COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Mr. Jose Ma. G. Castillo III
Contact Person

815-96-36
Company's Telephone Number/s

1	2		3	1

Month Day
Fiscal Year

DEFINITIVE SEC FORM 20 – IS
FORM TYPE

0	7		0	1

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. Of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks= pls. Use black ink for scanning purposes

iPeople
A YGC Member

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of **iPeople, inc.** will be held on **Friday, June 24, 2016 at 2:30 p.m.** at the *Yuchengco Institute for Advanced Studies, 5th Floor, Tower II, RCBC Plaza, Ayala Avenue Cor. Sen. Gil J.Puyat Avenue, Makati City, Philippines* to consider and act on the following:

1. Call to Order
2. Proof of Notice and Certification of a Quorum
3. Approval of the Minutes of the Annual Meeting of the Stockholders held on July 1, 2015
4. Approval of the Management Report and Audited Financial Statements for 2015
5. Ratification and confirmation of the acts, resolutions and proceedings of the Board of Directors, Executive Committee, Other Committees and the Officers of the Company during the year 2015
6. Election of Directors for 2016-2017
7. Appointment of External Auditors
8. Such other business that may properly come before the meeting
9. Adjournment

Only stockholders of record at close of business on **May 24, 2016** shall be entitled to vote at this said meeting or any adjournment thereof.

Should you be unable to attend the meeting in person, you may execute the necessary proxy and file the same with the office of the Corporate Secretary at 3/F, Grepalife Bldg., 219 Sen. Gil Puyat Avenue, Makati City, Metro Manila Philippines on or before 10:00 A.M. of June 23, 2016.

For your convenience in registering your attendance, please have available some form of identification such as passport, driver's license or voter's I.D.

Makati City, April 28, 2016.

ATTY. SAMUEL V. TORRES
Corporate Secretary

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
OF
iPEOPLE, INC.

Date	:	01 July 2015
Time	:	2:30 P. M.
Place	:	YIAS, 5th Floor, RCBC Plaza 6819 Ayala Avenue Makati City, Metro Manila

I. CALL TO ORDER.

The Chairman, Mr. Renato C. Valencia, called the meeting to order and asked the Corporate Secretary, Atty. Samuel V. Torres, whether proper notices of the meeting were sent to the stockholders entitled thereto to which Atty. Torres replied in the affirmative.

II. PROOF OF NOTICES.

As proof, the Corporate Secretary presented the Certification executed by Ms. Ma. Lourdes C. de Leon, the President and General Manager of Varied Services, Incorporated, certifying to the sending out of notices of the meeting, and an Affidavit of Publication executed by Ms. Rodora R. Beltran, Audit Supervisor of the Manila Bulletin, attesting to the publication of the notice in the Manila Bulletin on 01 June 2015.

III. DETERMINATION OF QUORUM.

The Chairman asked the Corporate Secretary if there is a quorum for the transaction of business, to which the Corporate Secretary certified as follows:

		No. of Common Shares
Total Number of Shares Present in Person or by Proxy	-	566,231,421 Shares
Outstanding No. of Shares Entitled to Vote	-	748,933,221 Shares
Percentage of Attendance	-	75.60 %

which was more than two thirds (2/3) of the outstanding number of shares entitled to vote. Whereupon, the Corporate Secretary certified the presence of a legal quorum, and the Chairman declared the agenda open for deliberation.

DIRECTORS PRESENT

1. Mr. Renato C. Valencia – Chairman/Independent Director
2. Ms. Helen Y. Dee
3. Ms. Yvonne S. Yuchengco
4. Ms. Milagros V. Reyes
5. Mr. Medel T. Nera
6. Dr. Reynaldo B. Vea
7. Mr. Filemon T. Berba, Jr. – Independent Director
8. Mr. Joaquin E. Quintos IV – Independent Director
9. Mr. Cesar A. Buenaventura – Independent Director

IV. APPROVAL OF THE MINUTES OF THE PREVIOUS ANNUAL MEETING.

The Minutes of the last Annual Stockholders' Meeting held on 03 July 2014 were presented to the stockholders for approval. On motion duly made and seconded, the reading of the said Minutes was dispensed with, and there being no objection or correction to the same, the Minutes were confirmed and approved to be correct.

V. APPROVAL OF THE 2014 MANAGEMENT REPORT AND THE AUDITED FINANCIAL STATEMENTS.

The President, Dr. Reynaldo B. Vea, reported on the various activities and results of the operations of the Company, including that of its subsidiaries, for the period ended 31 December 2014. He commenced his President's Report with the financial highlights of the Company. Dr. Vea then proceeded to particularly update the stockholders on the activities and achievements of Malayan Colleges, Inc. (Operating under the name of Mapua Institute of Technology) and Malayan Colleges Laguna, Inc. and their respective students and faculty members. He also presented an update on the operations of Pan Pacific Computer Center, Inc.

After Dr. Vea concluded his President's Report, Mr. Valencia informed the stockholders that the Board of Directors had earlier approved the declaration of a cash dividend of Six Centavos (Php0.06) per share, for a total amount of Forty Four Million Nine Hundred Thirty Five Thousand Nine Hundred Ninety Three Pesos and Twenty Six Centavos (Php 44,935,993.26), from the Company's unrestricted retained earnings as of 31 December 2014 to the Company's stockholders of record as of 29 July 2015. The payment date is on 20 August 2015.

Mr. Valencia noted that the Company's Management Report and the Audited Financial Statements of the Company for year ending 31 December 2014 were sent earlier to the stockholders by mail. He then inquired from the stockholders if there were any questions respecting the same. One of the stockholders, Mr. Philip Turner, commented that he was pleased to note that the Company's General and Administrative Expenses have significantly decreased compared to last year. He then asked if there would be any detrimental effect from the financial and economic crisis which Greece is currently experiencing. Dr. Vea advised that the current state of Greece should not be of much concern since the Philippines, and its banking industry, should be deemed insulated from the said crisis in Greece.

There being no further comments, upon motion duly made and seconded, the stockholders present approved the 2014 Management Report and the Audited Financial Statements of the Company for the year ended 31 December 2014, as certified by Mr. Michael C. Sabado of SGV & Co.

VI. RATIFICATION AND CONFIRMATION OF THE ACTS, RESOLUTIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, THE VARIOUS COMMITTEES AND OFFICERS OF THE COMPANY DURING THE YEAR IN REVIEW.

On motion made and duly seconded, the stockholders present ratified and confirmed all the acts, resolutions and proceedings of the Board of Directors, the various Committees and Officers of the Company during the year in review under the following resolution:

> "RESOLVED, that all acts, resolutions and proceedings of the Board of Directors, the various Committees and Officers of the Company during the preceding year be, as they are hereby affirmed and ratified."

VII. ELECTION OF DIRECTORS FOR 2015-2016.

Thereafter, the Chairman declared the table open for the election of directors for the ensuing year.

The Corporate Secretary presented and read the name of the following persons nominated, evaluated and found by the Nomination Committee to have all the qualifications and none of the disqualifications to compose the members of the Board of Directors of iPeople, Inc. for the year 2015-2016:

Regular Directors:

1. Ms. Helen Y. Dee
2. Dr. Reynaldo B. Vea
3. Ms. Milagros V. Reyes
4. Mr. Medel T. Nera
5. Ms. Yvonne S. Yuchengco

Independent Directors:

6. Mr. Cesar A. Buenaventura
7. Mr. Renato C. Valencia
8. Mr. Filemon T. Berba, Jr.
9. Mr. Joaquin E. Quintos IV

There being no further comment and no other nominees, the Corporate Secretary was requested by the Chairman to cast all votes equally among the above-named nominees. Thereafter, the Chairman declared the above-named nominees as the duly elected members of the Board of Directors of the Company for the ensuing year 2015-2016 and presented them to the stockholders.

VIII. APPOINTMENT OF EXTERNAL AUDITOR.

Upon an earlier recommendation by the Audit Committee, on motion duly made and seconded, Sycip Gorres Velayo & Co. (SGV) was reappointed as external auditor of the Company for the fiscal year ending 31 December 2015.

IX. OTHER MATTERS.

The Chairman inquired from the stockholders if there were any other matters that they wanted to discuss or consider. At this juncture, one of the stockholders, Mr. Gregory Fagela, inquired as to the whereabouts of the Company's former President, Mr. John F. Alabastro. He was advised that Mr. Alabastro had already resigned from the Company and his position was subsequently assumed by Dr. Vea. Thereafter, no other matter or question was raised.

IX. ADJOURNMENT.

There being no other business to transact and on motion duly made and seconded, the Annual Stockholders' Meeting was adjourned at 3:00 p.m.

SAMUEL V. TORRES
Corporate Secretary

ATTEST:

RENATO C. VALENCIA
Chairman

IPEOPLE, INC.

PROXY

I, the undersigned holder of shares of stock of iPeople, inc. ("Corporation"), do hereby constitute, name and appoint the **Chairman of the Meeting**, or in his absence, **the Secretary of the Meeting**, as my attorney and proxy, to represent me and to vote all the shares registered under my name in the Books of the Corporation at the Annual Meeting of the Stockholders of the Corporation on **June 24, 2016** and any adjournment(s) thereof. In particular, I hereby direct my said proxy to vote on the matters set forth below as I have expressly indicated by marking the same with an "X". **If I fail to indicate my vote on the items specified below, I authorize my proxy full discretion to act and I understand that my proxy shall vote in accordance with the recommendation of the Management. Management recommends a "FOR ALL" vote for proposal 1 and a "FOR" for proposals 2 through 5.**

PROPOSAL	**ACTION**		
	FOR ALL	**WITHHOLD FOR ALL**	**EXCEPTION**
1. Election of Management's Nominees as Directors			
Management Nominees are: 1. Helen Y. Dee 2. Medel T. Nera 3. Milagros V. Reyes 4. Reynaldo B. Vea 5. Yvonne S. Yuchengco 6. Ernest K. Cuyegkeng **Independent Directors:** 7. Renato C. Valencia 8. Cesar A. Buenaventura 9. Joaquin E. Quintos, IV Above nominees except for Mr. Ernest K Cuyegkeng are incumbent directors of the Company **INSTRUCTIONS:** *To withhold authority to vote for any individual nominee(s) of Management, please mark Exception box and list name(s) under.*			
	FOR	**AGAINST**	**ABSTAIN**
2. Approval of the Minutes of the Annual Stockholders' Meeting held on July 1, 2015.			
3. Approval of the Management Report and Audited Financial Statements for 2015.			
4. Ratification and confirmation of the acts, resolutions and proceedings of the Board of Directors, Executive Committee and the Officers of the Company during the year 2015.			
5. Appointment of SGV as External Auditors			

THIS PROXY, SOLICITED ON BEHALF OF THE INCUMBENT BOARD OF DIRECTORS OF IPEOPLE, INC. SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE 10:00 A.M OF JUNE 23, 2016, THE DEADLINE FOR SUBMISSION OF PROXIES.

REVOCABILITY OF PROXY

THE SHAREHOLDER MAY REVOKE THE PROXY ISSUED BY HIM AT ANY TIME PRIOR TO ITS USE BY THE PARTY WHO IS THEREBY AUTHORIZED TO EXERCISE THE SAME. THE PERSON SIGNING THE PROXY HAS THE RIGHT TO REVOKE THE PROXY BY ATTENDING THE MEETING IN PERSON OR EXECUTION OF A PROXY AT A LATER DATE.

PERSONS MAKING THE SOLICITATION

THIS PROXY IS SOLICITED ON BEHALF OF THE MANAGEMENT. THE PROXY STATEMENT AND THE ENCLOSED PROXY SHALL BE SENT BY THE SECRETARY OF THE CORPORATION EITHER BY MAIL, POSTAGE PREPAID, OR BY PERSONAL DELIVERY TO EACH STOCKHOLDER AT HIS ADDRESS APPEARING IN THE RECORDS OF THE CORPORATION. DULY EXECUTED PROXIES MAY BE RETURNED BY MAIL, FAX, OR BY HAND TO THE OFFICE OF THE CORPORATE SECRETARY ON OR BEFORE 10:00 A.M. ON JUNE 23, 2016.

SOLICITATIONS OF PROXIES WILL BE MAINLY CONDUCTED THROUGH MAIL. IN ADDITION TO SOLICITATION OF THE PROXIES BY MAIL, OFFICERS AND EMPLOYEES OF THE COMPANY MAY ALSO SOLICIT PROXIES PERSONALLY OR BY TELEPHONE. THE COST OF SOLICITATION, APPROXIMATELY ₱ 150,000 WILL BE BORNE BY THE COMPANY.

THERE IS NO MATERIAL CONSIDERATION CONTRACT OR ARRANGEMENT FOR THE SOLICITATION. THE COMPANY IS NOT A PARTY TO ANY ARRANGEMENT OR UNDERSTANDING WITH ANY PERSON WITH RESPECT TO ANY MATTER TO BE ACTED UPON THE MEETING.

THIS PROXY SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE HEREOF UNLESS OTHERWISE INDICATED IN THE BOX HEREIN PROVIDED: ☐

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES AND FOR SUCH MATTERS AS MAY PROPERLY COME BEFORE THE MEETING, INCLUDING MATTERS WHICH THE SOLICITOR(S) DO NOT KNOW A REASONABLE TIME BEFORE THE SOLICITATION ARE TO BE PRESENTED AT THE MEETING, IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON:

1. No other current director or officer of the Company, or nominee for election as directors of the Company or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than the election to office.
2. No director has informed the Company in writing that he intends to oppose any action to be taken by the registrant at the meeting.

THIS PROXY SHALL CONFER DISCRETIONARY AUTHORITY TO VOTE WITH RESPECT TO ANY OF THE FOLLOWING MATTERS:

1. MATTERS WHICH THE COMPANY DOES NOT KNOW DURING A REASONABLE TIME BEFORE THIS SOLICITATION ARE TO BE PRESENTED AT THE MEETING.
2. MATTERS INCIDENT TO THE CONDUCT OF THE MEETING.

____________________	____________________	____________________	____________
Signature of Stockholder	Printed Name	No. of Shares	Date

____

Address and Telephone Number

THIS PROXY IS BEING SOLICITED IN BEHALF OF THE MANAGEMENT OF IPEOPLE, INC.

Please mail this proxy form to :

THE CORPORATE SECRETARY
iPeople, Inc.
3/F Grepalife Bldg.
219 Sen. Gil Puyat Avenue **OR** **FAX TO : 816-11-27 / 815-99-81**
Makati City, Metro Manila

SECURITIES AND EXCHANGE COMMISSION
<u>SEC FORM 20-IS</u>
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [√] Definitive Information Statement

2. Name of Registrant as specified in its charter **iPeople, inc.**

3. **Makati City, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **166411**

5. BIR Tax Identification Code **000-187-926**

6. **3F, Grepalife Bldg., 219 Sen. Gil J. Puyat Ave., Makati City, Metro Manila Phil. 1200**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code (**632) 815-9636**

8. **June 24. 2016, 2:30PM, Yuchengco Institute for Advanced Studies, 5th Floor Tower II, RCBC Plaza, Ayala Avenue cor. Sen. Gil Puyat Avenue, Makati City**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **June 3, 2016**.

10. In case of Proxy Solicitations:
    Name of Person filing the Statement/Solicitor: **Management of iPeople, inc.**
    Address and Telephone No.: **219 Sen. Gil Puyat Avenue Makati City, 815-9636**

11. Securities registered pursuant to Sections 8 and 12 of the Code (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Authorized	Number of Shares Outstanding
Common, P1.0 par value	2,000,000,000 shares	748,932,949
Total Debt Outstanding: ₱1.10 B		

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

    Yes (√) No _______ **Common Stock**

    If so, disclose name of the Exchange: **Philippine Stock Exchange, Inc.**

PART 1
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1: Date, Time and Place of Meeting of Security Holders:

(a) The 2016 Annual Meeting of the Stockholders of iPeople, inc. (the "Company or Corporation") will be held at the Yuchengco Institute for Advanced Studies, 5th Floor, Tower II, RCBC Plaza, Ayala Avenue corner Sen. Gil Puyat Avenue, Makati City, Philippines on **June 24, 2016 at 2:30 p.m**. The complete mailing address of the principal office of the Company is 3/F, Grepalife Building, 219 Sen. Gil J. Puyat Avenue, Makati City, Philippines, 1200.

(b) Approximate date on which this Information Statement is first to be sent or given to security holders is on **June 3, 2016**.

Item 2: Dissenters' Right of Appraisal

A stockholder who shall have voted against a proposed corporate action may seek payment of the value of his shares, pursuant to Title X of Batas Pambansa Blg. 68 (Corporation Code of the Philippines). In this regard, a written demand must be made by the dissenting stockholder of the Corporation within thirty (30) days after the vote was taken. Failure to make such demand within said period shall be deemed as a waiver of the stockholder's appraisal right; Provided, that failure of the dissenting stockholder to submit his certificates of stock with the Corporation (for notation that such are dissenting shares) within ten (10) days after his written demand has been made, shall likewise be deemed as a waiver of his appraisal right. Upon payment of the value of his shares, the dissenting stockholder shall forthwith transfer his shares to the Corporation. However, no payment shall be made to any dissenting stockholder unless the Corporation has retained earnings in its books to cover such payment.

There are no corporate matters or actions at the above annual meeting that will entitle dissenting stockholders to exercise their right of appraisal as provided in the Title X of the Corporation Code.

Item 3: Interest of Certain Persons in or Opposition to Matters to be Acted Upon

a) No person, nominee for election as a director, associate or any director or officer at any time since the beginning of the last fiscal year, has substantial interest, direct or indirect, by security holdings in any matter to be acted upon at the meeting other than election to office.

b) No director of the Company has informed the registrant in writing that he intends to oppose any action to be taken by the registrant at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4: Voting Securities and Principal Holders Thereof

The Company's capital stocks are entitled to notice and vote at the Annual Stockholders' Meeting. Each share is entitled to one (1) vote. The Company has 748,932,949 shares of Common Stocks outstanding as of April 30, 2016.

Only holders of the Company's stock of record at the close of business on May 24, 2016 are entitled to notice and to vote at the Annual Meeting to be held on June 24, 2016.

Cumulative voting for Directors - At all elections of Directors, each stockholder may vote the shares registered in his name in person or by proxy for as many persons as there are Directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, however, that the whole number of votes cast by him shall not exceed the number of shares owned by him as shown in the Company's stock transfer books multiplied by the total number of Directors elected.

