnel costs (see Note 21)	**2,923,951**	3,173,929	2,612,785
Software license	**2,474,021**	1,609,638	1,203,722
Repairs and maintenance	**2,183,892**	2,025,954	1,174,902
Security services	**1,714,771**	1,862,542	1,612,933
Franchise tax - gaming	**1,404,724**	1,302,495	1,395,617
Fuel and oil	**186,213**	145,100	147,831
Travel and transportation	**54,141**	69,888	864
Others	**2,787,218**	3,429,355	304,086
	₱62,600,842	₱59,579,622	₱48,858,973

Cost of food and beverages consists of:

	2015	2014	2013
Purchased stocks	**₱6,561,429**	₱7,423,966	₱4,026,786
Contracted services	**4,048,458**	2,924,445	3,058,534
Utilities	**2,405,963**	1,460,291	2,537,702
Personnel cost (see Note 21)	**1,988,168**	2,288,610	1,533,536
Repairs	**1,119,074**	35,165	96,026
Meetings and conferences	**1,060,192**	517,763	1,888,425
Depreciation (see Notes 13 and 20)	**454,791**	464,330	478,101
Rent	**307,164**	108,443	52,429
Semi-expendable equipment	**256,241**	39,053	125,432
Communication	**172,190**	172,028	120,665
Supplies	**124,080**	140,853	41,963
Gas, fuel and oil	**49,129**	51,850	37,610
Transportation and travel	**1,763**	7,926	8,314
Others	**776,247**	1,032,915	511,463
	₱19,324,889	₱16,667,638	₱14,516,986

Others include individually insignificant items.

19. **General and Administrative Expenses**

This account consists of:

	2015	2014	2013
Personnel costs (see Note 21)	**₱64,642,134**	₱64,020,163	₱72,114,110
Depreciation (see Notes 13 and 20)	**15,648,673**	16,291,028	16,804,481
Provision for doubtful accounts (see Note 8)	**13,249,397**	3,278,413	7,188,405
Professional fees	**12,896,290**	6,464,221	8,396,583
Contracted services	**12,399,938**	12,540,743	16,115,429
Utilities	**11,374,415**	12,667,071	17,768,339
Repairs and maintenance	**7,060,877**	6,836,035	6,071,616
Rent (see Note 31)	**7,975,468**	5,868,550	5,999,014
Meetings and conferences	**7,063,883**	6,755,242	6,765,678
Gas, fuel and oil	**7,396,709**	8,554,734	8,290,788
Security services	**4,099,370**	4,460,809	5,382,463
Transportation and travel	**3,438,746**	3,993,268	3,743,090
Taxes and licenses	**2,253,275**	1,424,653	4,264,878
Entertainment, amusement and recreation	**1,976,390**	2,025,655	2,648,370
Licenses	**1,699,387**	1,015,177	–
Supplies	**1,544,309**	1,174,165	1,394,292
Insurance	**1,327,166**	1,213,943	1,190,813
Membership dues	**1,058,473**	1,326,341	883,809
Directors' fee	**1,044,000**	965,500	1,290,788

(Forward)

	2015	2014	2013
Advertising	**₱1,657,669**	₱1,945,147	₱952,334
Others	**8,729,326**	9,029,103	4,511,940
	₱188,535,895	₱171,849,961	₱191,777,220

20. Depreciation

This account consists of:

	2015	2014	2013
Cost of club races (see Notes 13 and 18)	**₱38,200,787**	₱38,249,637	₱39,170,853
Cost of rental services (see Notes 13, 14 and 18)	**26,683,293**	22,774,453	29,082,392
General and administrative expense (see Notes 13 and 19)	**15,648,673**	16,291,028	16,804,481
Cost of food and beverages (see Notes 13 and 18)	**454,791**	464,330	478,101
Cost of others (see Note 13)	**146,087**	–	–
	₱81,133,631	₱77,779,448	₱85,535,827

21. Personnel Costs

This account consists of:

	2015	2014	2013
Salaries and wages	**₱101,681,488**	₱99,106,227	₱105,510,049
Retirement benefits costs (see Note 22)	**8,646,931**	7,578,888	12,966,686
Other employee benefits	**11,543,985**	12,918,238	10,021,859
	₱121,872,404	₱119,603,353	₱128,498,594

22. Retirement Benefits Costs

The Parent Company has four tax-qualified, funded, noncontributory retirement plans covering both regular permanent and race day operation employees. The retirement plans provide for benefits on retirement, death and disability equivalent to a certain percentage of salary for every year of service based on the final monthly salary of the employee at the time of retirement, death or disability. An independent actuary, using the projected unit credit method, conducted the actuarial valuation of the fund. The latest actuarial valuation reports are as of December 31, 2015.

The details of the retirement benefits costs are as follows:

	2015	2014	2013
Current service costs	**₱6,189,686**	₱5,762,681	₱6,090,929
Interest costs – net of interest income	**2,457,245**	1,816,207	2,060,608
Past service costs	**–**	–	4,815,149
	₱8,646,931	₱7,578,888	₱12,966,686

The components of remeasurements, before tax effect, in the consolidated statements of comprehensive income are as follows:

	2015	2014	2013
Actuarial loss (gain) in defined benefit obligation	**(₱2,190,324)**	₱7,799,913	₱4,931,089
Remeasurement loss (gain) in plan assets	**1,509,502**	(2,470,090)	623,849
	(680,822)	5,329,823	5,554,938
Less tax effect	**(204,247)**	1,598,947	2,000,786
	(₱476,575)	₱3,730,876	₱3,554,152

The details of accrued retirement benefits as are as follows:

	2015	2014
Defined benefit obligation	**₱77,267,484**	₱75,474,088
Fair value of plan assets	**(38,285,254)**	(32,961,194)
	₱38,982,230	₱42,512,894

Movements in the accrued retirement benefits are as follows:

	2015	2014
Balance at beginning of year	**₱42,512,894**	₱35,061,172
Net retirement benefits costs for the year	**8,646,931**	7,578,888
Contributions for the year	**(11,496,773)**	(5,456,989)
Defined benefit cost (income) recognized in OCI	**(680,822)**	5,329,823
Balance at end of year	**₱38,982,230**	₱42,512,894

Changes in present value of defined benefit obligation are as follows:

	2015	2014
Defined benefit obligation at beginning of year	**₱75,474,088**	₱65,147,410
Current service costs	**6,189,686**	5,762,681
Interest costs	**4,362,402**	3,322,518
Actuarial loss (gain) due to:		
Change in financial assumptions	**(1,253,639)**	(1,726,512)
Experience adjustments	**(935,617)**	8,248,874
Change in demographic assumptions	**(1,068)**	1,277,551
Benefits paid	**(6,568,368)**	(6,558,434)
Defined benefit obligation at end of year	**₱77,267,484**	₱75,474,088

Changes in fair value of plan assets are as follows:

	2015	2014
Fair value of plan assets at beginning of year	**₱32,961,194**	₱30,086,238
Interest income	**1,905,157**	1,506,311
Contributions	**11,496,773**	5,456,989
Actuarial gain (loss)	**(1,509,502)**	2,470,090
Benefits paid	**(6,568,368)**	(6,558,434)
Fair value of plan assets at end of year	**₱38,285,254**	₱32,961,194
Actual return on plan assets	**₱395,655**	₱3,976,401

The plan assets of the Group are being held by its trustee banks. The investing decisions of the plan are made by the authorized officers of the Group. The following table presents the carrying amounts and fair values of the combined assets of the plan less liabilities:

	2015	2014
Cash and cash equivalents	**₱4,025,980**	₱8,573,943
Investment in unit investment trust fund	**7,840,192**	11,627,783
Investment in government securities	**21,967,957**	12,981,968
Others	**4,932,186**	239,936
	38,766,315	33,423,630
Liabilities	**(481,061)**	(462,436)
	₱38,285,254	₱32,961,194

The plan assets' carrying amount approximates its fair value since these are either short-term in nature or mark-to-market.