Security Ownership of Certain Beneficial Owners and Management

As of March 31, 2016, IPO knows of no one who beneficially owns in excess of 5% of IPO's common stock except as set forth in the table below:

1. Owners of more than 5% of voting securities as of April 30, 2016.

The following table shows the beneficial owners directly or indirectly owning more than 5% of the Company's capital stock as of April 30, 2016:

SHARE CLASS	NAME AND ADDRESS OF RECORD OWNER	NAME OF BENEFICIAL OWNER & RELATIONSHIP WITH RECORD OWNER	CITIZEN SHIP	NUMBER OF SHARES BENEFICIALL Y OWNED	% OF TOTAL
Common	**HOUSE OF INVESTMENTS, INC.** *Grepalife Bldg., Sen. Gil Puyat Ave., Makati City Metro Manila* *Principal Stockholder*	**Ms. Helen Y. Dee** *Chairperson is authorized to direct voting of the shares held by House of Investments*	Filipino	503,098,749[1]	67.18%
Common	**A. SORIANO CORP.** *7F Pacific Star Bldg., Makati Ave., cor. Sen. Gil J. Puyat Ext., Makati City*	**Mr. Ernest K. Cuyegkeng** *EVP and CFO is authorized to direct voting of the shares held by A. Soriano Corp.*	Filipino	82,306,350[2]	10.99%
Common	**RCBC SECURITIES, INC.** *7/F Yuchengco Tower, RCBC Plaza 6819 Ayala Ave., Makati City*	**Mr. Raul Ruiz** *VP – Research is authorized to direct voting of the shares held by RCBC Securities*	Filipino	48,503,527	6.48%
Common	**MALAYAN INSURANCE CO., INC.** *4/F, Yuchengco Tower 500 Quintin Paredes St. Binondo, Manila*	*Yvonne S. Yuchengco President is authorized to direct voting of the shares held by Malayan Insurance & affiliates*	Filipino	40,199,076	5.37%

There are no arrangements that may result in change in control.

2. Security Ownership of Management

Securities beneficially owned by the directors, nominees, officers, other than qualifying shares, as of April 30, 2016 according to the records of its stock and transfer agent, Rizal Commercial Banking Corporation (RCBC):

[1] The holdings of House of Investments, Inc. represent direct and indirect ownership.
[2] The holdings of A. Soriano Corp. represent direct and indirect ownership.

SHARE CLASS	NAME OF BENEFICIAL OWNER	CITIZENSHIP	NATURE OF OWNERSHIP	SHARES OWNED	% OF CLASS
Common	Reynaldo B. Vea	Filipino	Direct	5	0.0000%
Common	Filemon T. Berba	Filipino	Direct	1,000	0.0001%
Common	Cesar A. Buenaventura	Filipino	Indirect	68,850	0.0092%
Common	Ernest K. Cuyegkeng	Filipino	Indirect	5	0.0000%
Common	Helen Y. Dee	Filipino	Direct	9,750	0.0013%
			Indirect	965,800	0.1290%
Common	Milagros V. Reyes	Filipino	Direct	55,218	0.0074%
Common	Joaquin E. Quintos IV	Filipino	Indirect	5	0.0000%
Common	Medel T. Nera	Filipino	Direct	100	0.0000%
Common	Renato C. Valencia	Filipino	Indirect	1,300	0.0002%
Common	Yvonne S Yuchengco	Filipino	Direct	6,500	0.0009%
			Indirect	68,000	0.0091%
Sub-Total				**1,176,533**	**0.1571%**
Total Common Shares				**748,933,221**	**100.0000%**

Changes in Control
There had been no change in control in the Company that had occurred since the beginning of last year.

Voting Trust Holders of 5% and more
There are no shareholdings holding any Voting Trust Agreement or any such similar agreement.

Foreign Ownership per Class
As of April 30, 2016, there are 297,052 shares or 0.04% that are held by foreigners.

Item 5: Directors and Executive Officers

Board of Directors & Executive Officers
The Company's board of directors is composed of nine (9) members elected by and from among the Company's stockholders. The board is responsible for providing overall management and direction of the Company. Board meetings are held on a regular basis or as often as required to discuss the Company's operations, business strategy, policies and other corporate matters. A brief background on each member of the board is provided:

DIRECTORS		
Name	**Position**	**Length of Service**
Dr. Reynaldo B. Vea	Director	1 year 4 months
Mrs. Helen Y. Dee	Director	9 Years
Mr. Medel T. Nera	Director	2 Years
Mrs. Milagros V. Reyes	Director	10 Years
Ms. Yvonne S. Yuchengco	Director	3 Years
Mr. Ernest K. Cuyegkeng*	Nominee	NA
INDEPENDENT DIRECTORS		
Name	**Position**	**Length of Service**
Mr. Renato C. Valencia	Chairman	11 Years
Mr. Cesar A. Buenaventura, OBE	Director	25 Years
Mr. Filemon T. Berba Jr.*	Director	8 Years
Mr. Joaquin E. Quintos IV	Director	5 Years

* Mr. Berba will no longer stand for reelection and Mr. Cuyegkeng has been nominated for election as member of the Board of Directors on June 24, 2016.

EXECUTIVE OFFICERS	
Dr. Reynaldo B. Vea	President
Mr. Jose Ma. G. Castillo III	SVP-Finance, Treasurer, Chief Information Officer and Chief Compliance Officer
Ms. Ma. Esperanza F. Joven	VP-Finance
Atty. Samuel V. Torres	Corporate Secretary
Atty. Ma. Elvira Bernadette Gonzalez	Asst. Corporate Secretary

Except for Mr. Buenaventura, none of the above-mentioned Directors, Independent Directors, and Executive Officers of the Company is appointed or is an employee of any Government Agency in compliance with Article 9(B) Section 8 of the Philippine Constitutions Code.

Position and Background within the last 5 years

RENATO C. VALENCIA (73, Filipino): Chairman	
Position	**Company**
President & CEO	Roxas Holdings, Inc.
Director	Anglo Philippine Holdings Corp. Bases Conversion Development Authority Fort Bonifacio Development Corp. GT Capital Holdings, Inc. House of Investments, Inc.
	Malayan Insurance Company, Inc. Metropolitan Bank and Trust Co. Philippine Veterans Bank Roxas and Company, Inc. Roxas Holdings, Inc. Vulcan Industrial & Mining Corp.
Board Adviser	Philippine Veterans Bank
Member	Financial Executives Institute of the Philippines Management Association of the Philippines
Educational Attainment	
Master of Business Management	Asian Institute of Management, Makati, Metro Manila
Bachelor of Science in General Engineering	Philippine Military Academy, Baguio City Corps Commander (Baron)

DR. REYNALDO B. VEA (63, Filipino): Director/President	
Position	**Company**
President	Mapua Institute of Technology Malayan Colleges Laguna, Inc. Malayan Colleges Mindanao (A Mapua School), Inc. Malayan High School of Science Mapua IT Center, Inc. Mapua Techserv
CEO	Mapua Institute of Technology

Position	Company
Trustee	AY Foundation Yuchengco Center of De La Salle University Yuchengco Museum
Director	Grepalife Dollar Bond Fund Grepalife Fixed Income Fund Maibarara Geothermal, Inc. National Research Council of the Philippines Petrogreen Inc Petrowind Inc Rizal Commercial Banking Corp. Seafront Resources Corp.
Member	Philippine Fullbright Commission UNESCO National Commission
Trustee	Philippine Association Colleges and Universities
Chairman	Committee on Science and Technology in UNESCO National Commission Engineering Sciences and Technology Division, National Academy of Science and Technology
	Philippine Science High School Foundation, Inc.
Dean	UP College of Engineering
Educational Attainment	
Ph.D. in Engineering	University of California, Berkeley
Master's degree in Naval Architecture and Marine Engineering	Massachusetts Institute of Technology
Bachelor's degree in Mechanical Engineering	University of the Philippines

HELEN Y. DEE (71, Filipino): Director	
Position	**Company**
Chairperson	Financial Brokers Insurance Agency, Inc. HI-Eisai Pharmaceuticals, Inc. Hydee Management & Resources, Inc. La Funeraria Paz Sucat, Inc. Landev Corp. Maibarara Geothermal, Inc. Malayan High School of Science Inc Malayan Insurance Co., Inc. Manila Memorial Park Cemetery, Inc. Mapua Information Technology Center, Inc. Mijo Holdings, Inc. National Reinsurance Corp. of the Philippines Pan Malayan Realty Corp. PetroEnergy Resources Corp. PetroGreen Energy Corp Petrowind Energy Inc

Position	Company
Chairperson	RCBC Leasing & Finance Corp. RCBC Savings Bank Rizal Commercial Banking Corp. Seafront Resources Corp. Tameena Resources, Inc. Xamdu Motors, Inc.
Vice Chairman	Pan Malayan Management & Investment Corp. West Spring Development Corp.
Director	AY Holdings, Inc. Great Life Financial Assurance Corp. Honda Cars Kalookan, Inc. Honda Cars Philippines, Inc. Isuzu Philippines, Inc. Luisita Industrial Park Corp Maibarara Geothermal, Inc. Malayan Insurance Co., Inc. MICO Equities, Inc. Nth Milllenium Foundation of the Philippines Inc Pan Malayan Express, Inc. Pan Malayan Management & Investment Corp. Petro Energy Resources Corp. PetroGreen Energy Corp Philippine Integrated Advertising Agency, Inc. Philippine Long Distance Telephone Co. RCBC Forex Brokers Corp. RCBC Realty Corp Seafront Resources Corp. Sunlife Grepa Financial, Inc. Y Realty Inc
President	Financial Brokers Insurance Agency, Inc. GPL Holdings Hydee Management & Resources, Inc. Mijo Holdings, Inc. Moira Management, Inc. Nth Milllenium Foundation of the Philippines Inc YGC Corporate Services, Inc.
Acting President	Rizal Commercial Banking Corp.
CEO	Rizal Commercial Banking Corp. Tameena Resources, Inc.
Board Member	EEl Corp. Rizal Commercial Banking Corp.
Excom Member	Great Life Financial Assurance Corp. Philippine Business for Education, Inc. Philippine Philharmonic Society Inc

Position	Company
Member	Mapua Board of Trustees Phil Insureres Club Worlds Presidents Organization
Advisory Board Member	Asean Insurance Council
Treasurer	Business Harmony Realty, Inc. Philippine Philharmonic Society Inc
Chairman of EXCOM	RCBC Forex Brokers Corp.
Educational Attainment	
Master of Business Administration	De La Salle University
Bachelor of Science in Commerce Major in Administration	Assumption College

MEDEL T. NERA (60, Filipino): Director	
Position	**Company**
Chairman	Greyhounds Security Hexagon Lounge Management Association of the Philippines (Nomination and Election Committee)
President	Honda Cars Kalookan, Inc. House of Investments, Inc. RCBC Realty Corp.
CEO	House of Investments, Inc.
Director	Blackhounds Security & Investigation Agency Corp. CRIBS Foundation, Inc. EEI Corp. EEI Realty Greyhounds Security Hexagon Lounge Hi-Eisai Pharmaceuticals, Inc. Honda Cars Kalookan, Inc. Investment Managers, Inc. Landev Corp. Malayan Colleges Laguna, Inc. Manila Memorial Park Cemetery, Inc. People eServe Corp. RCBC Forex RCBC Realty Corp. Rizal Commercial Banking Corp. Seafront Resources Corp. Sino Motors, Inc. YGC Corporate Services, Inc.
Independent Director	National Reinsurance Corp. of the Philippines
Treasurer	CRIBS Foundation, Inc. Seafront Resources Corp.
Nomination Committee Member	Management Association of the Philippines

Position	Company
Election Committee Member	Management Association of the Philippines
Former Senior Partner	Sycip, Gorres, Velayo and Co., CPAs, Financial Services Practice Head
Educational Attainment	
Masters of Business Administration	Stern School of Business, New York University (An SGV Scholar)
Bachelor of Science in Commerce	Far Eastern University

MILAGROS V. REYES (74, Filipino): Director	
Position	**Company**
President	PetroEnergy Resources Corp. PetroGreen Energy Corp. PetroSolar Corp. PetroWind Energy, Inc. Seafront Resources Corp. Petrofields Corp. Oil Exploration
Vice President	Basic Consolidated, Inc. Philippine Oil Development Co.
Director	PetroEnergy Resources Corp. PetroGreen Energy Corp. PetroSolar Corp. PetroWind Energy, Inc. Seafront Resources Corp. Maibarara Geothermal, Inc. Hermosa Ecozone Development Corp. PNOC Exploration Corp.
Treasurer	Hermosa Ecozone Development Corp.
Executive Vice President	Mapua Institute of Technology
Exploration Coordinator	Philippine Oil Development Co.
Educational Attainment	
Bachelor of Science in Geology / Bachelor of Science in Physical Sciences Double Degree	University of the Philippines

YVONNE S. YUCHENGCO (61, Filipino): Director	
Position	**Company**
Chairman	First Nationwide Asurance Corp. Malayan Securities Corp. RCBC Capital Corp XYZ Assets Corp The Malayan Plaza Condominium Owners Asso. Inc. Y Tower II Office Condominium Corp Yuchengco Tower Office Condominium Corp.
Vice Chairman	Yuchengco Museum Inc.

Position	Company
President	Alto Pacific Corp Malayan Insurance Co., Inc. Malayan Securities Corp. MICO Equities, Inc. Philippine Integrated Advertising Agency, Inc. Y Tower II Office Condominium Corp Yuchengco Tower Office Condominium Corp.
Vice President	Pan Managers Inc
Director	Asia-Pac Reinsurance Co., Ltd. Alto Pacific Corp AY Holdings, Inc. Honda Cars Kalookan House of Investment HYDee Management & Resource Corp
Director	La Funenaria Paz Sucat, Inc. Luisita Industrial Park Corp. Malayan Colleges, Inc. Malayan Colleges Laguna, Inc. Malayan High School of Science, Inc. Malayan Insurance (H.K.) Malayan Insurance Co., Inc. Malayan International Insurance Corp
Director	Manila Memorial Park Cemetery, Inc MICO Equities, Inc. Mona Lisa Development Corp. National Reinsurance Corp. of the Phils Pan Malayan Management & Investment Corp. Pan Malayan Realty Corp. Pan Pacific Computer Center Inc. Petro Energy Resources Corp. Philippine Integrated Advertising Agency, Inc. Pan Malayan Express, Inc. Pan Managers, Inc. RCBC Capital Corp Seafront Resources Corp. Shayamala Corp YGC Corporate Services, Inc.
Treasurer	Honda Cars Kalookan Malayan High School of Science, Inc. Mona Lisa Development Corp. Pan Malayan Management & Investment Corp. Petro Energy Resources Corp. Pan Managers Inc

Position	Company
Assistant Treasurer	Enrique T. Yuchengco Inc.
Trustee	AY Foundation, Inc. The Malayan Plaza Condominium Owners Asso. Inc. Yuchengco Museum Inc.
Advisory Board Member	Rizal Commercial Banking Corp
Educational Attainment	
A.B. Interdisciplinary Studies	Ateneo de Manila University

CESAR A. BUENAVENTURA, OBE (86, Filipino): Independent Director	
Position	**Company**
Chairman	Atlantic Gulf & Pacific Co Babcock Hitachi, Phils Buenaventura Echauz and Partners, Inc. Mitsubishi Hitachi Power Systems (Phils)
Vice Chairman	AG&P Company of Manila. DMCI Holdings, Inc.
Director	Babcock Hitachi, Phils Concepcion Industrial Corp. DMCI Holdings, Inc. Manila International Airport Authority Mitsubishi Hitachi Power Systems (Phils) PetroEnergy Resources Corp. Phil. American Life Insurance Co. Pilipinas Shell Petroleum Corp.
Director	Semirara Coal Co.
Founding Chairman	Pilipinas Shell Foundation Inc.
Founding Member	Board of Trustees of the Makati Business Club
President	Benigno Aquino S Foundation
Past Directorship	AG & P Co. of Manila Asian Bank Ayala Corp. Benguet Corp. First Philippine Holdings Corp. Ma. Cristina Chemical Industries Maibarara Geothermal Inc. Montecito Properties Inc. Paysetter International Inc. Philippine Airlines Philippine American Life Insurance Co. Philippine National Bank
Educational Attainment	
Master's degree in Civil Engineering Major in Structures	Lehigh University, Bethlehem, Pennsylvania
Bachelor of Science degree in Civil Engineering	University of the Philippines

FILEMON T. BERBA, JR. (77, Filipino): Independent Director	
Position	**Company**
President	Philippine Foundation for Science & Technology (operates the Science Centrum and Traveling Interactive Science Exhibits)
President Emeritus	Philippine Quality Award Foundation
Independent Director	D & L Industries , Inc. EEl Corp. RCBC Leasing Corp
Board of Trustees	UP Engineering Research & Development Foundation Inc.
Professional, Academic, Civic & Government Affiliations	
Board of Regents	Batangas State University De LaSalle Canlubang University of the Philippines
Educational Attainment	
Doctor of Humanities (Honoris Causa)	Batangas State University
Master of Business Administration (with distinction)	Wharton Graduate School, University of Pennsylvania
B.S. Electrical Engineering	University of the Philippines

JOAQUIN E QUINTOS, IV (56, Filipino): Director	
Position	**Company**
Chairman	Operation Smile Philippines
Co-Chairman	De La Salle Philippines
Board Member	Prople, Inc. Skycable, Inc. Viscal Investments
Board Member	Credit Information Corp.
Director	AB Capital
Trustee	Knowledge Channel Foundation Foundation for Adolescent Development
President & CEO	Prople, Inc.
Past Positions Held	
Chairman	IBM Philippines, Inc. IBM Solutions Delivery, Inc. IBM Business Services, Inc. ICT Panel of the Joint Congressional Committee on Science and Technology De La Salle University IBM Services, Inc.
Director	IBM ASEAN Regional Headquarters
President	IBM Daksh, Philippines, Inc.
Senior Vice President	First Philippine Holdings
Country General Manager	IBM Philippines, Inc.
CEO	IBM Daksh, Philippines, Inc.

Position	Company
Educational Attainment	
Bachelor of Science degree in Industrial Engineering	University of the Philippines

ERNEST K. CUYEGKENG (69, Filipino): Nominee	
Position	**Company**
Chairman	Arthaland
Director	Anscor Property Holdings, Inc. A. Soriano Air Corp. Cirrus Global, Inc. (formerly IQMAN) KSA Realty Corporation Phelps Dodge Philippines Energy Products Corp. Seven Seas Resorts & Leisure, Inc. Sumifru, Singapore T-O Insurance
Trustee	Andres Soriano Foundation, Inc.
President	Anscor Property Holdings, Inc. A. Soriano Air Corp. Phelps Dodge Philippines Energy Products Corp.
Executive Vice President – Chief Financial Officer	A. Soriano Corp.
Past Positions Held	
Director	Exquisite Form – UK Intl. Container Terminal Services, Inc.
Vice President	Trans-Phils. Investments Corp. Group
Vice President-Finance	AGP Industrial Corp.
Asst. to the Chairman	Exquisite Form Group
Acting Finance Division Head	A G & P Co.
Educational Attainment	
Masters of Business Administration	Columbia Graduate School of Business, New York
Bachelor of Arts Major in Economics	De La Salle University
Bachelor of Science in Business Administration	De La Salle University

JOSE MA. G CASTILLO III, (72, Filipino): Senior Vice President of Finance, Treasurer, Chief Information Officer and Chief Compliance Officer	
Position	**Company**
Chief Financial Officer and Head of Administration	RCBC Realty Corp.
Senior Vice President – Finance, and Compliance Officer, Chief Information Officer and Chief Compliance Officer	House of Investments, Inc.