The plan's assets consist of the following:
- Cash and cash equivalents, which includes regular savings and time deposits;
- Investments in corporate debt instruments, consisting of both short-term and long-term corporate loans, notes and bonds, which bears variable interest rates ranging from 2.5% to 8.5% and have maturities from 2016 to 2031; and
- Investments in government securities consist of AFS financial assets.

The carrying amounts of investments in government securities also approximate their fair values since they are mark-to-market.
- Other financial assets held by the plan are primarily accrued interest income on cash deposits and debt securities held by the plan; and
- Liabilities of the plan pertain to trust fee payable and retirement benefits payable.

The principal assumptions used in determining retirement benefits costs of the Parent Company as of December 31 are as follows:

	2015	2014	2013
Discount rates	**6.25%**	5.78%	5.10%
Expected rate of salary increase	**4.00%**	4.00%	4.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant. Established on historical data, the behavior in error of the standard deviation is within the range:

	Effect on Net Retirement Liability		
	Increase (decrease)	**2015**	2014
Discount rate	+1.0%	**(₱2,467,679)**	(₱2,312,290)
	-1.0%	**2,745,803**	2,586,080
Salary increase rate	+1.0%	**2,444,585**	2,310,352
	-1.0%	**(2,249,893)**	(2,116,805)

The weighted average duration of the defined benefit obligation as of December 31, 2015 and 2014 are 5.7 and 4.5 years, respectively.

Shown below are the expected future benefit payments as of December 31, 2015 and 2014, respectively:

	2015	2014
Less than 1 year	**₱13,813,061**	₱13,859,679
More than 1 year to 5 years	**15,807,390**	15,112,834
More than 5 years to 10 years	**38,862,367**	34,765,812
Over 10 years	**114,269,065**	46,287,107

23. Interest Income

Interest income related to:

	2015	2014	2013
Real estate receivables (see Note 8)	**₱2,598,375**	₱10,444,722	₱9,687,098
Cash and cash equivalents (see Note 7)	**2,026,420**	1,751,575	2,725,541
Loans and advances to officers and employees (see Note 8)	**211,148**	194,972	231,385
AFS quoted debt securities (see Note 12)	**182,347**	428,750	454,952
Due from related parties	–	–	139,884
	₱5,018,290	₱12,820,019	₱13,238,860

24. Finance Costs

Interest expense related to:

	2015	2014	2013
Short-term loans (see Note 16)	**₱1,940,073**	₱2,679,558	₱2,857,247
Long-term loans (see Note 16)	**385,494**	928,296	1,560,671
Bank charges and others	**59,897**	125,616	393,015
	₱2,385,464	₱3,733,470	₱4,810,933

25. Other Income - net

	2015	2014	2013
Service income	**₱15,484,115**	₱18,018,089	₱7,677,461
Tenant's reimbursement	**2,788,823**	4,673,359	–
Gain on sale of AFS (see Note 12)	**2,582,792**	1,250,360	–
Income from advertising campaign	**2,409,600**	1,937,560	1,955,514
Loss on receivable write-off (see Note 8)	**(1,436,242)**	(4,976,169)	(222,529)
Dividend income from AFS financial assets (see Note 12)	**350,485**	798,013	–
Foreign exchange loss - net	**(97,482)**	(1,675)	(95,690)
Gain on reversal of liabilities	–	8,004,970	–
Gain on use of usufruct rights	–	14,196,429	–
Remeasurement gain on retained interest (see Note 6)	–	–	2,092,949,673
Gain on sale of investment property	–	–	13,351,064
Others - net	**6,219,385**	(545,542)	7,662,918
	₱28,301,476	₱43,355,394	₱2,123,278,411

Service income pertains to technical services rendered by the Group to MMTC.

Tenant's reimbursements refer to the payment of utility charges by the tenants of the Building Complex at Sta. Cruz, Manila which the Parent Company recognizes as income when collected, net of remittances to SLBPO.

Income from advertising campaign pertains to advertising placement rights granted by the Group to third parties.

Gain on use of usufruct rights in 2014 pertain to payments for the use of the roads within the property of the Parent Company in Carmona, Cavite.

Others include various individually insignificant items of income and expenses.

26. Income Taxes

a. The components of the Group's net deferred tax liabilities are as follows:

	2015	2014
Deferred tax assets on:		
Accrued retirement benefits	**₱11,694,669**	₱12,753,868
Allowance for doubtful accounts	**7,365,784**	3,499,385
MCIT	**3,952,823**	–
NOLCO	**3,506,815**	–
Unamortized past service cost	**2,288,622**	1,023,556
Unearned income	**635,233**	198,159
Provision for inventory write-down	**435,841**	619,218
Allowance for impairment on investment in associate	**300,000**	300,000
Rent receivable	**187,179**	415,034
Unrealized foreign exchange loss (gain) - net	**25,059**	(392)
	30,392,025	18,808,828
Deferred tax liabilities on:		
Unrealized gain from real estate transactions	**(51,845,496)**	(55,086,817)
Undepreciated capitalized borrowing costs	**(13,297,122)**	(14,232,588)
Rent receivable	**(1,037,494)**	(2,767,672)
Deferred tax liabilities on (recognized directly in other comprehensive income):		
Unrealized deemed cost adjustment on real estate properties*	**(192,790,473)**	(192,825,169)
	(258,970,585)	(264,912,246)
Net deferred tax liabilities	**(₱228,578,560)**	(₱246,103,418)

** Reversal of deferred tax liabilities is through profit or loss, except for investment properties (see Note 28).*

b. The provision for current tax consists of the following:

	2015	2014	2013
MCIT	**₱3,952,823**	₱–	₱–
Final tax on interest income	**403,198**	430,310	627,781
RCIT	**10,254**	19,134,654	11,487,155
	₱4,366,275	₱19,564,964	₱12,114,936

c. The Group's NOLCO which is available for deduction against future taxable income are as follows:

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Available Until
2015	**₱–**	**₱11,689,383**	**₱–**	**₱11,689,383**	**2018**

d. The Group's MCIT which can be applied against future income tax due are as follows:

	Beginning Balance	Incurred	Expired	Ending Balance	Available Until
2015	**₱–**	**₱3,952,823**	**₱–**	**₱3,952,823**	**2018**

e. Biohitech and SLLPHI have no provision for income tax in 2015, 2014 and 2013. The unrecognized DTA on NOLCO for Biohitech as of December 31, 2015 and 2014 amounted to nil and ₱2.8 million, respectively. The unrecognized DTA on NOLCO for SLLPHI as of December 31, 2015 and 2014 amounted to nil and ₱20,000, respectively. Management believes that they may not have sufficient future taxable profits available to allow all or part of them to be utilized in the future.