Position	Company
Vice President	RCBC Realty Corp
Treasurer	Greyhounds Security and Investigation Agency Corp. House of Investments, Inc. Investments Managers, Inc. Landev Corp. Malayan College, Inc. (MIT) Malayan College Laguna, Inc. Mapua Information Technology Center Manila Memorial Park Cemetery, Inc. Mapua Techpower, Inc. Mapua Techserv, Inc. Pan Pacific Computer Center, Inc. RCBC Realty Corp. South Western Cement Corp. XAMDU Corp.
Chief Finance Officer	Landev Corp. Greyhounds Security and Investigation Agency Corp. Pan Pacific Computer Center, Inc. RCBC Realty Corp.
Educational Attainment	
Master in Business Administration	Stern School of Business, New York University
Bachelor of Science in Chemical Engineering	De La Salle University

MA. ESPERANZA F. JOVEN (45, Filipino): Vice President – Finance	
Position	**Company**
Vice President –Finance	Blackhounds Security & Investigation Agency, Inc. HI-Eisai Pharmaceuticals, Inc. House of Investments, Inc.
Director	Blackhounds Security & Investigation Agency, Inc. People eServe Corp. Zamboanga Industrial Finance Corp.
Treasurer	HI-Eisai Pharmaceuticals Inc.
Asst. Professorial Lecturer	De La Salle University
Past positions held	
MSCF Program Coordinator	De La Salle University
Assistant Vice President – Financial Reporting	J.P.Morgan Chase & Co.
Manager II, Stock Plans/General Securities Principal	E*TRADE Securities LLC
Educational Attainment	
Master of Science in Computational Finance (with high distinction)	De La Salle University
Bachelor of Science in Applied Mathematics with Specialization in Computer Applications	De La Salle University

ATTY. SAMUEL V. TORRES (51, Filipino): Corporate Secretary	
Position	**Company**
Corporate Secretary	AY Foundation, Inc. Alto Pacific Company, Inc. (formerly The Pacific Fund, Inc.) Bankers Assurance Corp. Bluehounds Security & Investigation Agency, Inc. Enrique T. Yuchengco, Inc. FBIA Insurance Agency, Inc. First Nationwide Assurance Corp. GPL Cebu Tower Office Cond. Corp. GPL Holdings, Inc. Honda Cars Kalookan, Inc. Grepaland, Inc. Grepa Realty Holdings, Inc. House of Investments, Inc. Hi-Eisai Pharmaceutical, Inc. Hexagon Integrated Fin. Insurance Agency, Inc. Hexagon Lounge, Inc. Investments Managers, Inc. La Funeraria Paz-Sucat, Inc. Landev Corp. Malayan Colleges, Inc. Malayan Colleges Laguna, Inc. Malayan High School of Science, Inc. Malayan Colleges Mindanao (A Mapua School), Inc. Malayan Securities Corp. Malayan Insurance Co., Inc. Mapua Information Technology Center, Inc. Mico Equities, Inc. Mona Lisa Development Corp. Pan Malayan Management & Investment Corp. Pan Malayan Realty Corp. Pan Malayan Express, Inc. Pan Pacific Computer Center, Inc. People eServe Corp. Petroenergy Resources Corp. Phil. Integrated Advertising Agency, Inc. RCBC Forex Brokers Corp. RCBC Land, Inc. RCBC Realty Corp. RCBC Securities, Inc. RCBC Bankard Services Corp. Seafront Resources Corp. Sun Life Grepa Financial, Inc. Tokio Marine Malayan Insurance Corp. Xamdu Motors, Inc. YGC Corporate Services, Inc. Y Realty Corp.

Position	Company
Corporate Secretary	Y Tower II Office Condominium Corp. Yuchengco Museum, Inc. Yuchengco Tower Office Cond. Corp.
General Counsel	Pan Malayan Management & Investment Corp.
Educational Attainment	
Bachelor of Laws	Ateneo De Manila University – School of Law
Bachelor of Science in Business Economics	University of the Philippines

MA. ELVIRA BERNADETTE C. GARCIA-GONZALEZ (39, Filipino): Assistant Corporate Secretary	
Position	**Company**
Corporate Secretary	Blackhounds Security and Investigation Agency, Inc.
Assistant Corporate Secretary	House of Investments, Inc. Malayan Colleges Mindanao (A Mapua School), Inc. Yuchengco Tower Office Condominium Corp. Y Tower II Office Condominium Corp.
Assistant General Counsel	Pan Malayan Management & Investment Corp.
Past positions held	
Legal Counsel	Coca-Cola Bottlers Philippines, Inc.
Assistant Corporate Secretary	Coca-Cola Bottlers Philippines, Inc. Philippine Bottlers, Inc. Luzviminda Land Holdings, Inc.
Educational Attainment	
Juris Doctor	Ateneo De Manila University –School of Law
A. B. Political Science	Ateneo De Manila University

Nominations for Independent Directors and Procedures for Nomination

Following rules and procedures shall apply to the nomination and election of Independent Directors.

a) There shall be at least two (2) independent directors. An independent director is one who is independent of management and free from business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director, and must possess all of the qualifications, and none of the disqualifications as prescribed by the Bangko Sentral Ng Pilipinas, Securities and Exchange Commission and other regulatory authorities, from time to time.
b) A Nomination Committee composed of at least three (3) members, one of whom is an independent director, shall promulgate the guidelines or criteria to govern the conduct of the nominations:
c) Nomination of independent director shall be conducted by the Nomination Committee prior to the stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.
d) The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors;
e) After the nomination, the Nominations Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required by existing and applicable rules, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, or in such other reports the Company is required to submit to the Commission. The name of the person or group

of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee;

f) Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Directors. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

g) Election of Independent Directors
   - Subject to pertinent existing rules and regulation of SEC, the conduct of the election of independent directors shall be made in accordance with the standard election procedures of the By-laws.
   - It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholders' meeting.
   - Specific slots for independent directors shall not be filled up by unqualified nominees.

In case of failure of elections for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

The following are nominated for Directors of the Registrant in 2016-2017.

Regular Directors:

1) Ms. Helen Y. Dee
2) Mr. Ernest K. Cuyegkeng
3) Mr. Medel T. Nera
4) Ms. Milagros V. Reyes
5) Dr. Reynaldo B. Vea
6) Ms. Yvonne S. Yuchengco

Independent Directors

1) Mr. Renato C. Valencia
2) Mr. Cesar A. Buenaventura
3) Mr. Joaquin E. Quintos IV

The above-mentioned nominees for the proposed election on June 24, 2016 Stockholders' Meeting except for Mr. Ernest K. Cuyegkeng are all incumbent members of the Board of Directors.

The nominees for independent directors are neither officers nor employees, consultants or retainers, legal or otherwise, of the Company or any of its affiliates, and do not have any relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The nomination committee passed upon their qualifications and found no disqualifications, as provided for in the by-laws and in accordance with SRC Rule 38.

The Company adopted the SEC mandatory Term Limits for Independent Directors of 5-year term, 2-year cool off period, another 5-year term, then permanently barred from servicing as Independent Director of the Company. The nominees for independent directors are within the Term Limits of the SEC Memorandum Circular No. 9, Series of 2011, which took effect on January 2, 2012.

Daniel Francisco, a stockholder of the Company, who is not in any way related to the nominees, nominated to the Board the re-election of Messrs. Filemon T. Berba, Jr., Cesar A. Buenaventura, Medel T. Nera and Renato C. Valencia as Independent Directors.

The Nomination Committee composed of four members two of whom are independent directors who review and evaluate the qualifications of all persons to be nominated to the Board as well as those to be nominated to other positions requiring appointment by the Board of Directors.

With respect to the independent directors, their nomination and qualification by the nomination committee were in compliance with Company's By-laws, Manual of Corporate Governance, SRC Rule 38. The directors so nominated possess all the qualifications and none of the disqualifications for independent directors. (Attached as Annexes 1 to 4 are the Certifications of Independent Directors)

The Director shall hold office for one (1) year and until their successors are elected and qualified. The composition of the members of the Company's various committees for 2016-2017 are as follows:

COMMITTEE	EXECUTIVE	COMPENSATION	AUDIT	NOMINATION
Chairman	Renato C. Valencia	Medel T. Nera	Cesar A. Buenaventura	Cesar A. Buenaventura
Member	Medel T. Nera	Ernest K. Cuyegkeng	Medel T. Nera	Medel T. Nera
Member	Yvonne S. Yuchengco	Yvonne S. Yuchengco	Renato C. Valencia	Joaquin E Quintos
Member			Yvonne S. Yuchengco	Reynaldo B. Vea

COMMITTEE	INVESTMENTS	RISK MANAGEMENT	GOOD GOVERNANCE
Chairman	Renato C. Valencia	Renato C. Valencia	Renato C. Valencia
Member	Ernest K. Cuyegkeng	Cesar A. Buenaventura	Ernest K. Cuyegkeng
Member	Medel T. Nera	Medel T. Nera	Helen Y. Dee

Resignation of Directors
To date, no director has resigned or declined to stand for re-election for the Board of Directors due to any disagreement with the Corporation relative to the Corporation's operations, policies and practices.

Appointment and Resignation of Officers
Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified.

Significant Employees
Other than the Directors and the Executive Officers identified in this Information Statement, there are no other significant employees.

Family Relationships
Mrs. Helen Y. Dee and Ms. Yvonne S. Yuchengco are siblings.

Interest on Certain Matters to be Acted Upon
No director or officer of the Company has substantial interest, direct or indirect, in any matter to be acted upon in the meeting.

Certain Relationships and Related Transactions
In the normal course of the business, iPeople, inc and its parent company, subsidiaries and affiliates enter into certain related-party transactions principally consisting of inter-company charges and loans.

Transactions with related parties consist primarily of receivables and payables, which are currently due and collectible. Amounts due to and from related parties consist mainly of unsecured advances to and from other parties arising from computer-related services, which are to be settled on a cash basis. Outstanding balances are expected to be realized and settled within one year from the reporting date.

Please refer to **Annex B, Note 14, pages 36-50**, of the Notes to the Financial Statements for the full details of the Group's related party transactions.

Involvement in Legal Proceedings
The Company is not aware of the following events during the past 5 years up to April 27, 2016:

(a) any bankruptcy petition filed by or against any business of which any of its director or executive officers was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time.

(b) any conviction by final judgment of any director or senior executive in a criminal proceeding domestic or foreign or being subject to a pending criminal proceeding domestic or foreign, of any director, executive officer or person nominated to be a director

(c) any director or senior executive being subject to any order, judgment or decree not subsequently reversed suspended or vacated of any court of competent jurisdiction, domestic or foreign permanently or temporarily enjoining barring, suspending or otherwise limiting such directors' or executive officer's involvement in any type of business securities, commodities or banking activities

(d) any executive officer or director found by a domestic or foreign court of competent jurisdiction, the Commission or other foreign body or a domestic or foreign Exchange or other organized trading market or self-regulatory organization to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Item 6: Compensation of Directors and Executive Officers

NAME AND POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION
The top 5 executives of the Company are as follows: 1. Reynaldo B. Vea, President & CEO 2. Jose Ma. G. Castillo, III, SVP-Finance and Treasurer 3. Ma. Esperanza F. Joven, VP-Finance 4. Atty. Samuel V. Torres 5. Atty. Ma. Elvira Bernadette C. Garcia-Gonzalez				
	2016	P0 (est)	P0 (est)	P0 (est)
	2015	P0	P0	P0
	2014	P0	P0	P0
All other directors as group named.	2016	P0 (est)	P0 (est)	P840,000 (est)
	2015	P0	P0	P400,000
	2014	P0	P0	P304,000
TOTALS	2016	P0 (est)	P0 (est)	P840,000 (est)
	2015	P0	P0	P400,000
	2014	P0	P0	P340,000

The table states the aggregate compensation of all directors as a group.

The Company does not pay any salary or bonus to any of its executive officers as there are no employment contracts with executive officers. Other Annual Compensation pertains to per diem allowances given to Directors as discussed below.

Until September 2013, Directors are paid a per diem of P15,000 for attendance in a Board meeting. This was increased to P20,000, thereafter. Board meetings are scheduled every quarter in a year. A director is also paid a per diem of P5,000 to P10,000 for participation in committee meetings

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, other than those stated on the above table during the Company's last completed fiscal year, and the ensuing year, for any service provided as an executive officer or member of the Board of Directors.

There is no director, executive officers, nominee for director, beneficial holder and family members involved in any business transaction of the Company.

Item 7: Independent Public Auditors

The Accounting firm of Sycip Gorres Velayo and Company (SGV & Co.), with office address at 6760 Ayala Avenue, SGV Building, Makati City, Philippines, has been the Company's Independent Auditors since the Company's incorporation, and has been recommended to serve as such for the current year.

Pursuant to SRC Rule 68, paragraph 3(b)(iv) and Memorandum Circular No. 8, series of 2003 (Five (5) Year Rotation of External Auditors), the Company has engaged Mr. Michael C. Sabado, as the Engagement Partner of SGV & Co. effective 2013 until 2017.

The engagement of the external auditors was favorably endorsed by the Audit Committee to the Board of Directors. The engagement is ultimately submitted for approval of the stockholders.

<u>Disagreement with Accountants on Accounting and Financial Disclosure</u>
There was no event for the last 5 years where SGV & Co. had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

<u>Attendance of Accountants at the Meeting</u>
Representatives of SGV & Co. are expected to be present at the annual stockholders meeting with the opportunity to make any statement, if they so desire, and will be available to respond to appropriate questions on the Company's financial statements.

<u>External Audit Fees and Services</u>
The Company has engaged SGV & Co. as the external auditor, and is tasked to conduct the financial audit of the Company. For this service, SGV & Co. has billed the company the following amounts:

YEAR	AUDIT FEE BILLING
2015	P764,053
2014	P764,053
2013	P789,961

The Company has not engaged SGV & Co. for any other services aside from its annual audit for the last five (5) years.

Tax Fees
The Company has not engaged the services of the external auditor for tax accounting, compliance, advice, planning and any other form of tax services.

All Other Fees
There are no other fees billed in each of the last two years for the products and services provided by the external auditor, other than the services reported under the items mentioned above.

Item 8: Compensation Plans

No action shall be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9: Authorization or Issuance of Securities Other than for Exchange

No action is to be taken with respect to the following:
1. modification or exchange of securities
2. financial and other information
3. mergers, consolidation, acquisition and similar matters
4. restatement of accounts

Item 10. Modification or Exchange of Securities

No action is to be taken with respect to the modification of any class of securities of the registrant, or the issuance or authorization for issuance of one class of securities of the registrant in exchange for outstanding securities of another class.

Item 11: Financial and Other Information

The audited financial statements as of December 31, 2015, Management Discussion and Analysis, Market Price of Shares and Dividends and other date related to the Company's financial information are attached hereto as **Annex "B"** and **"Annex A",** respectively.

Item 12: Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken with respect to any transaction involving the following:
1) the merger or consolidation of the registrant into or with any other person or of any other person into or with the registrant;
2) the acquisition by the registrant or any of its security holders of securities of another person;
3) the acquisition by the registrant of any other going business or of the assets thereof;
4) the sale or other transfer of all or any substantial part of the assets of the registrant; or
5) the liquidation or dissolution of the registrant.

Item 13: Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of any property.

Item 14: Restatement of Accounts

None

D. OTHER MATTERS

Item 15: Action With Regard to Reports

The Minutes of the previous stockholders meeting held on July 1, 2015 and the Management Report as set forth in the Annual Report will be submitted for stockholders approval.

Approval of the July 1, 2015 Minutes constitutes a ratification of the accuracy and faithfulness of the Minutes of the events that transpired during the said meeting, such as (a) 2014 annual report and audited financial statements, (b) ratification of actions of the Board of Directors, different Committees and Management during the year 2014, (d) elections of directors, and (e) appointment of external auditors.

Approval of the Annual Report constitutes a ratification of the Company's performance during the previous calendar years as contained in the Annual Report.

Ratification and confirmation of all the acts, resolutions and proceedings of the Board of Directors, Executive Committee and officers of the Company. This pertains to all acts resolutions, proceedings and approval made by the Board of Directors, Executive Committee and Officers of the Company from the last stockholders' meeting on July 1, 2015 for the period 2015 up to the date of meeting (June 24, 2016). This includes, among others, those that involve the day to day operations, administrations and management of the corporate affairs such as; a) opening of bank accounts/ bank signatories, b) approval of loans, c) declaration of cash dividends, and d) appointment of officers.

Copies of the minutes of stockholders' meeting shall be given to the stockholders at the meeting.

Item 16: Matters Not Required to be Submitted

No action is to be taken with respect to any matter, which is not required to be submitted to a vote of security holders.

Item 17: Amendment of Charter, Bylaws or Other Documents

No action is to be taken with respect to amendments to the Company's charter, bylaws or other documents.

Item 18: Other Proposed Action

The following matters will be submitted to a vote at the meeting:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on July 1, 2015
2. Approval of the Management Report and the Audited Financial Statements of the Company for the year ended December 31, 2015
3. Ratification and confirmation of all acts, resolutions and proceedings of the Board of Directors, Executive Committee and Officers of the Company during the year 2015.
4. Election of Directors for 2016-2017
5. Appointment of External Auditors

Item 19: Voting Procedures

At all elections of Directors, each stockholder may vote the shares registered in his name in person or by proxy for as many persons as there are Directors, or he may cumulate said shares and give one candidate as many votes, as the number of Directors to be elected multiplied by the number of his share, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, however, that the whole number of votes cast by him shall not exceed the number of shares owned by him as shown on the Company's stock transfer books multiplied by the number of Directors to be elected.

The voting procedure for election and approval of corporate action in which Stockholders' approval will be required shall be by "viva voce" unless voting by ballot is decided upon during the meeting. The methods by which vote will be counted, except in cases where voting by ballots is applicable, voting and counting shall be by "viva voce". If by ballot, counting shall be supervised by external auditors.

The Company will not declare stock dividends during the year.

CORPORATE GOVERNANCE

(a) Evaluation System to Measure Compliance with Manual on Corporate Governance

Compliance with SEC Memorandum Circular No. 6 dated June 22, 2009 as well as all relevant Philippine Stock Exchange Circulars on Corporate Governance have been monitored.

The Company has already submitted its revised corporate governance manual and complied with the leading practices and principles on good corporate governance.

The Company also complied with the appropriate self-rating assessment and performance evaluation to determine and measure the compliance with the Manual.

(b) Measures Undertaken to Fully Comply with Leading Practices on Corporate Governance

The Company has exerted best efforts to comply with the provisions in its Manual on Corporate Governance. To ensure that leading practices on corporate governance are fully observed, the following steps have been undertaken:

1) Attendance of each Director on all the Board of Directors' Meeting are monitored and recorded.
2) All financial reports were reviewed by the Audit Committee before being finalized and thereafter endorsed to the Board of Directors for approval and submission to pertinent offices.
3) Other systems and measures have been undertaken such as observance of the Code of Ethics, Financial and Manpower Audit, providing seminars and conferences to comply with all relevant laws, regulations and codes of business practices. The Company maintains its system of check and balance.

(c) Deviation from the Manual on Corporate Governance

There is no known deviation from the Manual on Corporate Governance.

(d) Plans to Improve Corporate Governance

In order to improve Company's adherence to the leading practices in good corporate governance, the Company's Top Management was required to attend a seminar on Corporate Governance conducted by an entity accredited with the Securities and Exchange Commission. Further, the Company continuously monitors all relevant PSE and SEC Circulars on Corporate Governance that maybe used to improve its Manual on Corporate Governance.