f. The reconciliation of the Group's provision for (benefit from) income tax at statutory tax rate to the provision for (benefit from) income tax shown in the consolidated statements of comprehensive income (loss) is as follows:

	2015	2014	2013
Provision for (benefit from) income tax at statutory rate	**(₱17,526,751)**	₱1,268,527	₱635,239,950
Additions to (reductions in) income tax resulting from tax effects of:			
Nondeductible expenses	**11,640,825**	3,302,659	797,298,835
Nontaxable income	**(7,289,185)**	(2,001,960)	(1,437,278,564)
Interest income subjected to final tax	**(187,719)**	(95,169)	(189,498)
Movements in unrecognized deferred tax assets	–	–	13,208,776
Provision for (benefit from) income tax	**(₱13,362,830)**	₱2,474,057	₱8,279,499

27. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

		Amount		Receivable/(Payable)			
	Nature	**2015**	2014	**2015**	2014	**Terms**	**Conditions**
Subsidiaries:							
Biohitech Korea (BHK)	Advances	**₱–**	₱–	**₱–**	(₱38,640,000)	Noninterest-bearing	Unsecured, impaired
Arco Management Development Corporation (AMDC)	Lease of office space[(a)]	**6,884,042**	6,667,610	–	–	Noninterest-bearing	Unsecured, impaired
Associates:							
MIC	Advances[(b)]	**2,028,930**	1,133,990	**4,107,091**	2,078,161	Noninterest-bearing	Unsecured, impaired
	Subscription payable	–	–	–	(42,808,835)	Noninterest-bearing	Unsecured, impaired
Techsystems	Advances[(b)]	**8,333**	–	**9,333**	1,000	Noninterest-bearing	Unsecured, impaired

[(a)]The Parent Company has a lease agreement with AMDC, an affiliate under common control, in the lease of office space and four parking lots (see Note 31).

[(b)]Included in the "Receivables" account (see Note 8)

Compensation of key management personnel of the Parent Company amounted to ₱65.3 million, ₱52.8 million and ₱41.1 million in 2015, 2014 and 2013, respectively. The Parent Company has no standard arrangement with regard to the remuneration of its directors. The BOD received a total of ₱9.8 million in 2015 and 2014, and ₱8.1 million in 2013.

28. Equity

Capital Stock

The details of the Parent Company's capital stock as of December 31, 2015 and 2014 are as follows:

	2015		2014	
	Number of Shares	**Amount**	Number of Shares	Amount
Common shares - ₱1 par value				
Authorized - 1,000,000,000 shares				
Issued and outstanding (held by 974 equity holders in 2015 and 2014)	**996,170,748**	**₱996,170,748**	948,734,898	₱948,734,898
Stock dividend issued during the year	**–**	**–**	47,435,850	47,435,850
	996,170,748	**₱996,170,748**	996,170,748	₱996,170,748

Declaration of Dividends

The following are the details of the dividends declared in 2015 and 2014:

Type of Dividend	Date of Declaration	Date of Record	Dividends per Share
Cash			
	March 6, 2015	March 20, 2015	₱0.05
	April 8, 2014	May 20, 2014	0.05
Stock			
	April 8, 2014	July 14, 2014	5%

As of December 31, 2015 and 2014, outstanding dividends payable amounted to ₱3.6 million and ₱2.8 million, respectively.

Restriction on Retained Earnings

Retained earnings account is restricted for the payment of dividends to the extent of the cost of shares held in treasury amounting to ₱7,096 as of December 31, 2015 and December 31, 2014.

Deemed Cost Adjustment

As of December 31, 2015 and 2014, the unappropriated retained earnings include the remaining balance of the deemed cost adjustment which arose when the Parent Company transitioned to PFRS.

The components of the deemed cost adjustment are as follows:

	2015	2014
Real estate inventories	**₱76,560,900**	₱76,676,550
Investment properties	**566,074,010**	566,074,010
Revaluation increment	**642,634,910**	642,750,560
Deferred income tax liability	**(192,790,473)**	(192,825,169)
Deemed cost adjustment	**₱449,844,437**	₱449,925,391

The deemed cost adjustment will be realized through sales for both real estate inventories and land under investment properties. The amount of the deemed cost adjustment and undistributed earnings included in the balance of the unappropriated retained earnings are restricted and not available for dividend declaration.

29. Basic/Diluted EPS

Basic/diluted earnings (loss) per share were computed as follows:

	2015	2014	2013
Net income (loss) attributable to equity holders of the Parent Company	**(₱45,721,993)**	₱1,754,367	₱2,109,187,501
Divided by weighted average number of outstanding common shares	**996,170,748**	996,170,748	996,170,748
Basic/diluted earnings (loss) per share	**(₱0.0459)**	₱0.0018	₱2.1173

The Parent Company does not have potential dilutive common shares as of December 31, 2015, 2014 and 2013. Therefore, the basic and diluted earnings (loss) per share are the same as of those dates.

Weighted average number of outstanding common shares is restated to reflect the effect of stock dividends declared in 2014 (see Note 28).

30. Operating Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided. The Group's four reportable operating segments are the operation and maintenance of race tracks and holding of horse races, the development and sale of real estate properties, and rental of stables, building and other facilities and the food and beverage services provided in its casino and restaurant. No operating segments were aggregated to form these reportable operating segments. There have been no inter-segment sales and transfers. All sales and rendering of services are made to external customers and the Group does not have any major customers.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the total comprehensive income in the consolidated financial statements.

As of December 31, 2015, 2014 and 2013, the Group has no transactions between reportable segments. The Group measures the segment net income or loss, segment assets and segment liabilities for each reportable segment in a manner similar to the measurement of the Group's total comprehensive income.

The Group's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Segment Revenue and Expenses

The segment results for the years ended December 31 are as follows:

	2015					
	Club Races	**Real Estate**	**Rent**	**Food and Beverage**	**Unallocated**	**Total**
Segment revenue	**₱199,811,373**	**₱49,166,094**	**₱87,163,618**	**₱18,972,040**	**₱62,018,538**	**₱417,131,663**
Cost and expenses	**(175,111,876)**	**(12,454,347)**	**(62,600,842)**	**(19,324,889)**	**(206,062,213)**	**(475,554,167)**
Income (loss) before income tax	**24,699,497**	**36,711,747**	**24,562,776**	**(352,849)**	**(144,043,675)**	**(58,422,504)**
Benefit from income tax	**–**	**–**	**–**	**–**	**(13,362,830)**	**(13,362,830)**
Net income (loss)	**₱24,699,497**	**₱36,711,747**	**₱24,562,776**	**(₱352,849)**	**(₱130,680,845)**	**(₱45,059,674)**