UNDERTAKING

UPON WRITTEN REQUEST OF STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH THE STOCKHOLDERS WITH A COPY OF THE COMPANY'S YEAR 2015 ANNUAL REPORT ON SEC FORM 17-A FREE OF CHARGE. ANY WRITTEN REQUEST FOR A COPY OF SEC 17-A SHALL BE ADDRESSED AS FOLLOWS:

iPeople, inc.
Attention: Office of the Corporate Secretary
Address: 3rd Flr. GPL Building
219 Sen. Gil Puyat Avenue
Makati City
Tel No.: (634) 815-96-36
Fax No.: (634) 816-11-27

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on May 16, 2016.

iPeople, inc.
By:

Mr. Jose Ma. G. Castillo III
Chief Information and Compliance Officer

Atty. Samuel V. Torres
Corporate Secretary

ANNEX 1

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CESAR A. BUENAVENTURA**, Filipino, of legal age and a resident of 58 McKinley Road, Forbes Park, Makati City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am an independent director of **iPEOPLE, INC.**

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/ Relationship	Period of Service
Buenaventura, Echauz & Partners, Inc.	Chairman	2001 to Present
DMCI Holdings, Inc.	Vice Chairman	1995 to Present
Mitsubishi-Hitachi Phils., Inc. [formerly Babcock-Hitachi (Phils.) Inc.]	Chairman	1996 to Present
Pilipinas Shell Petroleum Corporation	Director	1970 to Present
Philamlife and General Insurance Co.	Director	1983 to April 2015
Semirara Mining and Power Corp.	Director	1997 to Present
Petroenergy Resources Corp.	Director	1995 to Present
Manila International Airport Authority	Director	2010 to Present
Concepcion Industrial Corporation	Director	2014 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **iPEOPLE, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

5. I shall inform the Corporate Secretary of **iPEOPLE, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this 20 JAN 2016 day of January 2016, at Makati City, Metro Manila, Philippines.

CESAR A. BUENAVENTURA
Affiant

SUBSCRIBED AND SWORN to before me this 20 JAN 2016 day of January 2016 at Makati City, affiant personally appeared before me and exhibited to me his Tax Identification (TIN) No. 121-507-656.

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2017
2734 M. AURORA ST., MAKATI CITY
APPT. NO. M-23 (2015-2016)
IBP NO. 1009730 / CY-2016 / 9-24-15
ROLL NO. 25991 / MCLE NO. 0006324/6-19-12
PTR NO. MKT 5.2[illegible] / 1-4-16 MAKATI CITY

Doc. No. 351;
Page No. 72;
Book No. 340;
Series of 2016.

iPeople, Inc.
A YGC Member

16 May 2016

THE SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
Mandaluyong City, Metro Manila

Attention: **MR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Director, Markets and Securities Regulation Department

Re: **SEC Form 20-IS of iPeople, Inc. (SEC Reg. No. 15393)**

Gentlemen:

We write in connection with your letter dated 02 May 2016, received on 03 May 2016, requiring the Company to submit proof that Mr. Cesar A. Buenaventura may serve as the Company's Independent Director.

We have coordinated with Mr. Buenaventura on the required document. Upon inquiring on the status of the same, we were advised that Mr. Buenaventura is still in the process of securing a written consent or similar document from the Manila International Airport Authority. Considering such update, we hereby file the Definitive Information Statement with an undertaking to immediately submit to this Honorable Commission the required document as soon as we have received the same.

We trust that herein undertaking will be considered as sufficient compliance with the requirements of this Honorable Commission.

Thank you.

Very truly yours,

SAMUEL V. TORRES
Corporate Secretary

3/F Grepalife Bldg., 219 Sen. Gil Puyat Avenue, Makati City, Philippines
TEL: (632) 815-96-36

ANNEX 2

CERTIFICATION OF INDEPENDENT DIRECTORS

I, RENATO C. VALENCIA, Filipino, of legal age and a resident of No. 331 Ma. Cristina Road, Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **iPEOPLE, INC.**

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Please see attached		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of iPEOPLE, INC., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of iPEOPLE, INC. of any changes in the abovementioned information within five days from its occurrence.

Done this 20 JAN 2016 day of January 2016 at Makati City, Metro Manila, Philippines.

RENATO C. VALENCIA
Affiant

SUBSCRIBED AND SWORN to before me this 20 JAN 2016 day of January, 2016 at Makati City, affiant personally appeared before me and exhibited to me his Tax Identification No. (TIN) 118-457-420 and Social Security System (SSS) ID No. 03-26735839.

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2017
2734 M. AURORA ST., MAKATI CITY
APPT. NO. M-23 (2015-2016)
IBP NO. 1009530 / CY-2016 / 9-24-15
ROLL NO. 28947/MCLE 4 NO. 0006324/6-19-12
PTR NO. MKT. 5323570/1-4-16 MAKATI CITY

Doc. No. 357;
Page No. 72;
Book No. 340;
Series of 2016.

ANNEX A: COMPANY/ORGANIZATION AFFILIATIONS

Nr	Company/Organization	Position/Relationship	Period of Service/Status
1	Anglo Phil., Inc.	D	2006 to date
2	Aquaworld Corporation	I, D	Inactive
3	Asia Pacific Network Holdings	I,S,D, Vice Chair	Inactive
4	CNP Worldwide, Inc.	I,S,D, Chair	Inactive
5	Far East Savings Bank, Inc.	I, D	1997-98/acquired by BPI
6	Golden Paradise Ents. Inc.	D	not operational
7	Grepalife Dollar Bond Fund Corp	I, D	2006 to 2011
8	Grepalife Fixed Income Fund Corp.	D	2006 to 2011
9	House of Investments, Inc.	D	March 17, 2005 to date
10	Hypercash Payment Systems, Inc.	I, S, D, Chair	Inactive
11	Icash, Inc.	D	not operational
12	Independent Insight, Inc.	I, S, D, Vice Chair	June 27, 2001 to Oct. 2011
13	Intervest Consulting Group	I, S, D	Inactive
14	i-People, Inc.	D, Chair	June 26, 2006 to date
15	Malayan Insurance Co., Inc.	D	2006 to date
16	Metropolitan Bank & Trust Company	D	November 1998 to date
17	My PaySwitch, Inc.	I, S, D, Pres.	Pre-Operating
18	NG.com, Inc.	I, S, D	Inactive
19	Philippine Coca Cola System Council	D	May 2, 2007 to Oct. 2011
20	Point Lobo Int'l Corp.	D, Pres.	Inactive
21	Reliant Ventures Holdings, Inc.	I, S, D, Chair	Inactive
22	Roxas & Co.	D	2006; 2010 to Oct. 18, 2015
23	Roxas Holdings, Inc.	D	2006; 2010 to Oct. 18, 2015
24	Triple Top AIM, Inc.	I, S, D	Inactive

N.B. I (Incorporator); S (Stockholder); D (Director)

January 2016

ANNEX 3

JAN 29 2016

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOAQUIN E. QUINTOS IV**, Filipino, of legal age and a resident of 24C North Tower, Pacific Plaza Towers, Fourth Avenue, Fort Bonifacio, Taguig City, Metro Manila, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am an Independent director of **iPEOPLE, INC.**

2. I am currently affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
First Philippine Holdings	Senior Vice President	2015 - Present
Energy Development Corporation	Board Director	2015 - Present
First Philippine Industrial Park	Board Director	2015 - Present
First Balfour	Board Director	2015 - Present
Thermaprime	Board Director	2015 - Present
Philippine American Life and General Insurance Corporation	Independent Director	2015 – Present
AB Capital & Investment Corporation	Independent Director	2013 – Present
Credit Information Corporation	Vice Chairman	2011 – Present
Skycable	Board Director	2011 – Present
Vicsal Investment Corporation	Independent Director	2010 – Present
Foundation for Adolescent Development	Board Trustee	2010 – 2015
Knowledge Channel Foundation	Board Trustee	2009 – Present
STI	Independent Director	2009 – Present
Prople BPO, Inc.	Shareholder	2009 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **iPEOPLE, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

5. I shall inform the corporate secretary of **iPEOPLE, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this 28 JAN 2016 day of January 2016 at Makati City, Metro Manila.

Joaquin Quintos IV

JOAQUIN E. QUINTOS IV
Affiant

SUBSCRIBED AND SWORN to before me this 28 JAN 2016 day of January 2016 at Makati City, the affiant personally appeared before me and exhibit to me his PASSPORT #EB7420902 issued on FEB. 19, 2013, issued at DFA NCR EAST, as competent evidence of his identity.

Doc. No. 342 ;
Page No. 70 ;
Book No. 342 ;
Series of 2016.

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2017
2734 M. AURORA ST., MAKATI CITY
APPT. NO. M-23 (2016-2016)
IBP No. 1009530 / CY-2016 / 9-24-15
ROLL NO. 28947/MCLE-4 NO. 0006324/6-19-12
PTR NO. MKT. 5323578/1-4-16 MAKATI CITY

ANNEX 4

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **FILEMON T. BERBA, JR.**, Filipino, of legal age and a resident of No. 8 Gardenia Drive, Beverly Hills, Antipolo City, after having been duly sworn to in accordance with law, do hereby declare that:

JAN 28 2016
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

1. I am an independent director of **iPEOPLE, INC.**

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
EEI Corporation	Independent Director	2009 to Present
Phil. Quality Award Foundation	President Emeritus	2000 to Present
Phil. Quality & Productivity Movement	Board of Trustees	Present
Phil. Foundation for Science & Technology	President	2008 to Present
Society for the Advancement of Technology Management in the Phils.	Board of Trustees	1998 to Present
D & L Industries, Inc.	Independent Director	2009 to Present
Management Association of the Phils.	Former President/Member	1973 to Present
First Malayan Leasing & Finance Corp.	Independent Director	2009 to Present
Wharton Club	President / Member	1972-1978 – Present
UP Alumni Engineers	President / Member	1979 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **iPEOPLE, INC.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the Corporate Secretary of **iPEOPLE, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done this 27 JAN 2016 day of January 2016 at Makati City, Metro Manila, Philippines.

FILEMON T. BERBA, JR.
Affiant

SUBSCRIBED AND SWORN to before me this 27 JAN 2016 day of January 2016 at Makati City, affiant personally appeared before me and exhibited to me his Tax Identification (TIN) Card No. 132-203-939 as competent evidence of his identity.

Doc. No. 86;
Page No. 19;
Book No. 343;
Series of 2016.

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2017
2734 M. AURORA ST., MAKATI CITY
APPT. NO. M-23 (2015-2016)
IBP No. 1009530 / CY-2016 / 9-24-15
ROLL NO. 28947/MCLE-4 NO. 0006324/6-19-12
PTR NO. MKT. 5323570/1-4-16 MAKATI CITY

ANNEX 5

iPeople, Inc.
A YGC Member

27 April 2016

THE SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
Mandaluyong City, Metro Manila

Attention: **MR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Director, Markets and Securities Regulation Department

Re: **SEC Form 20-IS of iPeople, Inc. (SEC Reg. No. 166411)**

Gentlemen:

In compliance with the requirements of the Securities Regulation Code relative to the filing of SEC Form 20-IS of iPeople, Inc. (the "Company"), we hereby certify that except for Mr. Cesar A. Buenaventura, an independent director of the Company who is also currently a director of the Manila International Airport Authority, none of the Company's incumbent directors and executive officers or nominees for election to the Board of Directors during the Annual Stockholders' Meeting on 24 June 2016 are government employees.

We trust that the foregoing sufficiently complies with this Honorable Commission's requirements.

Very truly yours,

SAMUEL V. TORRES
Corporate Secretary

3/F Grepalife Bldg., 219 Sen. Gil Puyat Avenue, Makati City, Philippines
TEL: (632) 815-96-36

iPeople
A YGC Member

ANNEX "A"

MANAGEMENT REPORT

Financial and Other Information

Audited Financial Statements
The Statement of Management's Responsibility and Consolidated Audited Financial Statements of the Group as at December 31, 2015 are attached hereto as **Annex "B".**

Changes in and Disagreements with Accountants in Accounting and Financial Disclosure
None

Management Discussion and Analysis of Financial Condition and Plan of Operations

1. Plan of Operations

THE EDUCATION SECTOR
MALAYAN COLLEGES INC. (OPERATING UNDER THE NAME OF MAPUA INSTITUTE OF TECHNOLOGY)

MCI is widely considered to be the leading and largest private engineering and I.T. school in the country.

Don Tomas Mapúa, the first registered Filipino architect, founded Mapúa Institute of Technology (MIT) on January 25, 1925. MIT has grown to be the Philippines' biggest engineering school, with 33 undergraduate and 22 graduate engineering programs. Mapua now offers the following courses of study:

Engineering & Sciences
- *BS Biological Engineering*
- *BS Chemical Engineering*
- *BS Chemistry*
- *BS Civil Engineering*
- *BS Computer Engineering*
- *BS Electrical Engineering*
- *BS Electronics Engineering*
- *BS Environmental & Sanitary Engineering*
- *BS Geological Science & Engineering*
- *BS Geology*
- *BS Industrial Engineering*
- *BS Manufacturing Engineering*
- *BS Materials Science & Engineering*
- *BS Mechanical Engineering*

Social Sciences
- *BS Educational Technology*
- *AB Psychology*
- *BS Psychology*
- *BS Technical Communication*

Graduate Studies
- *Graduate Programs*
- *Joint programs*
- *BS-MS Programs*

Engineering Management
- *BS Construction & Engineering Management*
- *BS Management Science and Engineering*
- *BS Service Engineering & Management*

Architecture & Design
- *BS Architecture*
- *BS Industrial Design*
- *BS Interior Design*

Information Technology
- *BS Computer Science*
- *BS Information Systems*
- *BS Information Technology*
-

Business & Management
- *BS Accountancy*
- *BS Business Administration*
- *BS Entrepreneurship*
- *BS Hotel & Restaurant Management*

Multimedia Arts & Sciences
- *BS Multimedia Arts & Sciences*
- *BS Fine Arts in Digital Cinema*

Continuing Education
Mapua has a student population of about 15,000 spread across two campuses (Intramuros and Makati). It is the first engineering school in East Asia that has received the prestigious accreditation from the Accreditation Board of Engineering and Technology (ABET) in the United States. This

means that the graduates from those degree programs which have received ABET accreditation are considered to have received education and training comparable to similar degree programs in the U.S. and Europe which have also received ABET accreditation.

Vision

Mapua shall be among the best universities in the world.

Mission

The Institute shall provide a learning environment in order for its students to acquire the attributes that will make them globally competitive.

The Institute shall engage in economically viable and/or publishable research, development, and innovation.

The Institute shall provide state-of-the-art solutions of the problems of industries and communities.

Core Values

Mapúa Institute of Technology aims at the empowerment of the youth by providing education grounded on academic excellence and strength of character. Students are expected to develop the passion for mental knowledge and meritorious performance as well as the recognition of moral values as essential to growth of character. The integration of humanities and the social sciences into the technical curriculum has paved the way to the achievement of this goal.

Mapúa upholds the reinforcement of time honored values learned in school and at home directed towards the development in the student of a strong moral fiber that will contribute to his/her personal well-being as well as that of other members of society.

MAPÚA emphasizes the importance of the following core values:

- DISCIPLINE
- EXCELLENCE
- COMMITMENT
- INTEGRITY
- RELEVANCE

By ensuring that these core values are learned in the classroom and outside, MAPÚA shall have done its share in producing men and women who lived fulfilled and meaningful lives.

Educational Philosophy

The MAPÚA INSTITUTE OF TECHNOLOGY offers its students professional and advanced scientific and engineering education with a healthy dose of the arts, letters, philosophy and social sciences to form men and women who shall possess not only technological expertise but also the human values and perspective that promote moral development.

Mapúa upholds academic excellence and social responsibility as core values.

Mapúa provides quality academic curricula that are current in content and state-of-the-art in delivery.

Mapúa provides a learning environment that encourages the exercise of creativity and the experience of discovery.

Mapua adheres to a learner-centered, outcomes-based education (OBE) system.

Mapúa captures the full synergy among instruction, research and extension work to heighten the learning experience of its students.

Mapúa builds linkages with industry and government in order to maintain the relevance of its academic programs and to engage in collaborative research.

Integrated Management System Policy

Mapua commits to continually improve the effectiveness of the management system in order to satisfy its clients' expectations as contained in our statement of program educational objectives and student outcomes.

Mapua commits to have a quality management system that is compliant with all statutory, regulatory, and other requirements applicable to the organization's business and environmental dimensions of operations.

Mapua commits to strategic initiatives on pollution prevention, energy conservation, and resource-use optimization.

Integrated Management System Policy

1. Enhance customer satisfaction by managing all related activities and resources efficiently and effectively.
2. Meet the organizational goals through improved teamwork and reinforced interfaces among different departments and functions.
3. Improve the processes for cost effectiveness.
4. Comply with all legal and statutory requirements with regard to the organization's environmental dimensions of operations.
5. Meet the set of goals on pollution prevention, energy conservation, resource-use optimization.

Strategic Objectives

The Future Mapua shall be a digital, research-driven, outcomes-based international domain [D.R.O.I.D.]

Strategic Objective 1. Implement Learner-Centered, Outcomes-Based Education (LC-OBE) to its full promise

Strategic Objective 2. Harness digital education to its full potential

Strategic Objective 3. Heighten research/development/innovation (RDI) and advisory/consultancy capabilities to be a credible international player

Strategic Objective 4. Broaden the international dimension of school operations to global norms

General Objectives

The Institute seeks to become an international Center of Excellence in integrated engineering, architecture and IT education. It seeks to develop young Filipinos into highly competent engineers, architects and IT professionals in order to meet local and global human resource requirements. It seeks to generate new knowledge to heighten the nation's competitiveness in today's knowledge-based and global economy. It seeks to apply knowledge in order to make the world a better place for Filipinos and humankind.

Special Objectives

Aside from the objectives stated above, the Institute declares the following for itself:

1. Develop in the student quality values and attitudes needed to produce moral and ethical professionals.
2. Provide opportunities to develop critical thinking and sound judgment essential in the practice of one's profession.
3. Foster strong ties among the faculty, students and alumni.
4. Develop workable technologies that could tap the potentials of the country's resources.

Its enrolees account for at least 16% of the total student population in B.S. in Chemical (ChE), Civil (CE), Computer (CpE), Electrical (EE), Electronics (ECE), Environmental and Sanitary (EnSE), Industrial (IE), and Mechanical Engineering (ME) programs of the top 10 engineering schools in the country, based on Commission on Higher Education's (CHED) enrolment data.

MIT's program offerings in other fields of study have also expanded particularly in Architecture and Design, Information Technology (IT), Business and Management, Multimedia Arts and Sciences, Social Sciences, and Health Science.

MIT's efforts to continuously improve the quality of its education have been notable. For demonstrating high standards in classroom instruction, research, and extension service, CHED declared the Institute as National Center of Excellence for Chemical Engineering, Civil Engineering, Computer Engineering, Electrical Engineering, Electronics Engineering, Mechanical Engineering, Sanitary Engineering, and Information Technology Education programs and Center of Development for Industrial Engineering program.

Industry partnerships have also been given more focus in the recent years by the Institute. Currently, it has tie-ups with hundreds of local and international educational institutions, organizations, and companies for its faculty development, collaborative researches, and student internships. Such efforts enabled MIT to consistently produce topnotchers in licensure examinations. On record, the Institute's board heroes have reached close to 330 since 2002.

MIT moves to fine-tune its teaching standards with a series of accreditations. The Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) affirmed the Institute's high standards in educational operations, granting Level IV accreditation to its CE program and Level II accreditation to its CpE, ME, ChE, EE, ECE, EnSE, and IE programs.

As a move towards realizing its vision to be among the best universities in the world, Mapúa has pursued international accreditation for its academic programs with ABET (Accreditation Board for Engineering and Technology), a non-governmental organization that accredits post-secondary education programs in applied science, computing, engineering, and engineering technology. To date, 10 Mapua programs are now ABET-accredited, namely, ChE CpE, CE, EE, ECE, EnSE, ME, IE, CS and IT.

Mapua has also secured accreditation with the Philippine Technological Council-Accreditation and Certification Board for Engineering and Technology (PTC – ACBET), the sole organization recognized by the CHED and the body of engineering professionals in the country to be the sole signatory-applicant and representative of the Philippine jurisdiction to the Washington Accord. Mapua's EE, ECE, IE, CE ChE, EnSE, CpE and ME programs have all been accorded full accreditation by the PTC-ACBET.

Further, Mapúa has adopted Blackboard Learn, a new learning management system (LMS) for all its schools and departments including its subsidiaries. Blackboard Learn is a tool that provides students and teachers an easy and effective way to access course materials. It gives the capability for asynchronous online collaboration and course delivery, advanced roles and rights management, including the capability to create customized communities of users, library integration, and a centralized content repository with granular control over content objects. This new technology will give way to the standardization of LMS across all programs and departments of the Institute and its subsidiaries.

Mapúa's strategic initiatives to keep up with the demands of the integration is bolstering its research capabilities and students' math and science and technology proficiency. On top of various local and international accreditations, it has put a prime in research and academic and local partnerships. The Institute recently opened a new research building, which houses laboratories, researchers' rooms, and a large working area. This state-of-the-art facility is also home to the Innovation and Technology Support Office, which is responsible for giving strategic direction to the Institute's R&D and to convert outputs into patents, designs, utility models, and even spinoff companies.

In terms of industry-academe linkages, Mapúa doubles its efforts to forge more partnerships intended to give students and professors a better understanding of what companies need and access to the latest technology and equipment.

To expose its engineering students to different technologies and processes employed in other Asian countries, Mapúa initiated international plant visits to Singapore, Taiwan, Thailand, Malaysia, and Hong Kong. In 2015, the Institute was able to send about 300 students for international plant exposure.

Likewise, it has strongly promoted international on-the-job trainings and student exchange programs. To date, Mapua has now over 180 partner companies for OJT (local and international). It has sent over 100 students to various universities and partner institutions abroad since the internationalization programs started in 2010.

Alongside its pursuit of academic excellence, MIT also endeavors to be part of the solution to the global issue of climate change. MIT has long been an advocate of environment conservation and engineering for the environment, beginning with the opening of its B.S. Environmental and Sanitary Engineering (EnSE) program in 1958, followed by the opening of its Master of Science in Environmental Engineering program in 2001 and Ph.D. in Environmental Engineering program in 2004. EnSE's curriculum currently includes 17 three-unit courses related to the protection and conservation of the environment and its engineering.

Furthermore, the Institute has also included environmental engineering and environmental science courses in all of its engineering and non-engineering programs, respectively. MIT believes that these courses are enough introductions for all the students to understand the real situation of the environment. It is also believed that these courses are sufficient to train them to be able to design, construct, and implement sustainable solutions to environmental problems.

To complement its instruction, MIT included in its 2010–2020 initiatives the reduction of its carbon footprint. To initiate an institutional effort of carbon footprint reduction (CFR), the Institute formed a core group led by the Subject Chairperson for Chemical Engineering (ChE) Dr. Alvin R. Caparanga.

Some ChE students were commissioned to conduct an initial study to compute the Institute's total carbon footprint. Upon the presentation of results, the CFR committee convened to come up with necessary actions to be taken by the Institute to reduce its carbon footprint, which is mainly produced by its consumption of energy, water, and paper.

Together with the different schools and offices, the CFR committee has gathered best practices for the conservation of its resources. MIT has moved to replace all of its lamps with more energy-efficient ones. This will immediately be followed by the school's replacement of its air-conditioning units. The CFR group is currently in the process of setting targets and monitoring guidelines for this effort, aiming for full implementation in 2016.

Apart from its internal efforts, MIT also has extension services dedicated to address environmental concerns through education. Under its Social Orientation and Community Involvement Program (SOCIP), the Institute has conducted seminars on recycling, energy conservation, and use of renewable energy; information drive about global warming and pollution in the community; and tree-planting and clean-and-green projects in partnership with the government and non-government organizations.

MIT also has three other wholly-owned operating subsidiaries, Malayan Colleges Laguna (MCL), Mapua Information Technology Center (MITC), and the Malayan High School of Science (MHSS). MCI is expanding in Mindanao with the acquisition of a 2.3-hectare property in Davao through its newly incorporated school, Malayan Colleges Mindanao (A Mapua School), Inc.

MIT is offering senior high school starting 2016.

MALAYAN COLLEGES LAGUNA

MCL's campus is located in Cabuyao, Laguna where there are several science and industrial parks. MIT sought to extend the Mapua brand to the south by offering programs in engineering, computer science, information technology, business, accountancy, and hotel & restaurant management to students that prefer to stay closer to home. This move has been successful as the campus now about 5,800 students.

Driven by passion for knowledge MCL seeks to meet the challenges of globalization in order to produce graduates who can exercise their skills in the global labor market. Given its excellent location, the MCL campus gives students the opportunity to train and apprentice in technology-driven companies during their academic years.

With its excellent facilities, technologically advanced and IT integrated curricula, MCL is envisioned to be a Center of Excellence for science and technology education in Southern Luzon.

In November 2006, the Commission on Higher Education (CHED) gave the approval for MCL to offer eight (8) programs of study in Engineering, Information Technology, and Business. This was after MCL's satisfactory compliance with the standards of the CHED's Regional Quality Assurance Team.

Three (3) colleges were established under Malayan Colleges Laguna namely the Mapua Institute of Technology at Laguna, E.T. Yuchengco College of Business at Laguna, and the College of Information Technology.

MCL is offering senior high school starting 2016.

Mission

1. To educate students to have the entry-level technical competencies, soft skills and global perspective as to be the most sought-after graduates by industry worldwide.
2. To produce social wealth from the generation of new knowledge.
3. To help solve industry's and society's problems by the expert application of existing knowledge.

Vision
Malayan Colleges Laguna shall be a global steeple of excellence in professional education and research.

Core Values
Excellence and Virtue

MALAYAN HIGH SCHOOL OF SCIENCE
MHSS is a science and math-oriented high school located in Pandacan, Manila. Modelled after similar but publicly-funded science high schools, MHSS offers a rigorous academic program geared towards graduating hard-working, mathematical and scientific-trained students that will excel in their university studies and beyond. The school is focused on optimizing student to teacher time and currently has more than 300 students.

MHSS is envisioned to be a global Center of Excellence in secondary education with a special focus on science and technology, thus giving the same quality education that its parent school, Mapua, is known for. It has a top-notch faculty, state-of-the-art facilities, and a curriculum that will allow students to "fully express not only their scientific inclinations but also their artistic bent." At its young age, MHSS has already gained recognitions from numerous academic and non-academic events both here and abroad.

MHSS is offering senior high school starting 2016.

Mission & Vision
The Malayan High School of Science shall be a global Center of Excellence in secondary education especially in the area of science and technology.

Program Outcomes
The Malayan High School of Science shall educate its students to have a very strong foundation in the natural sciences and the mathematics; excellent communications skills; a deep appreciation of the most important technologies of the day; an analytical mind and a creative, innovative spirit; awareness of social, global and environmental issues; love of country and humanity.

Core Values
- DISCIPLINE
- EXCELLENCE
- COMMITMENT
- INTEGRITY
- RESPONSIBILITY

MAPUA INFORMATION TECHNOLOY CENTER (MITC)
MITC caters to professionals, career entrants and career shifters who are seeking to enhance their competencies in a short timeframe. MITC is envisioned to become a leader in non-university type education.

MITC offers a wide range of choices to make participants skilled and completely up-to-date professionals. Learning tracks are pursued in cooperation with the best practices in the industry and are geared towards developing skills with high industry demands and certifications in technologies like Cisco, Linux or Java.

VISION:
To be the preferred provider of continuing and alternative learning in the Philippines and in the Southeast Asia Region.

MISSION:
Empower individuals by developing their talents and competencies using innovative teaching-learning methodologies and technologies.

Enhance work quality and engender optimum performance in organizations thru continuing education and lifelong learning.

The faculty and trainers are duly-accredited and certified by global industry partners to assure clients of the finest quality training possible. They are industry practitioners to enable them to know the current trends and practices in the industry.

MITC provides high quality training to the following:

- Corporations
- Non-IT related graduates (Post-graduates) / Career Shifters
- Executives / Professionals

The center offers the following training modules:

- JAVA
- Oracle
- . NET
- Web Development
- Comptia A+
- IT Essentials
- SDLC
- Unix/Linux
- Cisco
- Office Productivity
- Project Management
- SAAD
- Business Analysis
- English in the Workplace
- Other Customized Program

THE INFORMATION TECHNOLOGY SECTOR

PAN PACIFIC COMPUTER CENTER, INC. (PPCC)

IPO owns PPCC. PPCC services the I.T. related requirements of the YGC and select clients.

PPCC operates in the following businesses:

- reselling computer hardware and peripherals
- reselling software licenses and packages; and
- providing value-added I.T. services and value-added I.T. services.

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

CONSOLIDATED RESULTS - Year 2015 vs. Year 2014

Financial Position

Total consolidated assets increased from ₱5.33 billion to ₱5.90 billion, or a 11% growth compared to last year.

Consolidated current assets went down by 39% because of (a) significant drop in cash due to acquisition of property in Mindanao and settlement of obligations related to construction and renovation of school buildings; and (b) lower receivables due to collection. Prepaid expenses, however, increased due to higher volume of restricted funds and increase in creditable withholding taxes.

Total consolidated liabilities decreased from P1.42 billion to P1.10 billion, or 23% lower than last year.

Consolidated current liabilities are lower by 8%, from P850 million to P786 million mainly because (a) accounts payable and accrued expenses and payable to related parties dropped due to settlement of obligations to suppliers, contractors and related parties, respectively; and (b) lower dividends payable because last year includes special dividend declaration which was paid in January 2015. Unearned tuition fees are higher this year because of increase in the average number of enrollees.

Non-current liabilities dropped from P572 million to P312 million, primarily because of increased loan repayments which resulted to earlier maturity date of the loan. Deferred tax liability increased because of higher revaluation increment on land reported by an independent appraiser.

Total equity of the Group rose by 23%, primarily driven by continued strong results in school operations.

Results of Operations

The Group posted a consolidated net income of ₱798.85 million, which is 7% higher as against ₱745.59 million of last year.

Consolidated revenues grew by 5%, from ₱2.31 billion to ₱2.43 billion, primarily because of higher revenues from schools. Increase in revenues from schools is attributable to higher number of students who enrolled for the year, coupled by slight increase in fees. Sale of goods pertains to the revenues from the Group's IT Company (Pan Pacific Computer Center Inc or "PPCC") which showed lower volume of goods sold. Last year includes a one-time big-time sale to one of its major customers.

Consolidated cost of sales and services went up from ₱1.23 billion to ₱1.30 billion, or 6% higher than last year because of increased cost of school and related operations.

Cost of school and related operations increased by 10% because of increase in personnel and student related expenses. Increase is also attributable to higher accreditation costs as the schools renew its accreditation with different accrediting agencies which gives formal recognition to an educational institution.

Decrease in cost of goods sold is attributable to decrease in sales volume of PPCC.

General and administrative expenses are slightly higher to last year, from ₱235.36 million to ₱237.88 million.

Interest expense and other finance charges dropped from ₱19.55 million to ₱19.08 million.

Interest income was higher by P3.93 million, from ₱7.00 million to ₱10.93 million because of higher volume of placements during the year.

Other income (loss) pertains primarily to investment income (losses) in UITF investment.

CONSOLIDATED RESULTS - Year 2014 vs. Year 2013

Financial Position

Total consolidated assets increased from P4.66 billion to P5.33 billion, or a 14% growth compared to last year.

Current assets grew by 10% because of increase in receivables as a result of higher revenues from school operations. Last year's investment in UITF was transferred to money market placements resulting to significant drop in financial asset – FVPL and increase in cash and cash equivalents.

Non-current assets up by 16%, primarily attributable to construction and renovation of school buildings.

Total consolidated liabilities increased from P1.32 billion to P1.42 billion, a 7% higher than last year.

Current liabilities are higher by 27%, from P667 million to P850 million mainly because of increase in Group's obligation to its local suppliers. Purchases from various suppliers are largely attributable to construction and renovation of the Group's schools. The increase in dividends payable was a result of special dividend declaration in the last quarter of the year.

Non-current liabilities dropped from P656 million to P572 million, as the Group accelerated settlement of its obligations. Also, no additional loans were availed of for the year.

Total equity of the Group rose by 17%, primarily driven by continued strong results in school operations.

Results of Operations

The Group posted a consolidated net income of ₱745.59 million as against ₱631.68 million of last year.

Consolidated revenues grew by 13%, from ₱2.05 billion to ₱2.31 billion, as revenues from schools and I.T. Company showed better results. Increase in revenues from schools is attributable to higher number of students who enrolled for the year, coupled by slight increase in fees. The Group's I.T. Company also showed strong results as its reselling business picked up last year.

Cost of sales and services went up from ₱1.06 billion to ₱1.23 billion, or 15% higher than last year.

Cost of school and related operations increased by 10% because of increase in personnel and student related expenses. Increase is also attributable to higher accreditation costs as the schools renew its accreditation with different accrediting agencies which gives formal recognition to an educational institution.

Increase in cost of goods sold is attributable to increase in sales volume.

General and administrative expenses are lower by 19% compared to last year, from ₱291.41 million to ₱235.36 million.

Interest expense and other finance charges dropped by 2% compared to last year, from ₱19.95 million to ₱19.55 million.

Interest income dropped from ₱15.41 million to ₱7.00 million as a result of lower interest rates.

Other income (loss) pertains primarily to investment income (losses) in UITF investment.

CONSOLIDATED RESULTS - Year 2013 vs. Year 2012

Financial Position

Total consolidated assets grew by 11%, from ₱4.20 billion to ₱4.66 billion.

Total current assets went up by 35%, primarily driven by increase in cash inflow which was temporarily invested in UITF.

Total non-current assets were slightly up by 4%, from ₱3.25 billion to ₱3.36 billion in 2013.

Other non-current assets pertain mainly to retirement asset and computer software, net of amortization.

Total consolidated liabilities were down by 5%, from ₱1.40 billion to ₱1.32 billion in 2013.

Total current liabilities went up from ₱584.51 million to ₱667.13 million, primarily driven by increase in accounts payable and accrued expenses. Accounts payable pertains to the Group's obligation to local suppliers. The liability arises from purchase from various suppliers which include construction inputs in relation to the redevelopment plan of one of the Group's schools which started in 2013. Accrued expenses include the Group's accrual associated with the school's Faculty Association of Mapua Institute of Technology (FAMIT) reranking case. This case involves the faculty ranking and evaluation that was part of the 2001 Collective Bargaining Agreement negotiations with the FAMIT.

Total noncurrent liabilities were reduced by 19%, from ₱811.03 million to ₱656.38 million. This reflects accelerated settlement of contractual obligations of the Group.

Total equity rose form ₱2.81 billion to ₱3.34 billion. Retained Earnings, net of dividends declared, increased by 26% due to strong results from school operations.

Results of Operations

Total consolidated net income of the Group showed a growth of 7%, from P591.76 million in 2012 to P631.68 million in 2013.

Revenues increased from P1.89 billion to P2.05 billion, or an 8% growth compared to previous year. This was driven mainly by increase in revenues both from school and related operations, and sale of services. Increase in number of enrolees coupled with slight increase in fees brought in additional revenue of P158.09 million. Sale of services grew by 11%, resulting from increase in rental income and revenue from specialized trainings conducted during the year. Sale of goods slightly dropped due to lower volume of units sold by the I.T. Company.

Costs of sales and services went up by 5%, from P1.02 billion to P1.06 billion. Cost of school and related operations increased by 7% due to higher personnel and student related expenses. Increase in compensation and benefits were due to adjustments provided in CBA agreement signed with the faculty and non-teaching staff. While student related expenses are volume driven.

Cost of goods sold and services went down, which were primarily volume driven.

General and administrative expenses went up from P209.14 million to P291.41 million due mainly to increase in depreciation and amortization, utilities, taxes and licenses, repairs and maintenance, advertising and accreditation cost.

Interest income dropped by 11%, from P17.24 million in 2012 to P15.41 million this year. This was due to lower volume of money market placements.

Interest expense was reduced to P19.95 million from P26.51 million as the Group continued to pay down its loan.

Other income represents interest earned from investments in UITF and dividend income from available- for-sale securities.

Financial Ratios

Financial Ratios
Below are the financial ratios that are relevant to the Group's for the year ended December 31, 2015:

Financial ratios		**2015**	2014
Current ratio *Indicates the Group's ability to pay short-term obligation*	Current Assets / Current Liabilities	**1.11:1**	1.67:1
Solvency Ratio *Shows how likely a company will be to continue meeting its debt obligations*	Net Income + Depreciation / Total Liabilities	**0.89:1**	0.63:1
Debt-to-equity ratio *Measures the Group's leverage*	Total Debt / Equity	**0.23:1**	0.36:1
Asset to Equity Ratio *Shows how the company's leverage (debt) was used to finance the firm*	Total Assets / Equity	**1.23:1**	1.36:1
Interest Rate Coverage *Shows how easily a company can pay interest on outstanding debt*	EBIT / Interest Expense	**46.84:1**	43.37:1
Return on Average Stockholders' Equity *Reflects how much the Group's has earned on the funds invested by the stockholders*	Net Income / Average Equity	**18.34%**	20.57%
Return on Assets *Measure the ability to utilize the Group's assets to create profits*	Net Income / Total Assets	**13.55%**	13.98%

Current Ratio provides the liquidity position of the business by comparing current assets to current liabilities. The current ratio decreased from 1:67:1 in 2014 to 1.11:1 in 2015. Cash was significantly reduced due to acquisition of property in Mindanao.

Solvency ratio increased from 0.63:1 in 2014 to 0.89:1 in 2015 due to the Group's increase in net income during the year. The decrease in liabilities also contributed to the increase in solvency ratio.

Debt-to-Equity Ratio is total debt divided by total equity. This ratio measures the Group's leverage. The total debt-to-equity ratio of the Group is 0.23:1 for 2015 and 0.36:1 for 2014. This has improved because of the Group's drive to reduce its long-term liabilities.

Asset to Equity Ratio improved from 1.36:1 in 2014 to 1.23:1 in 2015 because of increase in asset base due to acquisition of new property.

Interest Rate Coverage shows how easily a company can pay interest on outstanding debt. Due to the decline in the Group's long-term debt, interest rate coverage ratio improved from 43.37:1 in 2014 to 46.84:1 in 2015.