	2014					
	Club Races	Real Estate	Rent	Food and Beverage	Unallocated	Total
Segment revenue	₱223,888,768	₱45,833,650	₱86,065,488	₱17,520,185	₱82,516,187	₱455,824,278
Cost and expenses	(168,656,048)	(11,513,971)	(59,579,622)	(16,667,638)	(195,178,575)	(451,595,854)
Income (loss) before income tax	55,232,720	34,319,679	26,485,866	852,547	(112,662,388)	4,228,424
Provision for income tax	–	–	–	–	2,474,057	2,474,057
Net income (loss)	₱55,232,720	₱34,319,679	₱26,485,866	₱852,547	(115,136,445)	(₱1,754,367)

	2013					
	Club Races	Real Estate	Rent	Food and Beverage	Unallocated	Total
Segment revenue	₱216,425,501	₱158,220,785	₱89,004,920	₱7,100,295	₱2,171,284,317	₱2,642,035,818
Cost and expenses	(170,333,080)	(60,558,179)	(48,858,973)	(14,516,986)	(230,302,100)	(524,569,318)
Income (loss) before income tax	46,092,421	97,662,606	40,145,947	(7,416,691)	1,940,982,217	2,117,466,500
Provision for income tax	–	–	–	–	8,279,499	8,279,499
Net income (loss)	₱46,092,421	₱97,662,606	₱40,145,947	(₱7,416,691)	₱1,932,702,718	₱2,109,187,001

Finance costs, other income (charges) and income taxes are not allocated to individual segments as the underlying instruments are managed on a group basis and are not provided to the chief operating decision maker at the operating segment level in 2015, 2014 and 2013. Equity in net earnings of associate and joint ventures amounting to ₱12.5 million, ₱17.1 million and ₱10.6 million in 2015, 2014 and 2013, respectively, are included in the segment revenue of operating segment "Unallocated."

Segment Assets and Liabilities and Other Information

The segment assets and liabilities as of December 31, 2015 and 2014 and capital expenditures for the years then ended are as follows:

	2015					
	Club Races	**Real Estate**	**Rent**	**Food and Beverage**	**Unallocated**	**Total**
Assets	**₱979,901,993**	**₱320,509,238**	**₱488,530,081**	**₱3,710,302**	**₱3,012,875,070**	**₱4,805,526,684**
Liabilities	**62,275,800**	**247,988,560**	**76,415,780**	**–**	**218,914,517**	**605,594,657**
Capital expenditures	**7,225,803**	**–**	**–**	**124,971**	**27,734,759**	**35,085,533**
Interest income	**–**	**2,598,375**	**–**	**–**	**2,419,915**	**5,018,290**
Finance cost	**–**	**–**	**–**	**–**	**2,385,464**	**2,385,464**
Depreciation	**38,200,787**	**–**	**26,683,293**	**454,791**	**15,794,760**	**81,133,631**

	2014					
	Club Races	Real Estate	Rent	Food and Beverage	Unallocated	Total
Assets	₱1,037,878,879	₱368,266,081	₱530,051,513	₱3,951,380	₱3,179,171,658	₱5,119,319,511
Liabilities	110,663,282	264,308,647	88,906,656	–	361,924,645	825,803,230
Capital expenditures	8,689,013	–	–	458,571	68,922,507	78,070,091
Interest income	–	10,444,722	–	–	2,375,297	12,820,019
Finance cost	–	–	–	–	3,733,470	3,733,470
Depreciation	38,249,637	–	24,214,523	464,330	14,850,958	77,779,448

	2013					
	Club Races	Real Estate	Rent	Food and Beverage	Unallocated	Total
Assets	₱1,006,676,455	₱1,066,683,038	₱467,916,817	₱559,340	₱2,619,451,705	₱5,161,287,355
Liabilities	84,264,042	316,991,239	65,544,574	–	347,761,152	814,561,007
Capital expenditures	12,574,273	–	–	1,294,895	8,856,240	22,725,408
Interest income	–	9,687,098	–	–	3,551,762	13,238,860
Finance cost	–	–	–	–	4,810,933	4,810,933
Depreciation	39,170,853	–	29,082,392	478,101	16,804,481	85,535,827

31. Commitments and Contingencies

The following are the significant commitments and contingencies of the Group:

a. Operating Lease Commitment - the Parent Company as Lessee

On January 1, 2008, the Parent Company renewed its lease agreement with AMDC, an affiliate, for the lease of office space and four parking lots. The lease is for a period of five years starting 2008 and includes an annual escalation rate of 5.0%. The monthly rate of the lease for the year 2012 amounted to ₱385,923. The lease contract expired in December 2012 and the Parent Company renewed its lease agreement with AMDC on February 5, 2013 with a monthly rate of ₱427,550, subject to an annual escalation rate of 5.0%, and will expire on December 31, 2017.

The future minimum lease payments under this operating lease as of December 31 are as follows:

	2015	2014
Within one year	**₱5,939,308**	₱5,656,484
After one year but not more than five years	**6,236,274**	12,175,582
	₱12,175,582	₱17,832,066

On January 1, 2011, the Parent Company entered into another lease agreement with AMDC for another office space. The lease is for a period of five years starting 2011 and has ended on December 31, 2015. The contract was renewed for another five years from January 1, 2016 to December 31, 2020. The monthly rate of the lease for 2016 is ₱301,403, subject to an annual escalation rate of 5.0%.

The future minimum lease payments under this operating lease as of December 31 are as follows:

	2015	2014
Within one year	**₱3,616,838**	₱2,127,536
After one year but not more than five years	**16,368,477**	–
	₱19,985,315	₱2,127,536

b. Operating Lease Commitment with PAGCOR - the Parent Company as Lessor

In 2013, the Parent Company entered a lease contract for three years commencing July 10, 2013 with PAGCOR to lease an area of 189.231 square meters (sqm.) for a monthly fixed rental of ₱510.51 per sqm. for its casino and related activities.

Rent income from PAGCOR amounted to ₱1.2 million in 2015 and 2014, respectively.

The future minimum lease receivables under this lease agreement as of December 31 are as follows:

	2015	2014
Within one year	**₱579,626**	₱1,159,252
After one year but not more than five years	–	579,626
	₱579,626	₱1,738,878

c. In October 2013, the Parent Company entered into a lease agreement with PAGCOR to lease one thousand four hundred twenty seven (1,427) sqm. property, with modern slot machines, including the rights to a proprietary system of linking and networking the said slot machines in Turf Club Bldg., San Lazaro Leisure Park, Carmona, Cavite. The Parent Company shall receive monthly variable rent equivalent to thirty-five percent (35%) of revenues less winnings/prizes and five (5%) franchise tax. The agreement shall be effective until June 30, 2016. In 2015, 2014 and 2013, income from the lease agreement with PAGCOR amounted to ₱28.1 million, ₱26.1 million and ₱27.9 million, respectively.

d. In 2014, the Parent Company, together with MMTC, entered into an agreement that allows horse racing aficionados from both clubs to place bets on either clubs' race day using the telephone betting (TELEBET) account of the bettor from the other club, provided that the account has a balance upon placing of wagers.

   As of December 31, 2015 and 2014, receivables from MMTC amount to ₱0.7 million and ₱16.4 million, respectively, while payable to MMTC amounted to nil and ₱12.0 million, respectively (see Note 8).

e. Claims and Legal Actions

   As of December 31, 2015 and 2014, there are pending claims and legal actions against or in favor of the Parent Company arising from the normal course of business, in addition to the matters already mentioned elsewhere in these financial statements. In the opinion of the Parent Company's management and its legal counsel, liabilities arising from these claims, if any, would not have any material effect on the Parent Company and any liability or loss arising therefrom would be taken up when the final resolution of the claims and actions are determined.

f. Unclaimed Dividends on Winnings

   Under PR58D of the *Rules and Regulations on Horse Racing* promulgated by the Philippine Racing Commission (PHILRACOM), the latter claims control over the disposition of unclaimed dividends.