Return on Average Stockholders' Equity reflects how much the Group has earned funds invested by the stockholders. 2015 result declined to 18% compare to 21% in 2014 mainly because of the increase in revaluation of the Group's property.

Return on Assets measures the ability to utilize the Group's assets to create profits. The Group's return on assets for year 2015 decreased to 13.55%, from 13.98% in 2014. The decrease in property is because of increase in asset base due to acquisition of new property in Mindanao.

The above-mentioned ratios are applicable to the Group as a whole.

MATERIAL EVENT/S AND UNCERTAINTIES

a) Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

Uncertainties remain as to whether the country will continue to be affected by regional trends in the coming months. The financial statements do not include any adjustments that might result from these uncertainties. Related effects will be reported in the financial statements, as they become known and estimable.

Due to the Company's sound financial condition, there is no foreseeable trend, event or uncertainty, which may have material impact on the short-term and long-term liquidity.

b) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

There is no foreseeable event that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

c) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There is no material off-balance sheet transaction, arrangement, obligation (including contingent obligation), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

d) Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

There is no material commitment on capital expenditures other than those performed in ordinary course of trade of business.

e) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

There is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income of the Group from continuing operations.

There is no known trend, event, or uncertainty, which may have material impact on revenues.

f) Any significant elements of income or loss that did not arise from the issuer's continuing operations.

There is no significant element of income arising from continuing operations.

g) Any seasonal aspects that had a material effect on the financial condition or results of operations.

There has not been any seasonal aspect from period to period that had a material effect on the financial condition or results of the Group's operations.

Other Items

- Future financial condition and the results of operations will depend on the ability of Malayan Colleges Inc. and its operating subsidiaries to maintain and increase enrollment, control operating expenses, and keep financing charges to a minimum.

- Sources of liquidity will depend on the dividend declaration of MCI and bank loans. Funding will be sourced from internally generated funds and borrowings.

- Earnings per share attributable to equity holders of the parent company amounted to P0.9893 in December 2015 compared to P0.9253 and P0.7813 in December 2014 and 2013, respectively.

Brief Description of the General Nature and Scope of Business of the Company including its significant subsidiaries

Description of Business

iPeople, inc. (IPO/the Company) is the holding company within the Yuchengco Group of Companies (YGC) that drives investment in the education and technology sector. IPO is incorporated in the Republic of the Philippines and is a publicly listed company on the Philippine Stock Exchange (PSE).

IPO has a focused portfolio. It has two main operating subsidiaries: the Malayan Colleges, Inc. (MCI – operating under the name of Mapua Institute of Technology); and the Pan Pacific Computer Center, Inc. (PPCC). IPO and its subsidiaries comprise the Group.

Using funding raised through various sources (internally generated cash, equity, debt, or a combination), IPO seeks to buy entire businesses (or take majority control in a friendly transaction) with a view towards increasing the returns from such enterprises. By taking control of high return businesses, management seeks to increase the enterprise value of the Company as the earnings stream and cash flows from such investments grow.

These returns are then channeled to stockholders primarily through dividends.

IPO does have the alternative of exiting investments via sale of such assets. This is also a tool for leaving low-return businesses with the objective of investing additional capital in higher return businesses.

IPO's portfolio is organized into two verticals:

EDUCATION: IPO owns a majority stake (93%) in MCI. MCI is widely considered to be the leading engineering and I.T. school in the country.

MCI also has two other wholly-owned subsidiaries, the Malayan Colleges Laguna (MCL) and the Malayan High School of Science (MHSS).

These three companies form the core of the education portfolio.

INFORMATION TECHNOLOGY: PPCC services the I.T. related requirements of the YGC and select clients. These I.T. requirements include hardware, software, and I.T.-related services.

THE HOLDING COMPANY

Executive management monitors the business performance of companies in the portfolio very closely. Through regular review of actual results compared to budgets and previous year performances, IPO is able to determine if the Group is able to perform as expected.

In particular, management watches operating metrics very closely and how these impact the financial metrics. By monitoring operating metrics and financial metrics, executive management can always determine whether the capital deployed to various businesses within the portfolio is being used efficiently, and generating returns that meet hurdle rates.

Executive management also engages in a continuous business development program. These business development activities range from assisting portfolio companies in identifying growth opportunities in existing businesses; assisting portfolio businesses by helping them develop new products and services that increase organic growth; or buying entire companies or controlling stakes in companies which show high growth potential and the returns of which meet hurdle rates.

Competition

IPO is subject to competition in the segments in which each of its portfolio companies operate. Please refer to the related section of each business for the discussion of risks each portfolio company faces.

IPO faces competition in some cases when it is in the process of bidding on prospective deals. There are other holding companies or business groups that are very active in expanding their Philippine portfolio of earning assets, especially in the education sector. In some situations, IPO might find itself bidding against such competitors when prime assets of businesses are for sale.

Risk Factors at the Holding Company Level

The following covers the risk management policies at the holding company level. *For a discussion of risks faced by each portfolio company, please refer to the appropriate section in this report*.

Interest Rate Risk

IPO does not have any borrowings that will directly expose it to interest rate risk.

It is a company policy to use excess liquidity to pay down any borrowings in order to decrease financing costs, and reduce exposure to rising interest rates. It is also a company policy to actively discuss with lending banks on how to lower financing costs. When possible, IPO will use lower cost debt to pay down higher cost debt. IPO does not have a practice of speculating on the direction of interest rates. The main objective is to lower financing costs as much as possible.

Foreign Exchange Risk
Foreign exchange risk results primarily from movements in the prevailing exchange rate between the Philippine Peso (PHP) and the Unites States Dollar (USD). This risk does not materially affect the Company as the revenues and the operating expenses of IPO are denominated in PHP.

Liquidity Risk
IPO seeks to manage its liquidity to be able to service maturing debts, finance capital requirements, and pay for existing operations. IPO maintains a consistent level of funding to be able to pay for its day-to-day operations. IPO constantly monitors its projected cash flows through management meetings that occur on a weekly basis. When major acquisitions are identified, IPO assesses market conditions to be able to source the funding as inexpensively as possible.

Credit Risk
IPO's holding of cash and short-term securities exposes the company to the credit risk of the counterparty. It does not have a concentrated credit risk exposure. The Group's exposure to credit risk is very minimal because its receivables are mostly from related parties, which are being managed through close account monitoring and limit setting.

Price Risk
Available for sale (AFS) financial instruments are held and are subject to price fluctuation. These securities are vulnerable to price risk due to changes in market values because of specific factors related to these securities, or because of factors related to the overall market for financial assets. These prices change depending on how market participants act in the market.

IPO has non-core holdings in its AFS investments. For its non-core holdings, IPO's investment policy is to monitor developments in the market and to monitor these securities very closely. The company regularly assesses the opportunity cost of holding these securities. When a more appropriate use of the funds is determined, it is IPO's intention to liquefy these investments and put the excess cash to work.

Business Continuity Risk
IPO is acutely conscious of the risks posed by natural disasters, acts of God, or other man-made actions that can have an adverse impact on the continuity of regular operations. The Group works to make sure that its business continuity plans are up to date.

Succession Risk
The company knows that people are an important resource and that its executive management team is a significant contributor to the value-adding activities of the Company. In order o preserve the management chain of succession and institutional knowledge that comes with it, each member of executive management is accountable for putting a succession plan in place that includes the identification and development of his or her successor.

The respective company presidents and chief risk officers of each portfolio company are accountable for making sure that their risk management policies line up with the risk management policies of the holding company. Group internal audit (GIA) provides valuable input to risk management support by conducting regular business unit audits that also incorporate the evaluation of risk management practices.

The Risk Management Committee of the Board meets regularly and exercises an oversight role on executive management who are accountable for managing the risks that arise out of regular business operations.

MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

a. Market for Issuer's common equity and related stockholder matters

The common stock (PSE: IPO) of the Company is traded on the Philippine Stock Exchange. The market price of IPO's common stock as of May 10, 2016 (latest practicable trading date) is P12.98 for high and low.

PERIOD	STOCK PRICE HIGH	LOW
2016 First Quarter	11.98	10.50
2015 Fourth Quarter	12.50	11.00
2015 Third Quarter	12.38	10.10
2015 Second Quarter	12.50	11.02
2015 First Quarter	11.98	9.80
2014 Fourth Quarter	12.30	10.00
2014 Third Quarter	11.98	10.50
2014 Second Quarter	12.26	11.12
2014 First Quarter	11.88	11.24

b. Top 20 owners of common stock as of April 30, 2016

STOCKHOLDER	NUMBER OF SHARES	% OF TOTAL
House of Investments, Inc.	501,940,749[3]	67.02%
PCD Nominee Corp. (Filipino)	178,938,180	23.89%
A. Soriano Corp.	54,984,522[4]	7.34%
HYDEE Management & Res. Corp.	653,800	0.09%
R. P. Land Development Corp.	565,175	0.07%
Pan Malayan Management & Investments Corp.	487,484	0.07%
Yu, Juan G. Yu &/Or Grace C.	380,000	0.05%
Kho, David L.	343,900	0.05%
Yan, Lucio	325,000	0.04%
Yu, John Peter C. Yu &/Or Juan G.	321,000	0.04%
Ong Pac, Sally C.	299,000	0.04%
Ley, Fely	243,750	0.03%
PCD Nominee Corp. (Non-Filipino)	238,076	0.03%
Tecson, Bingson U.	195,000	0.03%
Mendoza, Alberto Mendoza	165,750	0.02%
Ligason, Vicente P. Ligason &/Or Shiu King P	150,000	0.02%
Philippine Asia Equity Securities Inc.	146,250	0.02%
Ansaldo Godinez & Co., Inc.	133,438	0.02%
Securities Investors Protection Fund, Inc.	130,000	0.02%
Chan, Vicky L.	130,000	0.02%
SUB TOTAL	***740,771,074***	**98.91%**
Others	8,162,147	1.09%
TOTAL	**748,933,221**	**100.00%**

IPO has a total of 2,054 shareholders owning a total of 748,933,221 shares as of April 30, 2016.

[3] Direct holdings of House of Investments, Inc.
[4] Direct holdings of A. Soriano Corp.

c. Dividends

In accordance with the Corporation Code of the Philippines, IPO intends to declare dividends (either in cash or stock or both) in the future. Common stockholders of IPO are entitled to receive a proportionate share in cash dividends that may be declared by the Board of Directors out of surplus profits derived from IPO's operations.

The same right exists with respect to a stock dividend of which the declaration is subject to the approval of stockholders representing at least two-thirds (2/3) of the outstanding shares entitled to vote. The amount will depend on IPO's profits and its capital expenditure and investment requirements at the relevant time.

The company has declared cash dividends as follows:

YEAR	DIVIDEND PER SHARE	TOTAL AMOUNT
Q1 2016	P0.06	P44.94MM
2015	P0.24	P179.74MM
2014 (Special Dividends)	P0.08	P59.91MM
2014	P0.24	P179.74MM
2013	P0.24	P179.74MM

IPO has not identified any restriction that limits the ability to pay dividends on common equity or that are likely to do so in the future.

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

There was no sale of unregistered securities and no recent issuance of securities in 2015.

Description of Registrant's Securities: Common Stock

The equity capital structure of the firm as of December 31, 2015 is shown:

Authorized Capital	P2,000,000,000
Subscribed Capital	P748,933,221
Paid Up Capital	P748,933,221

iPeople
A YGC Member

ANNEX " B "

iPeople, inc. and Subsidiaires

Consolidated Financial Statements
December 31, 2015 and 2014

and

Report of Independent Auditors

SGV
Building a better working world

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

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

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
iPeople, inc.
3rd Floor, Grepalife Building
219 Sen. Gil J. Puyat Avenue
Makati City

We have audited the accompanying consolidated financial statements of iPeople, inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended 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.

SGV
Building a better working world

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of iPeople, inc. and its 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.

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

March 17, 2016

iPeople, Inc.
A YGC Member

SECURITIES AND EXCHAGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of iPeople, Inc. & Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards indicated therein. 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 financial statements and submits the same to the stockholders or members.

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

RENATO C. VALENCIA
Chairman of the Board

DR. REYNALDO B. VEA
Chief Executive Officer/President

JOSE MA. G. CASTILLO, III
Chief Financial Officer/Treasurer

Signed this 17th day of March, 2016

DOC. No: 340
PAGE No: 66
BOOK No: 136
SERIES OF 2016

ATTY. DWIGHT M. GALARRITA
NOTARY PUBLIC
APPOINTMENT NO. M-264/MAKATI CITY
UNTIL DECEMBER 31, 2016
PTR NO. 4754217/01-07-2015/MAKATI CITY
IBP NO. 0963807/01-06-2015/QUEZON CITY
MCLE COMPLIANCE No. IV-0021190/07-09-2013
ROLL NO. 42475

3/F Grepalife Bldg., 219 Sen. Gil Puyat Avenue, Makati City, Philippines
TEL: (632) 815-96-36

iPEOPLE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 14 and 28)	**₱599,066,474**	₱1,156,486,981
Receivables (Notes 7 and 28)	**148,697,892**	183,188,125
Receivables from related parties (Notes 14 and 28)	**1,482,432**	2,485,905
Prepaid expenses and other current assets (Note 8)	**112,634,565**	67,846,896
Financial assets at fair value through profit and loss (FVPL) (Note 28)	**8,205,773**	8,021,630
Total Current Assets	**870,087,136**	1,418,029,537
Noncurrent Assets		
Available-for-sale financial assets (Note 28)	**14,389,673**	16,993,519
Property and equipment (Notes 9 and 10)	**4,860,161,041**	3,746,668,297
Net pension asset (Note 23)	**1,060,888**	732,228
Goodwill (Note 11)	**137,853,345**	137,853,345
Deferred tax assets - net (Note 21)	**12,409,513**	10,149,738
Other noncurrent assets (Notes 12 and 23)	**1,508,522**	4,451,636
Total Noncurrent Assets	**5,027,382,982**	3,916,848,763
	₱5,897,470,118	₱5,334,878,300
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 13 and 28)	**₱584,658,132**	₱588,749,524
Payable to related parties (Notes 14 and 28)	**13,986,098**	21,198,102
Income tax payable	**24,108,059**	19,894,538
Unearned tuition fees	**12,453,843**	10,157,488
Dividends payable (Notes 16 and 28)	**64,414,232**	123,813,181
Current portion of long-term debt (Notes 14, 15 and 28)	**86,000,000**	86,000,000
Total Current Liabilities	**785,620,364**	849,812,833
Noncurrent Liabilities		
Pension liability - net (Note 23)	**92,547,626**	58,324,960
Long-term debt - net of current portion (Notes 14, 15 and 28)	**102,500,000**	430,000,000
Deferred tax liabilities - net (Note 21)	**117,412,887**	83,682,319
Total Noncurrent Liabilities	**312,460,513**	572,007,279
Total Liabilities	**₱1,098,080,877**	₱1,421,820,112

(Forward)

	December 31	
	2015	2014
Equity		
Common stock (Note 16)	**₱748,933,221**	₱748,933,221
Additional paid-in capital	**1,438,827**	1,438,827
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale financial assets (Note 28)	**(3,972,571)**	4,633,824
Revaluation increment on land (Note 10)	**751,444,924**	448,763,360
Remeasurement gains on defined benefit plans (Note 23)	**6,331,596**	36,051,315
Retained earnings (Note 16)	**2,994,028,061**	2,432,843,210
	4,498,204,058	3,672,663,757
Less: Treasury stock (Note 16)	**209**	209
	4,498,203,849	3,672,663,548
Noncontrolling interest in consolidated subsidiaries (Note 25)	**301,185,392**	240,394,640
Total Equity	**4,799,389,241**	3,913,058,188
	₱5,897,470,118	₱5,334,878,300

See accompanying Notes to Consolidated Financial Statements.

iPEOPLE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014	2013
REVENUES (Note 26)			
Tuition and other fees (Note 17)	**₱2,244,097,295**	₱2,076,758,318	₱1,893,856,394
Sale of goods	**131,156,374**	167,012,870	87,746,811
Sale of services (Note 17)	**58,388,615**	65,089,202	63,819,070
	2,433,642,284	2,308,860,390	2,045,422,275
COSTS AND EXPENSES			
Cost of tuition and other fees (Note 18)	**1,162,344,130**	1,057,421,021	961,978,398
Cost of goods sold	**121,342,242**	148,892,477	75,806,709
Cost of services	**18,431,630**	19,304,180	24,879,313
	1,302,118,002	1,225,617,678	1,062,664,420
GROSS PROFIT	**1,131,524,282**	1,083,242,712	982,757,855
GENERAL AND ADMINISTRATIVE EXPENSES (Note 19)	**(237,877,320)**	(235,364,686)	(291,407,598)
INTEREST AND OTHER FINANCE CHARGES (Notes 15 and 20)	**(19,078,085)**	(19,550,823)	(19,945,748)
INTEREST INCOME (Notes 6, 7, 14 and 20)	**10,925,864**	7,001,749	15,407,094
OTHER INCOME (LOSS)	**1,992,810**	(7,068,001)	11,253,282
INCOME BEFORE INCOME TAX	**887,487,551**	828,260,951	698,064,885
PROVISION FOR INCOME TAX (Note 21)	**88,639,293**	82,670,400	66,383,893
NET INCOME	**798,848,258**	745,590,551	631,680,992
OTHER COMPREHENSIVE INCOME			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Unrealized gain (loss) on available-for-sale financial assets	**(8,606,395)**	2,137,895	(1,863,806)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Revaluation increment on land - net of tax	**325,464,047**	88,855,740	63,673,470
Remeasurement gains (loss) on defined benefit plans - net of tax (Note 23)	**(29,719,719)**	(111,403)	35,018,069
	287,137,933	90,882,232	96,827,733
TOTAL COMPREHENSIVE INCOME	**₱1,085,986,191**	₱836,472,783	₱728,508,725
Net income attributable to:			
Equity holders of the parent (Note 24)	**₱740,928,823**	₱692,966,835	₱585,113,345
Non-controlling interest in consolidated subsidiaries (Note 25)	**57,919,435**	52,623,716	46,567,647
	₱798,848,258	₱745,590,551	₱631,680,992
Total comprehensive income attributable to:			
Equity holders of the parent	**₱1,005,284,273**	₱777,629,167	₱675,311,037
Non-controlling interest in consolidated subsidiaries (Note 25)	**80,701,918**	58,843,616	53,197,688
	₱1,085,986,191	₱836,472,783	₱728,508,725
Basic Earnings Per Share (Note 24)	**₱0.9893**	₱0.9253	₱0.7813

See accompanying Notes to Consolidated Financial Statements.