   The Parent Company disputed the legality of PR58D in its letters to PHILRACOM dated June 14, 2012 and July 13, 2012. The Parent Company maintained that there is no law authorizing PHILRACOM to determine the proper use or disposition of the unclaimed dividends and PHILRACOM exceed its rule-making authority in issuing PR58D. The Parent Company likewise contended that unclaimed dividends are private funds as these funds are not included in the amounts that are supposed to be remitted to or held by the Parent Company for the government under its charter.

Furthermore, a *Notice* appears in the dorsal portion of the Parent Company's betting tickets which state that winning tickets must be claimed within thirty days from date of purchase, otherwise, the prize shall be forfeited in favor of the Parent Company. This provision is a valid agreement between the Parent Company and the bettor under the principle of autonomy of contracts.

As part of its audit of the PHILRACOM, the Commission on Audit (COA) issued an *Independent Auditor's Report* dated March 27, 2013 wherein COA opined that unclaimed dividends of winning bettors should be forfeited in favor of the government and should form part of the National Treasury. However, in the same report, COA acknowledged the absence of any legislative mandate as regards the disposition of unclaimed dividends. Thus, COA required the PHILRACOM to request for a Declaratory Relief from the Department of Justice to resolve the issue on the nature of unclaimed dividends.

To resolve the foregoing issue, the Parent Company filed a *Petition for Declaratory Relief* on November 6, 2013. As of April 11, 2016, the status is still pending before the Regional Trial Court of Bacoor, Cavite.

The Parent Company recognized provision for probable loss amounted to ₱13.1 million as of December 31, 2015 and 2014 (see Note 17).

32. Financial Instruments

The following tables provide the fair value hierarchy of the Group's AFS financial assets, and loans and borrowings:

			2015		
			Fair value measurement using		
	Carrying Amounts	**Fair Value**	**Quoted Prices in Active Market (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
AFS financial assets	**₱31,309,508**	**₱31,309,508**	**₱31,309,508**	**₱–**	**₱–**

			2014		
			Fair value measurement using		
	Carrying Amounts	Fair Value	Quoted Prices in Active Market (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
AFS financial assets	₱22,067,765	₱22,067,765	₱21,434,468	₱–	₱633,297
Loans and borrowings	88,723,214	88,723,214	–	–	88,723,214
	₱110,790,979	₱110,790,979	₱21,434,468	₱–	₱89,356,511

As of December 31, 2015 and 2014, the Parent Company's AFS financial assets measured at fair value under the Level 1 hierarchy totaled ₱31.3 million and ₱21.4 million, respectively. Fair value under Level 3 hierarchy includes PLDT preferred shares amounting to ₱0.4 million expected to be redeemed within 10 years effective January 19, 2012. There were no financial instruments measured at fair value under the Level 2 hierarchy.

Unquoted AFS shares amounted to ₱0.6 million as of December 31, 2015 and 2014. Carrying amount of these shares is equal to its fair value as at December 31, 2015 and 2014, respectively.

In 2015 and 2014, the carrying values of cash and cash equivalents (except cash on hand), receivables, deposits, accounts payable and other liabilities and due to related parties approximate their fair value due to the short-term nature of the accounts.

33. Financial Risk Management Objectives and Policies

The Group's financial instruments comprise cash and cash equivalents (except cash on hand), receivables, AFS financial assets, deposits, accounts payable and other liabilities, interest-bearing loans and borrowings, due to related parties and subscriptions payable. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the use of these financial instruments include cash flow interest rate risk, equity price risk, foreign currency risk, credit risk and liquidity risk. The Group's BOD reviews and approves the policies for managing these risks and these are summarized below.

Cash flow interest rate risk
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's interest-bearing loans and borrowings which carry floating interest rates (see Note 16).

The Group's interest rate risk management policy focuses on reducing the overall interest expense and exposure to changes in interest rates. Risk of changes in market interest rates is related primarily to the Group's interest on financial instruments classified as floating rate as it can cause a change in the amount of interest payments.

Interest on financial instruments classified as floating rate is repriced at intervals of less than a year. The financial instruments of the Group that bear fixed interest rates or are noninterest-bearing are not included in the succeeding analyses. The Group invests excess funds in short-term investments in order to mitigate any increase in interest rate on borrowings.

The following table demonstrates the sensitivity of the Group's income before income tax to a reasonably possible change in interest rates, with all other variables held constant, for the years ended December 31, 2015 and 2014. There is no impact on the Group's equity other than those affecting profit or loss.

	Increase (decrease) in basis points	Effect on income before income tax
2015	**+1%**	**₱–**
	-1%	**–**
2014	+1%	(887,232)
	-1%	887,232

Equity price risk
Equity price risk is the risk that the fair values of quoted equity securities will fluctuate because of changes in the level of indices and the value of individual stocks. The Group is exposed to equity price risk because of quoted equity investments held by the Group, which are classified in the consolidated statements of financial position as held for trading investments and AFS financial assets.

The following table demonstrates the sensitivity of the Group's equity to a reasonably possible change in the PSE index (PSEi), with all other variables held constant, for the years ended December 31, 2015 and 2014:

	Increase (decrease) in PSEi	Effect on equity
2015	**+14%**	**₱4,309,074**
	-14%	**(4,309,074)**
2014	+14%	3,037,681
	-14%	(3,037,681)

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows from the Group's foreign-currency denominated assets or liabilities may fluctuate due to changes in foreign exchange rates.

The Group's foreign currency risk relates to its foreign currency-denominated cash in banks. To manage this risk, management closely monitors the movements in exchange rates and regularly assesses future foreign exchange rate movements.

The Group's outstanding foreign currency-denominated financial asset pertaining to cash in banks as of December 31 and its Peso equivalent are as follows:

	United States (US) Dollar	Philippine Peso
2015	**US$9,287**	**₱437,046**
2014	5,609	250,834

As of December 31, 2015 and 2014, the applicable closing exchange rates were ₱47.06 and ₱44.72 to US$1, respectively. Net foreign exchange loss amounted to ₱97,482, ₱1,675 and ₱95,690 in 2015, 2014 and 2013, respectively.

The sensitivity of the Group's income before income tax to a reasonably possible change in the US Dollar exchange rate against the Peso, with all other variables held constant, has no significant effect in the financial statements for the years ended December 31, 2015 and 2014.

Credit risk
Credit risk arises because the counterparty may fail to discharge its contractual obligations. The Group transacts only with related parties and recognized and creditworthy third parties. Receivable balances are monitored on an ongoing basis. Further, management intensifies its collection efforts to collect from defaulting third parties.

The Group's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. There is no significant concentration of credit risk in the Group.

The table below shows the maximum gross exposure to credit risk of the Group as of December 31, 2015 and 2014.

	2015	2014
Loans and receivables:		
Cash and cash equivalents:		
Cash in banks	₱95,908,691	₱244,728,436
Cash equivalents	28,819,236	47,545,719
	124,727,927	292,274,155
Receivables:		
Real estate receivables*	204,002,832	228,964,771
Receivable from PAGCOR	8,061,391	6,995,045
Rent receivables	7,448,153	9,399,120
Advances and loans to officers and employees	6,171,609	7,799,575
Due from related parties	4,116,424	2,079,161
Dividends receivable	3,640,837	29,792,491
Advances to suppliers	2,296,102	–
Receivables from OTB operators	1,150,427	1,965,943
Receivable from MMTC	653,863	16,360,723
Others	7,649,762	5,910,753
	245,191,400	309,247,582
Deposits**	3,375,580	3,375,580
	₱373,294,907	₱604,897,317

**Includes non-current real estate receivables.*
***Included in "Other noncurrent assets" account in the consolidated statements of financial position.*

The tables below show the credit quality of financial assets as of December 31, 2015 and 2014.

	2015			
	Standard Grade	Past Due but not Individually Impaired	Individually Impaired	Total
Loans and receivables:				
Cash and cash equivalents:				
Cash in banks	₱95,908,691	₱–	₱–	₱95,908,691
Cash equivalents	28,819,236	–	–	28,819,236
	124,727,927	–	–	124,727,927
Receivables:*				
Real estate receivable	204,002,832	–	9,587,790	213,590,622
Receivable from PAGCOR	8,061,391	–	–	8,061,391
Rent receivables	7,448,153	–	1,805,762	9,253,915
Advances and loans to officers and employees	6,171,609	–	–	6,171,609
Due from related parties	4,116,424	–	–	4,116,424
Dividends receivable	3,640,837	–	–	3,640,837
Advances to suppliers	2,296,102	–	–	2,296,102
Receivables from OTB operators	1,150,427	–	–	1,150,427
Receivable from MMTC	653,863	–	–	653,863
Others	7,649,762	–	9,128,594	16,778,356
	245,191,400	–	20,522,146	265,713,546
Deposits**	3,375,580	–	–	3,375,580
	₱373,294,907	₱–	₱20,522,146	₱393,817,053

**Amounts are exclusive of nonfinancial assets amounting to ₱4.0 million.*
***Included in "Other noncurrent assets" account in the consolidated statements of financial position.*

	2014			
	Standard Grade	Past Due but not Individually Impaired	Individually Impaired	Total
Loans and receivables:				
Cash and cash equivalents:				
Cash in banks	₱244,728,436	₱–	₱–	₱244,728,436
Cash equivalents	47,545,719	–	–	47,545,719
	292,274,155			292,274,155
Receivables:*				
Real estate receivable	228,964,771	–	–	228,964,771
Dividends receivable	29,792,491	–	–	29,792,491
Receivable from MMTC	16,360,723	–	–	16,360,723
Rent receivables	9,399,120	–	1,197,798	10,596,918
Receivable from PAGCOR	6,995,045	–	–	6,995,045
Advances and loans to officers and employees	7,799,575	–	–	7,799,575
Due from related parties	2,079,161	–	–	2,079,161
Receivables from OTB operators	1,965,943	–	–	1,965,943
Others	5,910,753	–	10,466,818	16,377,571
	309,267,582	–	11,664,616	320,932,198
Deposits**	3,375,580	–	–	3,375,580
	₱604,917,317	₱–	₱11,664,616	₱616,581,933

**Amounts are exclusive of nonfinancial assets amounting to ₱4.0 million.*
***Included in "Other noncurrent assets" account in the consolidated statements of financial position.*

The credit quality of the financial assets was determined as follows:

Financial instruments and cash deposits
Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Receivables
Credit risk from receivables is managed by the Group through an established policy, procedures and control relating to credit risk management of receivables from customers, OTB operators, lessees, related parties and other counterparties.

An impairment analysis is performed at each reporting date. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are in different industries and none of which holds at least 5% of the total receivables.

These receivables have no history of significant default or delinquency in collections but have a reasonable probability of non-collectability.

Past due but not impaired loans and receivables amounted to nil as of December 31, 2015 and 2014.

Liquidity risk
The Group monitors and maintains a certain level of cash and cash equivalents to finance the Group's operation, ensure continuity of funding and to mitigate the effect of fluctuations in cash flows. It maintains a balance between continuity of funding and flexibility by regularly evaluating its projected and actual cash flows through the use of bank loans and extension of suppliers' credit terms. The Group maximizes the net cash inflows from operations to finance its working capital requirements.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2015 and 2014 based on contractual undiscounted payments (principal and interest) and the profile of the financial assets used to manage the Group's liquidity risk.

December 31, 2015

	Within 1 year	>1 year to <3 years	3 years to <5 years	5 years and more	Total
Loans and borrowings:					
Bank loans*	₱40,365,000	₱–	₱–	₱–	₱40,365,000
Accounts payable and other liabilities**	242,096,215	–	–	–	242,096,215
	₱282,461,215	₱–	₱–	₱–	₱282,461,215

** Amounts are inclusive of interest amounting to ₱1.4 million.*
*** Amounts are exclusive of nonfinancial liabilities amounting to ₱59 0 million.*

	Within 1 year	>1 year to <3 years	3 years to <5 years	5 years and more	Total
Loans and receivables:					
Cash in banks	₱95,908,691	₱–	₱–	₱–	₱95,908,691
Cash equivalents	28,819,236	–	–	–	28,819,236
Receivables*	245,191,400	–	–	–	245,191,400
Deposits**	–	–	3,375,580	–	3,375,580
	369,919,327	–	3,375,580	–	373,294,907
AFS financial assets	–	–	–	31,309,508	31,309,508
	₱369,919,327	₱–	₱3,375,580	₱31,309,508	₱404,604,415

** Amounts are exclusive of nonfinancial assets amounting to ₱4.0 million.*
*** Included in the "Other non-current assets" in the consolidated statements of financial position.*

December 31, 2014

	Within 1 year	>1 year to <3 years	3 years to <5 years	5 years and more	Total
Loans and borrowings:					
Bank loans*	₱91,975,221	₱–	₱–	₱–	₱91,975,221
Accounts payable and other liabilities**	321,572,610	–	–	–	321,572,610
Due to related parties	38,640,000	–	–	–	38,640,000
Subscription payable	42,808,835	–	–	–	42,808,835
	₱494,996,666	₱–	₱–	₱–	₱494,996,666

** Amounts are inclusive of interest amounting to ₱3.0 million.*
*** Amounts are exclusive of nonfinancial liabilities amounting to ₱32.8 million.*

	Within 1 year	>1 year to <3 years	3 years to <5 years	Total
Loans and receivables:				
Cash in banks	₱244,728,436	₱–	₱–	₱244,728,436
Cash equivalents	47,545,719	–	–	47,545,719
Receivables*	309,267,582	–	–	309,267,582
Deposits**	–	–	3,375,580	3,375,580
	601,541,737	–	3,375,580	604,917,317
AFS financial assets	–	–	22,067,765	22,067,765
	₱601,541,737	₱	₱25,443,345	₱626,985,082

** Amounts are exclusive of nonfinancial assets amounting to ₱4.0 million.*
*** Included in the "Other non-current assets" in the consolidated statements of financial position.*

34. Capital Management

The Group considers the total equity as its capital. The Group maintains a capital base to cover risks inherent in the business. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities.