IPEOPLE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent Company									
	Common Stock (Note 16)	Additional Paid-in Capital	Unrealized Gain on Available – for - Sale Financial Assets (Note 28)	Revaluation Increment on Land - net of tax (Note 10)	Remeasurement Gains on Net Pension Liability (Note 23)	Treasury Stock (Note 16)	Retained Earnings (Note 16)	Total	Non - controlling Interest (Note 27)	Total
				For the year ended December 31, 2015						
Balances as at January 1, 2015	**₱748,933,221**	**₱1,438,827**	**₱4,633,824**	**₱448,763,360**	**₱36,051,315**	**(₱209)**	**₱2,432,843,210**	**₱3,672,663,548**	**₱240,394,640**	**₱3,913,058,188**
Net income for the year	–	–	–	–	–	–	**740,928,823**	**740,928,823**	**57,919,435**	**798,848,258**
Other comprehensive income (loss)	–	–	**(8,606,395)**	**302,681,564**	**(29,719,719)**	–	–	**264,355,450**	**22,782,483**	**287,137,933**
Total comprehensive income (loss)	–	–	**(8,606,395)**	**302,681,564**	**(29,719,719)**	–	**740,928,823**	**1,005,284,273**	**80,701,918**	**1,085,986,191**
Dividends declared	–	–	–	–	–	–	**(179,743,972)**	**(179,743,972)**	**(19,911,166)**	**(199,655,138)**
Balances as at December 31, 2015	**₱748,933,221**	**₱1,438,827**	**(₱3,972,571)**	**₱751,444,924**	**₱6,331,596**	**(₱209)**	**₱2,994,028,061**	**₱4,498,203,849**	**₱301,185,392**	**₱4,799,389,241**
				For the year ended December 31, 2014						
Balances as at January 1, 2014	₱748,933,221	₱1,438,827	₱2,495,929	₱366,127,520	₱36,162,718	(₱209)	₱1,979,535,008	₱3,134,693,014	₱201,151,024	₱3,335,844,038
Net income for the year	–	–	–	–	–	–	692,966,835	692,966,835	52,623,716	745,590,551
Other comprehensive income (loss)	–	–	2,137,895	82,635,840	(111,403)	–	–	84,662,332	6,219,900	90,882,232
Total comprehensive income (loss)	–	–	2,137,895	82,635,840	(111,403)	–	692,966,835	777,629,167	58,843,616	836,472,783
Dividends declared	–	–	–	–	–	–	(239,658,633)	(239,658,633)	(19,600,000)	(259,258,633)
Balances as at December 31, 2014	₱748,933,221	₱1,438,827	₱4,633,824	₱448,763,360	₱36,051,315	(₱209)	₱2,432,843,210	₱3,672,663,548	₱240,394,640	₱3,913,058,188
				For the year ended December 31, 2013						
Balances as at January 1, 2013	₱748,933,221	₱1,438,827	₱4,359,735	₱306,911,195	₱3,317,545	(₱209)	₱1,574,165,635	₱2,639,125,949	₱167,851,286	₱2,806,977,235
Net income for the year	–	–	–	–	–	–	585,113,345	585,113,345	46,567,647	631,680,992
Other comprehensive income (loss)	–	–	(1,863,806)	59,216,325	32,845,173	–	–	90,197,692	6,630,041	96,827,733
Total comprehensive income (loss)	–	–	(1,863,806)	59,216,325	32,845,173	–	585,113,345	675,311,037	53,197,688	728,508,725
Dividends declared	–	–	–	–	–	–	(179,743,972)	(179,743,972)	(19,897,950)	(199,641,922)
Balances as at December 31, 2013	₱748,933,221	₱1,438,827	₱2,495,929	₱366,127,520	₱36,162,718	(₱209)	₱1,979,535,008	₱3,134,693,014	₱201,151,024	₱3,335,844,038

See accompanying Notes to Consolidated Financial Statements.

IPEOPLE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱887,487,551**	₱828,260,951	₱698,064,885
Adjustments for:			
Depreciation and amortization (Notes 9, 12, 18 and 19)	**175,761,669**	143,410,591	151,960,745
Interest expense and other finance charges (Note 20)	**19,078,085**	19,550,823	19,945,748
Provision for doubtful accounts (Notes 7 and 19)	**5,355,917**	8,961,696	–
Interest income (Notes 6, 7, 14 and 20)	**(10,925,864)**	(7,001,749)	(15,407,094)
Unrealized market gain on financial asset at FVPL	**(184,143)**	(57,289)	(10,969,599)
Realized loss on disposal of financial assets at FVPL	**–**	7,125,290	–
Gain on disposal of property and equipment	**(205,000)**	–	–
Unrealized foreign exchange loss (gain)	**(943,997)**	109,299	1,508,365
Operating income before working capital changes	**1,075,424,218**	1,000,359,612	845,103,050
Decrease (increase) in:			
Accounts receivable	**29,263,836**	(49,335,735)	(51,132,133)
Prepaid expenses and other current assets	**(46,622,050)**	(24,197,407)	4,317,854
Increase (decrease) in:			
Accounts payable and accrued expenses	**(2,660,174)**	139,288,845	272,372,643
Unearned tuition fees	**2,296,355**	1,046,501	(54,510,628)
Net pension asset and liability	**3,694,258**	(7,116,489)	(37,774,187)
Net cash generated from operations	**1,061,396,443**	1,060,045,327	978,376,599
Interest received	**10,796,344**	6,724,499	15,887,859
Interest paid	**(20,509,303)**	(18,444,009)	(21,098,643)
Income taxes paid	**(84,271,855)**	(88,951,646)	(74,120,311)
Net cash flows provided by operating activities	**967,411,629**	959,374,171	899,045,504
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of :			
Financial assets at FVPL	**–**	348,174,874	–
Property and equipment	**205,000**	–	–
Acquisitions of:			
Property and equipment (Notes 9 and 26)	**(489,373,582)**	(593,184,074)	(170,360,379)
Land (Notes 10 and 27)	**(437,234,520)**	–	(25,306,837)
Available-for-sale securities (Note 28)	**(6,002,549)**	–	–
Computer software (Note 12)	**(95,584)**	(462,429)	(4,440,671)
Financial assets at FVPL	**–**	–	(352,294,906)
Payments made on lease liability	**–**	–	(1,374,873)
Decrease (increase) in:			
Receivables from related parties	**1,003,473**	3,486,827	2,737,236
Other noncurrent assets	**(512,280)**	–	–
Net cash flows used in investing activities	**(932,010,042)**	(241,984,802)	(551,040,430)

(Forward)

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of long-term debt (Note 15)	**(₱327,500,000)**	(₱86,000,000)	(₱164,547,745)
Dividends paid to stockholders	**(259,054,087)**	(203,659,181)	(183,243,416)
Increase (decrease) in payables to related parties	**(7,212,004)**	(10,478,028)	1,811,734
Net cash flows used in financing activities	**(593,766,091)**	(300,137,209)	(345,979,427)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**943,997**	(109,299)	(1,508,365)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(557,420,507)**	417,142,861	517,282
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,156,486,981**	739,344,120	738,826,838
CASH AND CASH EQUIVALENTS AT END OF YEAR (Notes 6 and 28)	**₱599,066,474**	₱1,156,486,981	₱739,344,120

See accompanying Notes to Consolidated Financial Statements.

iPEOPLE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

iPeople, inc. (the Parent Company) is a stock corporation incorporated on July 27, 1989 under the laws of the Philippines and has two wholly-owned subsidiaries, namely: Pan Pacific Computer Center, Inc. (PPCCI),) and People eServe Corporation (PEC). Parent Company has also 93% ownership in Malayan Colleges, Inc. (MCI) Malayan Colleges Laguna, Inc. (MCLI), Malayan Colleges Mindanao, Inc. (MCMI), Malayan High School of Science, Inc. (MHSSI), Mapua Information Technology Center, Inc. (MITC), Mapua Techserv, Inc. (MTI), Mapua Techpower, Inc. (MTpI), and San Lorenzo Ruiz Institute of Health Science Inc. (SLRIHSI).

The Parent Company, a subsidiary of House of Investments, Inc. (HI), is a holding and management company with principal office at 3rd Floor, Grepalife Building, 219 Sen. Gil J. Puyat Avenue, Makati City. iPeople, inc. and its subsidiaries (collectively referred to as "the Group") are involved in education, consulting development and in installation and maintenance of information technology systems.

The Group's ultimate parent is Pan Malayan Management and Investment Corporation (PMMIC).

2. Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared under the historical cost basis, except for the land which is under revaluation model and available-for-sale financial assets which are measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. All values are rounded to the nearest peso unless otherwise indicated.

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS also includes Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The Parent Company also prepares and issues financial statements for the same period as the consolidated financial statements in compliance with PFRS, which can be obtained from the Parent Company's registered office address.

Basis of Consolidation and Investments in Subsidiaries
The consolidated financial statements comprise the financial statements of the Group as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015.

The consolidated financial statements are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intercompany balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intercompany transactions that are recognized in assets are eliminated in full.

Below are the Group's subsidiaries and percentage of ownership:

	Percentage of Ownership		
	2015	2014	2013
Malayan Colleges, Inc. (Operating Under the Name of Mapua Institute of Technology) and subsidiaries	**93%**	93%	93%
Direct ownership of MCI on its subsidiaries:			
Mapua Information Technology Center, Inc.	**100**	100	100
Mapua Techserv, Inc.	**100**	100	100
Mapua Techpower, Inc.	**75**	75	75
Malayan High School of Science, Inc.	**100**	100	100
San Lorenzo Ruiz Institute of Health Sciences, Inc.	**100**	100	100
Malayan Colleges Laguna Inc. led by a Mapua School of Engineering	**100**	100	100
Malayan Colleges Mindanao (A Mapua School), Inc.	**100**	–	–
People eServe Corporation	**100**	100	100
Pan Pacific Computer Center, Incorporated	**100**	100	100

On December 11, 2015, MCMI was incorporated under the Securities and Exchange Commission. MCI subscribed to 4,000,000 preferred shares and 624,993 common shares amounting ₱462.50 million resulting to 100% ownership.

All subsidiaries were incorporated in the Philippines. The functional currency of the subsidiaries is the Philippine Peso (₱).

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.

Noncontrolling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the Group's shareholders' equity. Transactions with noncontrolling interests are handled in the same way as transactions with external parties.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. All intragroup balances, transactions, unrealized gains and losses resulting from intragroup transactions and dividends are eliminated in full.

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

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended PFRS and Philippine Interpretations which became effective beginning January 1, 2015. Except as otherwise indicated, the adoption of amended PFRS and Philippine Interpretations did not have any effect on the consolidated financial statements of the Group.

- PAS 19*, Employee Benefits - Defined Benefit Plans: Employee Contributions*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments had no impact on the Group's consolidated financial statements.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) became effective for annual periods beginning on or after January 1, 2015 and had no material impact on the Group.

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

  - A performance condition must contain a service condition;
  - A performance target must be met while the counterparty is rendering service;
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
  - A performance condition may be a market or non-market condition; and
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This amendment does not apply to the Group as it has no share-based payments.

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

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:

  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  The amendments affect disclosures only and had no impact on the Group's consolidated financial position or performance.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment had no impact on the Group's consolidated financial position or performance.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments affect disclosures only and had no impact on the Group's consolidated financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) became effective for annual periods beginning on or after January 1, 2015 and had no material impact on the Group.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.

- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The amendment had no impact on the Group's consolidated financial position or performance.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39. The amendment had no significant impact on the Group's consolidated financial position or performance.

- PAS 40, *Investment Property*
The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment had no significant impact on the Group's consolidated financial position or performance.

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2015 and these will be adopted on their effectivity dates in accordance with the transition provisions. Except as otherwise stated, these amendments and improvements to PFRS and new standards are not expected to have any significant impact on the Group's consolidated financial statements.

Deferred

Philippine Interpretation IFRIC 15*, Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The Securities and Exchange Commission and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets* - *Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are

effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

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

- PAS 27, *Separate Financial Statements* - *Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016. The amendment will have no significant impact on the Group's consolidated financial position or performance.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

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

Annual Improvements to PFRSs (2012-2014 cycle)

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

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

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. The amendment will have no significant impact on the Group's consolidated financial position or performance.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment will have no significant impact on the Group's consolidated financial position or performance.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The amendment will have no significant impact on the Group's consolidated financial position or performance.

Effective January 1, 2018

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

The Group did not early adopt PFRS 9. The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The requirements on the hedge accounting will not have any impact in the Group's consolidated financial statements.

The following new standard issued by the IASB has not yet been adopted by the FRSC

IFRS 15*, Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 by the International Accounting Standards Board (IASB) and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The 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 International Accounting Standards Board (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 in 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 twelve (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 Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

4. Summary of Significant Accounting Policies

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or from dates of placement and that are subject to an insignificant risk of changes in value.

<u>Financial Instruments</u>
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, which is the date when the Group commits to purchase or sell the asset.

Initial recognition
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and liabilities at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities include transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale financial assets, and loans and receivables. The Group classifies its financial liabilities as financial liabilities at FVPL or other financial liabilities.

The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. The financial assets of the Group are of the nature of loans and receivable, available-for-sale financial assets and HTM financial assets, while its financial liabilities are of the nature of other financial liabilities. Management determines the classification at initial recognition and re-evaluates such designation, where allowed and appropriate, at every reporting date.

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

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction 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 consolidated 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; and
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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.

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

Financial assets at FVPL
This includes financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets at FVPL are recorded in the consolidated statement of financial position at fair value with unrealized mark-to-market gains and losses reported as part of the current year operations in the consolidated statement of comprehensive income. Interest earned or incurred is recorded as interest income or expense, respectively, while dividend income is recorded in the consolidated statement of comprehensive income according to the terms of the contract, or when the right of payment has been established. Derivatives, including separated embedded derivatives are also classified as FVPL unless they are designated as effective hedging instruments or a financial guarantee contract.

Financial assets may be designated at initial recognition as at FVPL if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis;
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

The Group's financial assets at FVPL amounted to ₱8.21 million and ₱8.02 million as of December 31, 2015 and 2014, respectively. This consists of peso-denominated investment in unit investment trust fund (UITF) in Rizal Commercial Banking Corporation (RCBC). The mark to market gain on these assets amounted to ₱0.18 million and ₱0.06 million in 2015 and 2014, respectively. In 2014, the Group disposed off a significant portion of its financial assets at FVPL realizing a loss amounting ₱7.13 million.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held-for-trading, designated as available-for-sale or as financial assets at FVPL. Receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, loans and receivables are subsequently measured at cost or at amortized cost using the effective interest method, less

allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization, if any, is included in profit or loss. The losses arising from impairment of receivables are recognized in profit or loss. These financial assets are included in current assets if maturity is within twelve (12) months from the financial reporting date. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Group's cash and cash equivalents, receivables and receivables from related parties which are carried at amortized cost.

HTM investments
HTM investments are quoted nonderivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. Where the Group sells or reclassifies other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified at fair values as available-for-sale financial assets. After initial measurement, HTM investments are measured at amortized cost using the effective interest method (EIR). Gains and losses are recognized in the consolidated statement of comprehensive income when the investments are derecognized or impaired, as well as through the amortization process.

The Group has no HTM investments as at December 31, 2015 and 2014.

Available-for-sale financial assets
Available-for-sale financial assets are nonderivative financial assets that are designated as such or do not qualify to be classified or designated as financial assets at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, available-for-sale financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of available-for-sale financial assets are excluded from reported earnings and are reported in OCI.

When the investment is disposed of, the cumulative gain or loss previously recognized in OCI is recognized as gain or loss on disposal in profit or loss. Where the Group holds more than one investment in the same security these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding available-for-sale financial assets are reported as interest income using the EIR. Dividends earned on holding available-for-sale financial assets are recognized in profit or loss as part of miscellaneous income when the right to receive payment has been established. The losses arising from impairment of such investments are recognized as provisions for impairment losses in profit or loss.

When the fair value of available-for-sale equity financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any impairment losses.

The Group's available-for-sale financial assets consist of investments in quoted common shares which amounted to ₱14.39 million and ₱16.99 million as at December 31, 2015 and 2014, respectively. The unrealized loss on available-for-sale as of 2015 and the unrealized gain on available-for-sale as of 2014 amounted to₱3.97 million and ₱4.63 million, respectively.

Derivative financial instruments
Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in the consolidated statement of comprehensive income.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at FVPL.

The Group has no derivative financial instruments as at December 31, 2015 and 2014.

Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Derivatives, including separated embedded derivatives, are also classified as FVPL, unless they are designated as effective hedging instruments.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

The Group has no financial liabilities at FVPL as at December 31, 2015 and 2014.

Other financial liabilities
Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the liabilities are derecognized (redemption is a form of derecognition), as well as through the amortization process. Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.`

Classified under this category are Group's accounts payable and accrued expenses, payables to related parties, dividends payable and long-term debt.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial asset
A financial asset (or, where applicable, a part of a group of financial assets) is derecognized where: (a) the rights to receive cash flows from the assets have expired; (b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or (c) the Group has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

Impairment of Financial Assets
The Group assesses at each financial reporting date whether a financial asset or group of financial assets is impaired.

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

Loans and receivables
For loans and receivables carried at amortized cost, the Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss on a financial asset carried at amortized cost (i.e., loans and receivables or HTM investments) has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the assets original EIR (excluding future credit losses that have not been incurred). If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset, together with the other assets that are not individually significant and were thus not individually assessed for impairment, is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as year-level of students.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Financial assets carried at amortized costs, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Available-for-sale financial assets carried at fair value
In case of equity investments classified as available-for-sale financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below their corresponding cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in OCI is removed from OCI and recognized in profit or loss. Reversals of impairment losses in respect of equity instruments classified as available-for-sale financial assets are not recognized in the profit or loss. Increases in fair value after impairment are recognized directly in OCI.

Available-for-sale financial assets carried at cost
If there is an objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Jointly Controlled Operations
A jointly controlled operation involves the use of the assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer uses its own property, plant and equipment and carries its own inventories. It also incurs its own expenses and liabilities and raises its own finance, which represent its own obligations.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. 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.

This accounting policy relates to the net payable to PTC amounting ₱13.05 million and ₱10.25 million as of December 31, 2015 and 2014, respectively, and included under “Accounts payable and accrued expenses” in the consolidated statements of financial position.

The memorandum of agreement of the joint operation has a provision to settle the amounts due from and due to on a net basis.

Business Combination and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business

combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

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.

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 is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling 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 as bargain purchase gain.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) 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 these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

For business combinations under common control an entity can choose to account for the combinations using the acquisition method or pooling of interest method.

Under the pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. No goodwill is recognized. The adjustments made, if any, are only to the extent to harmonize accounting policies within the Group.

However, where an entity selects the acquisition method of accounting, the transaction must have substance from the perspective of the reporting entity. When evaluating whether the transaction has substance, the following factors are considered:

(a) the purpose of the transaction;
(b) the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
(c) whether or not the transaction is conducted at fair values;
(d) the existing activities of the entities involved in the transactions;
(e) whether or not it is bringing entities together into a "reporting entity" that didn't exist before; and
(f) where a new company is established, whether it is undertaken as an integral part of an IPO or spin-off or other change in control and significant change in ownership.

Under acquisition method, the Group can either measure the consideration transferred at the acquisition-date fair value of the consideration actually given or elect to impute an additional equity contribution to recognise total consideration equivalent to the fair value of the business received. Whichever method is adopted should be applied consistently, and the entity should disclose its chosen accounting policy.

The goodwill recognized in the Group's consolidated statement of financial position pertains to the acquisition of MCI.

Inventories
Inventories are stated at the lower of cost and net realizable value (NRV). NRV is the selling price in the ordinary course of the business, less costs of completion, marketing and distribution. Cost is determined using specific identification method for computer equipment and weighted and simple average method for textbooks, printed materials and supplies intended for sale.