The following table summarizes the total capital considered by the Group:

	2015	2014
Capital stock	**₱996,170,748**	₱996,170,748
Additional paid-in capital	**27,594,539**	27,594,539
Net cumulative changes in fair values of AFS financial assets	**3,923,214**	5,216,306
Remeasurement on retirement benefits	**21,621,047**	21,144,472
Retained earnings	**3,150,149,222**	3,245,679,278
Treasury shares	**(7,096)**	(7,096)
Noncontrolling interest	**(1,619,647)**	(2,281,966)
	₱4,197,832,027	₱4,293,516,281

No changes were made in the objectives, policies and processes from the previous years.

35. Other Matters

On April 4, 2014, a MOA was executed between the Parent Company and Philippine Football Federation, Inc. (PFF) to jointly develop a football complex on a portion of MJC's SLLBP in Carmona, Cavite. This is in consonance with MJC's over-all plan to develop SLLBP into a leisure, gaming and entertainment hub.

The football complex shall consist of a pitch of Federacion Internationale de Football Association (FIFA) two star international standards, a training center and other football support facilities. It is envisioned to be the site of national and international matches and friendlies sanctioned by the FIFA, ASEAN Football Federation (AFF) and Asian Football Confederation (AFC).

PFF is responsible for the governance, development and promotion of football in the Philippines and the sole controlling body of all provincial football associations. It is a regular member of FIFA, AFF, AFC and the Philippine Olympic Committee.

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

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Manila Jockey Club, Inc.
San Lazaro Leisure Park
Brgy. Lantic, Carmona, Cavite

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Manila Jockey Club, Inc. 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 April 11, 2016. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the management of the Group. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated 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 consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

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Tax Identification No. 152-884-385
BIR Accreditation No. 08-001998-15-2015,
June 26, 2015, valid until June 25, 2018
PTR No. 5321627, January 4, 2016, Makati City

April 11, 2016

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES
Schedule A. Marketable Securities
As of December 31, 2015

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	Value Based on Market Quotation at End of Reporting Period	Income Received and Accrued
AFS investments					
Quoted Equity Shares					
	Metropolitan Bank & Trust Company	14,000	1,127,000	1,127,000	
	Dizon Copper Silvermines, Inc.	82	592	592	
	Ayala Corporation (Class "B" Series 2 Perpetual Preferred Shares)	10,000	5,205,000	5,205,000	278,750
	PLDT	1,500	3,090,000	3,090,000	
	Manila Southwoods	1	1,100,000	1,100,000	–
	Sta. Elena Golf	1	3,000,000	3,000,000	–
	Tagaytay Highland	1	500,000	500,000	–
	Club Filipino	1	150,000	150,000	–
	Tower Club, Inc.	1	600,000	600,000	–
Unquoted Equity Shares (at cost)					
	PLDT (Subscriber's Plan)	1	370,047	370,047	–
	PLDT (10% Cumulative Convertible Preferred Stock)	6,975	69,750	69,750	–
	Banahaw Cable Car	1	5,000	5,000	–
	Metropolitan Theater - Membership	1	20,000	20,000	–
	PLDT (Subs. Investment Plan)	1	165,500	165,500	–
	Executive Suites Stocks - Membership	1	3,000	3,000	–
Debt Securities					
	Aboitiz Equity Ventures bonds, Series "A"	–	10,063,820	10,063,820	149,073
	SM Prime Bonds, Series "D"	–	6,473,096	6,473,096	24,426
Total			**31,942,805**	**31,942,805**	**452,249**

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES

Schedule B. **Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)**
As of December 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Not Current	Balance at End of Period
			Amounts Collected	Amounts Written Off			

Not Applicable

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
As of December 31, 2015

Name of Debtor	Designation of debtor	Balance at the Beginning of the Period	Additions	Deductions			Current	Not Current	Balance at End of Period
				Amounts Collected	Amounts Written Off	Others			
Biohitech Philippines, Inc.	Subsidiary	1,000	8,333				9,333	–	9,333
SLLP Holdings, Inc.	Subsidiary	1,000	8,333				9,333	–	9,333
MJC Forex Corporation	Subsidiary	1,014	–	1,014			–	–	–
Manilacockers Club, Inc.	Subsidiary	1,141,416	16,665,938				17,807,354	–	17,807,354
Gametime Sports & Technologies, Inc.	Subsidiary	2,756,126	4,529,993				7,286,119	–	7,286,119
Hi-Tech Harvest Limited	Subsidiary	–	208,795				208,795	–	208,795
New Victor Technology, Ltd.	Subsidiary	–	2,518,874				2,518,874	–	2,518,874
MJC Investments Corporation	Associate	2,078,161	2,028,930				4,107,091	–	4,107,091
Techsystems, Inc.	Associate	1,000	8,333				9,333	–	9,333
TOTAL		**5,979,717**	**25,977,529**	**1,014**	–	–	**31,956,232**	–	**31,956,232**

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES
Schedule D. Intangible Assets – Other Assets
As of December 31, 2015

Description	Beginning Balance	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes	Ending Balance
					Additions / (Deductions)	

Not Applicable

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES
Schedule E. Long-term Debt
As of December 31, 2015

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
	Not Applicable		

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES

Schedule F. Indebtedness to Affiliates and Related Parties (Long-term Loans from Related Companies)

As of December 31, 2015

Name of Related Party	Balance at Beginning of Period	Balance at End of Period

Not Applicable

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES
Schedule G. Guarantees of Securities of Other Issuers
As of December 31, 2015

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee

Not Applicable

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES
Schedule H. Capital Stock
As of December 31, 2015

Title of issue	Number of shares authorized	Number of shares issued and outstanding and 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	Treasury
Common Stock	**1,000,000,000**	**996,170,748**	–	–	**83,192,370**	**9,462**

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES

Schedule I. Amounts Payable to Related Parties whieh are Eliminated during the Consolidation of Financial Statements
As of December 31, 2015

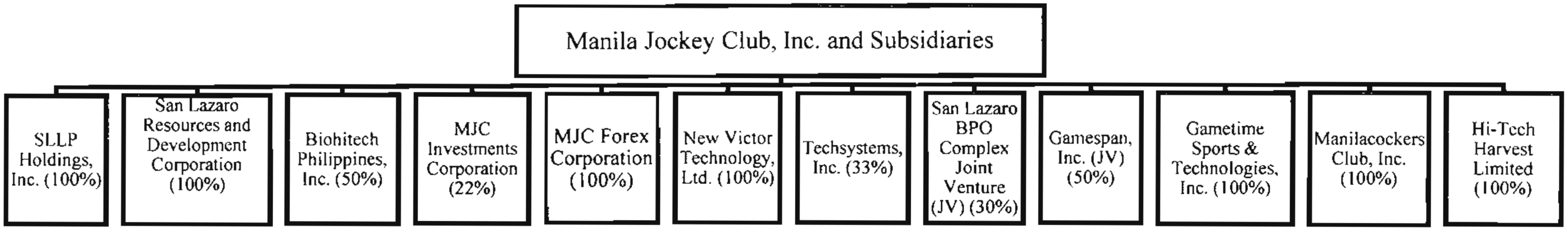
Name and Designation of Creditor	Beginning Balance of Period	Additions	Deductions: Amounts Paid	Deductions: Others	Current	Not current	Balance at End of Period
SLLP Holdings, Inc.	3,667,137		3,667,137		–		–
New Victor Technology, Ltd.	3,063,604		492,889		2,570,715		2,570,715
Manilacockers Club, Inc.	–	4,242,354			4,242,354		4,242,354
Total	**6,730,741**	**4,242,354**	**4,160,026**	–	**6,813,069**	–	**6,813,069**

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES

Schedule J. Parent Company Retained Earnings Available for Dividend Declaration
As at and for the year ended December 31, 2015

Unappropriated retained earnings, beginning		**₱1,257,472,503**
Add (less):	Net loss actually earned/realized during the year:	**(19,353,703)**
	Deemed cost adjustment on real estate properties realized through sale, net of deferred income tax	**80,954**
	Treasury shares	**(7,096)**
Unappropriated retained earnings, as adjusted to amount available for dividend declaration		**1,238,192,658**
Less:	Cash dividends declared during the year	**49,808,063**
Unappropriated retained earnings available for dividend declaration, ending		**₱1,188,384,595**

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES
Schedule K. Map of Subsidiaries
As of December 31, 2015



MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES

SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS AS OF DECEMBER 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS) AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework for Financial Reporting		✓		
PFRS Practice Statement Management Commentary				✓
PFRS				
PFRS 1	First-time Adoption of PFRS			✓
	PFRS 1 and Philippine Accounting Standards (PAS) 27 (Amendments) - *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*			✓
	PFRS 1 (Amendments) - *Additional Exemptions for First-time Adopters*			✓
	PFRS 1 (Amendments) - *Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters*			✓
	PFRS 1 (Amendments) - *Severe Hyperinflation and Removal of Fixed Date of First-time Adopters*			✓
	PFRS 1 (Amendments) - *Government Loans*			✓
PFRS 2	Share-based Payment			✓
	PFRS 2 (Amendments) - *Vesting Conditions and Cancellations*			✓
	PFRS 2 (Amendments) - *Group Cash-settled Share-based Payment Transactions*			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	PAS 39 and PFRS 4 (Amendments) - *Financial Guarantee Contracts*			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	PAS 39 and PFRS 7 (Amendments) - *Reclassification of Financial Assets - Effective Date and Transition*			✓
	PFRS 7 (Amendments) - *Improving Disclosures about Financial Instruments*	✓		
	PFRS 7 (Amendments) - *Disclosures - Transfers of Financial Assets*			✓
	PFRS 7 (Amendments) - *Offsetting Financiol Assets and Financial Liabilities*			✓
	PFRS 7 (Amendments) - *Mandatory Effective Date of PFRS 9 and Transition Disclosures*	NOT EARLY ADOPTED		
PFRS 8	Operating Segments	✓		
PFRS 9 (2014)	Financial Instruments	NOT EARLY ADOPTED		
PFRS 10	Consolidated Financial Statements	✓		
	PFRS 10 (Amendments) - *Investment Entities*			✓
	PFRS10 (Amendments) - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	NOT EARLY ADOPTED		
PFRS 11	Joint Arrangements	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS) AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	PFRS 11 (Amendments) - *Accounting for Acquisitions of Interests in Joint Operations*	NOT EARLY ADOPTED		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	PFRS 12 (Amendments) - *Investment Entities*			✓
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	PAS 32 and PAS 1 (Amendments) - *Puttable Financial Instruments and Obligations Arising from Liquidation*			✓
	PAS 1 (Amendments) - *Presentation of Items of Other Comprehensive Income*	✓		
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 Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	PAS 12 (Amendments) - *Deferred Tax. Recovery of Underlying Assets*	✓		
PAS 16	Property, Plant and Equipment	✓		
	PAS 16 (Amendments) - *Clarification of Acceptable Methods of Depreciation and Amortization*	NOT EARLY ADOPTED		
	PAS 16 (Amendments) - *Bearer Plants*	NOT EARLY ADOPTED		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	PAS 19 (Amendments) - *Defined Benefit Plans: Employee Contributions*	NOT EARLY ADOPTED		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	PAS 21 (Amendments) - *Net Investment in a Foreign Operation*			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	PAS 27 (Amendments) - *Investment Entities*			✓
	PAS 27 (Amendments) - *Equity Method in Separate Financial Statements*	NOT EARLY ADOPTED		

PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS) AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	PAS 28 (Amendments) - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	NOT EARLY ADOPTED		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	PAS 32 and PAS 1 (Amendments) - *Puttable Financial Instruments and Obligations Arising on Liquidation*			✓
	PAS 32 (Amendments) - *Classification of Rights Issues*			✓
	PAS 32 (Amendments) - *Offsetting Financial Assets and Financial Liabilities*			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	PAS 36 (Amendments) - *Recoverable Amount Disclosures for Non-financial Assets*			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	PAS 38 (Amendments) - *Clarification of Acceptable Methods of Depreciation and Amortization*	NOT EARLY ADOPTED		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	PAS 39 (Amendments) - *Transition and Initial Recognition of Financial Assets and Financial Liabilities*	✓		
	PAS 39 (Amendments) - *Cash Flow Hedge Accounting of Forecast Intragroup Transactions*			✓
	PAS 39 (Amendments) - *The Fair Value Option*			✓
	PAS 39 and PFRS 4 (Amendments) - *Financial Guarantee Contracts*			✓
	PAS 39 and PFRS 7 (Amendments) - *Reclassification of Financial Assets*			✓
	PAS 39 and PFRS 7 (Amendments) - *Reclassification of Financial Assets - Effective Date and Transition*			✓
	Philippine Interpretation IFRIC 9 and PAS 39 (Amendments) - *Embedded Derivatives*			✓
	PAS 39 (Amendments) - *Eligible Hedged Items*			✓
	PAS 39 (Amendments) - *Novation of Derivatives and Continuation of Hedge Accounting*			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
	PAS 41 (Amendments) - *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*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS) AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
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 9	Reassessment of Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
IFRIC 15 [a]	Agreements for the Construction of Real Estate			✓
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-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			✓

[a] *The effective date of this interpretation was deferred until the final Revenue standard is issued.*

MANILA JOCKEY CLUB, INC. AND SUBSIDIARIES
Schedule M. Financial Soundness Indicators
As of December 31, 2015

	As of and for the Year Ended December 31		
	2015	2014	2013
Liquidity ratios			
Current ratio[a]	**1.30**	1.09	1.20
Interest rate coverage ratio[b]	**11.56**	24.26	500.15
Solvency ratios			
Debt to equity ratio[c]	**0.01**	0.02	0.03
Asset to equity ratio[d]	**1.14**	1.19	1.19
Profitability ratio			
EBITDA margin[e]	**0.07**	0.23	4.46

[a] *Current assets over current liabilities*

[b] *EBITDA over interest expense and financing charges on borrowings*

[c] *Interest-bearing debts over total equity*

[d] *Total assets over total equity*

[e] *EBITDA over gross revenues from operations*