Prepaid Expenses and Other Current Assets
Prepaid expenses and other current assets pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group. This includes restricted funds invested in money market placements exclusively for use in Civic Welfare Training Service (CWTS), National Service Training Program (NSTP) and for financing

of scholars of certain private entities.

Creditable Withholding Tax
This pertains to the tax withheld at source by the Group's customers and lessees and is creditable against its income tax liability.

Value-Added Tax (VAT)
The input value-added tax pertains to the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services.

Output VAT pertains to the 12% tax due on the local sale of goods or services by the Group.

Property and Equipment
Property and equipment, except for land, is stated at cost, less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations 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.

When assets are retired or otherwise disposed of, the cost or revalued amount, and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as part of current operations.

Depreciation is computed using the straight-line method over the estimated useful lives (EUL) of the related assets as follows:

	Years
Buildings and improvements	10-20
Office furniture and equipment	5-10
Transportation equipment	5

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

Land is carried at its revalued amount. The appraised values used for revaluation were determined by an independent appraiser.

The initial cost of land consists of its purchase price and directly attributable costs of bringing the asset to its working condition and location for its intended use.

The appraisal increment (net of deferred tax) resulting from the revaluation is credited to the "revaluation increment on land" account under the equity section of the Group's consolidated statement of financial position and under the consolidated statement of changes in equity.

Construction in progress represents property under construction and is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are ready for their intended use.

Intangible Assets
The Group's intangible assets include goodwill and computer software as at December 31, 2015 and 2014.

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Impairment of Property and Equipment, Computer Software and Goodwill
For property and equipment and computer software, the Group assesses at each reporting date whether there is any indication that an item of property and equipment and computer software may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. A previously recognized impairment loss is reversed by a credit to current operations to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined had no impairment loss been recognized for the asset in prior years.
Impairment on goodwill is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

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

Equity

The Group records capital stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity shares. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. When any member of the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.

Retained earnings represent accumulated earnings less dividends declared and any adjustment arising from application of new accounting standards, policies or corrections of errors applied retroactively.

The Parent Company's retained earnings declarable as dividends amounted to ₱963.11 million and ₱889.21 million as at December 31, 2015 and 2014, respectively. Dividends distribution is approved by the BOD of the Parent Company.

The individual accumulated earnings of the subsidiaries are available for dividend declaration when these are declared as dividends by the respective subsidiaries as approved by their respective BOD.

Cost of Common Stock Held in Treasury

Own equity investments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale issue or cancellation of the Parent Company's own equity investments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

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, rebates, and other sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. When the Group is acting as a principal in an arrangement, revenue is recorded at gross. When the Group is acting as an agent, the revenue recorded is only the commission. Except for certain arrangements of People eServe, the Group has concluded that it is acting as principal in all of its arrangements.

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

Revenues from tuition and other fees
Revenues from tuition and other fees are recognized as income over the corresponding school term. Unearned revenues are shown as unearned tuition fees in the consolidated statement of financial position and will be recognized as revenues when the educational service has been fulfilled in the applicable school term.

Admission, examination and other fees
Admission, examination and other fees are recognized as income when examination has been granted by the school and related services have been provided to the students.

Sales of goods
Sales of goods are recognized as revenue upon delivery of the goods and when the risks and rewards of ownership have passed to the buyer.

Sale of services
Sales of services are recognized when services are rendered.

Bookstore income
Bookstore income is recognized when the risk and reward of ownership of the goods have passed to the buyer.

Rental income
Rental income is recognized as revenue on a straight-line basis over the lease term.

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

<u>Costs and Expenses</u>
The Group's costs and expenses constitute costs of operating and administering the business recognized in the consolidated statement of comprehensive income as incurred.

Cost of tuition and other fees
Cost of tuition and other fees constitute expenses directly related to the Group's school and related operations which include expenses for salaries and wages of teaching and academic support personnel, student welfare activities, advertising, and all other student-related costs and expenses. Cost of tuition and other fees are recognized as expense when school and related services have been provided to the students.

Cost of goods sold
Cost of goods sold includes all expenses associated with the specific sale of goods. Cost of goods sold include all materials and supplies used, direct labor, depreciation of production equipment, royalty, power and water and other expenses related to production. Such costs are recognized when the related sales have been recognized.

Cost of services
Cost of services includes all expenses associated with sale of services. Cost of services include all materials and supplies used, direct labor, depreciation of production equipment, power and water and other expenses related to services rendered. Such costs are recognized when the related services have been rendered.

General and Administrative Expenses
These expenses constitute costs of administering the business. General and administrative expenses, except for rent expense, are recognized as incurred. Rent expenses are recognized on a straight-line basis over the lease term.

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

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

Defined benefit costs comprise the following:

(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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 high quality corporate 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).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income 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 substantially enacted at the financial reporting date.

Deferred tax

Deferred tax is provided using the liability method on taxable temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose.

Deferred tax liabilities are recognized for all taxable temporary differences except: (a) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences and carryforward of unused MCIT and NOLCO can be utilized except; (a) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized directly in equity or other comprehensive income is included in the related equity or other comprehensive income account and not in profit or loss.

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

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

Interest and Financing Charges

Interest and financing charges is recognized as expense in the period in which it is incurred.

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

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

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for any of the scenarios above, and at the date of renewal or extension period for the second scenario.

Group as a lessee
Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the consolidated statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the EUL of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the leased term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Foreign Currency-denominated Transactions and Translation
Foreign currency-denominated transactions are recorded using the prevailing exchange rates at the time of transactions. Foreign currency-denominated monetary assets and liabilities are translated to Philippine Peso closing rate of exchange prevailing at the reporting date. Exchange gains or losses arising from foreign currency are charged to current operations.

Basic and Diluted Earnings Per Share (EPS)
Basic earnings per common share is computed based on weighted average number of issued and outstanding common shares, less treasury shares, after giving retroactive effect for any stock dividends. Diluted earnings per share, if applicable, is computed on the basis of the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares

into ordinary shares. There are no dilutive potential common shares that would require disclosure of diluted earnings per common share in the consolidated financial statements.

As of December 31, 2015 and 2014, the Group has no potential dilutive common shares (Note 24).

Segment Reporting
The Group's operating business are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 26 to the consolidated financial statements.

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

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These 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.

Events after the Financial Reporting Date
Post year-end events up to the date of the auditors' report that provide additional information about the Group's position at financial reporting date (adjusting event) are reflected in the consolidated financial statements. Any post year-end events that are not adjusting events are disclosed when material to the consolidated financial statements.

5. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

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

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue recognition
Management exercises judgment in determining whether the Group is acting as a principal or an agent. The Group is acting as a principal when it has exposure to the significant risks and rewards associated with the sale of services, otherwise it is acting as an agent. Except for certain arrangements of People eServe, the Group has assessed all its revenue arrangements and concluded that it is acting as a principal.

Allocation of costs and expenses
Management exercises judgment in determining the classification of costs and expenses as to whether cost of services or general and administrative expenses. In 2015, the Group identified the expenses directly related to the Group's school and related operations by floor area or manpower which include expenses for salaries and wages of teaching and academic support personnel, student welfare activities, advertising, and all other student-related costs and expenses.

Distinction between investment property and owner-occupied property
As discussed in Note 10, a significant portion of the land is being used by the Group as owner-occupied property wherein school buildings and other facilities are located. The portion leased out under an operating lease to a third party cannot be sold or leased under a finance lease separately from the rest of the property. Under PAS 16, the entire land account is considered as an owner-occupied property and is accounted for as part of property and equipment.

Operating lease commitments - Group as a lessor
The Group has entered into commercial property lease on the use of its building facilities. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

The Group leased commercial properties for its administrative office locations. The Group has determined that it does not acquire all the significant risks and rewards of ownership of these administrative office locations and therefore are accounted for as operating leases.

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

Estimates
The key assumptions concerning the future and other key sources of estimation 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.

Estimating allowance for impairment of receivables
The Group maintains allowances for impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. For education segment, the evaluation factors will include the number of days the receivable is outstanding, year level of students and

historical experience. For other segments, the evaluation of collectability considers the length of the Group's relationship with the customer, the customer's payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowances on a continuous basis.

The amount of timing and recording of expenses for any period would differ if the Group made different judgments or utilized different estimates.

Allowance for impairment of receivables amounted to ₱66.88 million and ₱61.94 million as of December 31, 2015 and 2014, respectively (Note 7). The carrying value of receivables as at December 31, 2015 and 2014 amounted to ₱148.70 million and ₱183.19 million, respectively (Note 7). The carrying value of receivables from related parties as at December 31, 2015 and 2014 amounted to ₱1.48 million and ₱2.49 million, respectively (Note 14).

Impairment of available-for-sale financial assets
The Group treats available-for-sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The Group treats 'significant' generally as 20% or more of the original cost of investment, and 'prolonged' as greater than twelve months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities. The Group's available-for-sale financial assets carried at fair value amounted to ₱14.39 million and ₱16.99 million as at December 31, 2015 and 2014, respectively (Note 28). The unrealized loss on available-for-sale financial assets as of 2015 and unrealized gain on available-for-sale financial assets as of 2014 and 2013 amounted to ₱3.97 million, ₱4.63 million and₱ 2.50 million, respectively (Note 28). As at December 31, 2015, 2014 and 2013 no impairment loss was recognized pertaining to the Group's available-for-sale financial assets.

Estimation of useful lives of property and equipment
The Group estimated the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of property and equipment would increase the recorded depreciation and amortization expense and decrease noncurrent assets.

As at December 31, 2015 and 2014, net book value of depreciable property and equipment amounted to ₱1,516.90 million and ₱1,202.27 million, respectively (Note 9).

Revaluation of property and equipment
The Group measures land at revalued amount with changes in fair value being recognized in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at December 31, 2015 and 2014. The key assumptions used to determine fair value is based on the latest records of sales and offerings of similar parcels of land with similar location, size, shape, characteristics of the lots and present and prospective use (Note 10).

Impairment of nonfinancial assets
The Group assesses impairment on its property and equipment, computer software and goodwill whenever events or changes in circumstances indicate that the carrying amount of a property and equipment and goodwill may not be recoverable.

Impairment of goodwill is assessed at least on an annual basis. The goodwill recognized in the consolidated statement of financial position pertains to the acquisition of MCI. In assessing the impairment on goodwill, the Group determines the recoverable amount using value in use which represents the present value of expected cash flows from the continuing operations of MCI which is in educational services. The value in use calculations used cash flow projections based on financial budgets approved by management covering a five-year period. The cash flow projections considered the impact of the Enhanced K+12 Basic Education Program on MCI's financial performance is effective in 2016. Cash flows beyond the five-year period are assumed to be without growth. There is no impairment loss recognized on goodwill in 2015, 2014 and 2013.

In 2015 and 2014, due to the continuing operating losses of MHSSI, this is a continuing indicator of impairment on the building of the school.

As of December 31, 2015 and 2014, the carrying value of goodwill amounted to ₱137.85 million (Note 11).

The carrying value of the Group's property and equipment and computer software amounted to ₱4,860.16 million; ₱3,746.67 million and ₱0.61 million; ₱4.07 million as at December 31, 2015 and 2014, respectively (Notes 9 and 12).

Estimation of pension obligations and other retirement benefits
The determination of the Group's pension liabilties is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rate, expected return on plan assets and salary increase rate which were disclosed in Note 23 and to which the cash flows are most sensitive to. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in assumptions may materially affect the retirement expense and accrued retirement obligation.

As at December 31, 2015 and 2014, the net pension liability amounted to ₱92.55 million and ₱58.32 million, respectively, (Note 23) while net pension asset amounted to ₱1.06 million and ₱0.73 million as of December 31, 2015 and 2014 (Note 23).

Deferred tax assets
The Group reviews the carrying amounts of deferred taxes at each financial reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Where there is no absolute assurance that each legal entity in the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized, deferred tax assets are not recognized.

Deferred tax assets recognized amounted to ₱12.41 million and ₱10.15 million as at December 31, 2015 and 2014, respectively (Note 21). The temporary differences on which deferred tax assets were not recognized amounted to ₱87.34 million and ₱90.13 million, respectively (Note 21).

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially

affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (Notes 13 and 29).

6. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash on hand	**₱933,839**	₱889,100
Cash in banks (Note 14)	**128,981,004**	173,122,676
Cash equivalents (Notes 14 and 28)	**469,151,631**	982,475,205
	₱599,066,474	₱1,156,486,981

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents have terms with varying periods of up to three (3) months and can be liquidated depending on the immediate cash requirements of the Group. These assets earn interest at the prevailing short-term investment rates.

Interest income from cash in banks and short-term investments amounted to ₱10.88 million, ₱6.94 million and ₱14.26 million in 2015, 2014 and 2013, respectively (Note 20).

There is no restriction on the Group's cash balances as at December 31, 2015 and 2014.

7. Receivables

This account consists of:

	2015	2014
Tuition and other fees	**₱131,209,998**	₱144,735,135
Other receivables		
Trade	**54,831,837**	65,905,314
Advances to officers and employees	**10,135,215**	10,354,357
Others	**19,402,881**	24,133,132
	215,579,931	245,127,938
Less allowance for doubtful accounts	**(66,882,039)**	(61,939,813)
	₱148,697,892	₱183,188,125

Tuition and other fees pertain to matriculation and miscellaneous fees which are collected at end of every school term before the students can proceed to the next term.

Trade receivables represent amounts arising from the sale of computer equipment and computer services.

Trade receivables are noninterest-bearing and are generally on thirty (30) to sixty (60) days term and are not used as collaterals to secure obligations.

Advances to officers and employees represent receivables for the employees' share in car plan agreements. Interest income from advances to officers and employees amounted to ₱0.05 million, ₱0.06 million and ₱1.15 million in 2015, 2014 and 2013, respectively (Note 20).

Advances to officers and employees are interest bearing and liquidated on a monthly basis.

Other receivables include rent receivable, interest receivable, receivable from trainings and technology-oriented programs and those that are not directly related to students' fees. Expenses relating to on-board training of students are paid in advance and may be paid by students anytime even after their graduation.

Other receivables are noninterest-bearing and are generally collectible within one (1) year.

The changes in individually and collectively assessed allowance for doubtful accounts as at December 31 follow:

	2015			
	Tuition and other fees	**Advances to officers and employees**	**Others**	**Total**
Balances at beginning of year	**₱49,180,963**	**₱5,754,719**	**₱7,004,131**	**₱61,939,813**
Provisions for the year (Note 19)	**5,355,917**	**–**	**–**	**5,355,917**
Write-off	**–**	**(413,691)**	**–**	**(413,691)**
Balances at end of year	**₱54,536,880**	**₱5,341,028**	**₱7,004,131**	**₱66,882,039**
Gross receivables*	**₱131,209,998**	**₱10,135,215**	**₱7,004,131**	**₱215,579,931**

** Gross amount of receivables individually and collectively determined to be impaired, before deducting any assessed impairment allowance*

	2014			
	Tuition and other fees	Advances to officers and employees	Others	Total
Balance at beginning of year	₱43,681,678	₱5,754,719	₱3,541,720	₱52,978,117
Provisions for the year (Note 19)	5,499,285	–	3,462,411	8,961,696
Balance at end of year	₱49,180,963	₱5,754,719	₱7,004,131	₱61,939,813
Gross receivables*	₱144,735,135	₱10,354,357	₱7,004,131	₱245,127,938

** Gross amount of receivables individually and collectively determined to be impaired, before deducting any assessed impairment allowance*

Provisions for impairment of receivables are determined based on specific and collective assessments.

8. Prepaid Expenses and Other Current Assets

	2015	2014
Restricted funds	**₱41,808,757**	₱14,294,289
Input Value-Added Tax (VAT)	**31,073,264**	22,556,140
Prepaid expenses	**26,738,777**	25,443,934
Creditable withholding tax	**7,056,876**	223,776
Refundable deposits	**1,600,557**	1,264,202
Office supplies	**791,572**	823,214
Others	**3,564,762**	3,241,341
	₱112,634,565	₱67,846,896

Restricted funds pertain to funds invested in money market placements exclusively for use in CWTS, NSTP, for financing of scholars of certain private entities and for the purpose of undertaking socio-economic studies and development projects.

The input VAT is applied against output VAT. The remaining balance is recoverable in future periods.

Prepaid expenses mainly include prepayments for membership fees, taxes and licenses, rentals and insurance.

Creditable withholding tax refers to taxes paid in advance by the Group which is creditable against the income tax liability of the Group.

Refundable deposits consist of rental deposits which are to be refunded at the end of the lease term.

Others relate to books inventory and other supplies.

9. Property and Equipment

The rollforward analysis of this account follows:

	2015				
	Buildings and Improvements	**Office Furniture and Equipment**	**Transportation Equipment**	**Construction In Progress**	**Total**
Cost					
Balance at beginning of year	**₱1,123,307,692**	**₱1,013,530,763**	**₱22,941,698**	**₱411,326,360**	**₱2,571,106,513**
Acquisitions	**234,813,342**	**103,962,815**	**5,946,014**	**144,651,411**	**489,373,582**
Disposals	**–**	**(1,220,000)**	**(4,198,630)**	**–**	**(5,418,630)**
Reclassifications and adjustments	**509,227,634**	**26,184,626**	**–**	**(537,943,646)**	**(2,531,386)**
Balance at end of year	**1,867,348,668**	**1,142,458,204**	**24,689,082**	**18,034,125**	**3,052,530,079**
Accumulated depreciation, amortization and impairment loss					
Balance at beginning of year	**645,331,401**	**709,004,656**	**14,499,978**	**–**	**1,368,836,035**
Depreciation (Notes 18 and 19)	**65,597,821**	**103,212,509**	**3,400,361**	**–**	**172,210,691**
Disposals	**–**	**(1,220,000)**	**(4,198,630)**	**–**	**(5,418,630)**
Balance at end of year	**710,929,222**	**810,997,165**	**13,701,709**	**–**	**1,535,628,096**
Net book value	**1,156,419,446**	**331,461,039**	**10,987,373**	**18,034,125**	**1,516,901,983**
Land at revalued amounts (Note 10)	**–**	**–**	**–**	**–**	**3,343,259,058**
Total	**₱1,156,419,446**	**₱331,461,039**	**₱10,987,373**	**₱18,034,125**	**₱4,860,161,041**

	2014				
	Buildings and Improvements	Office Furniture and Equipment	Transportation Equipment	Construction In Progress	Total
Cost					
Balance at beginning of year	₱1,064,570,459	₱846,923,858	₱21,166,829	₱45,261,293	₱1,977,922,439
Acquisitions	14,629,484	166,606,905	1,774,869	410,172,816	593,184,074
Reclassifications and adjustments	44,107,749	–	–	(44,107,749)	–
Balance at end of year	1,123,307,692	1,013,530,763	22,941,698	411,326,360	2,571,106,513
Accumulated depreciation, amortization and impairment loss					
Balance at beginning of year	603,749,894	615,160,466	12,004,965	–	1,230,915,325
Depreciation (Notes 18 and 19)	41,581,507	93,844,190	2,495,013	–	137,920,710
Balance at end of year	645,331,401	709,004,656	14,499,978	–	1,368,836,035
Net book value	477,976,291	304,526,107	8,441,720	411,326,360	1,202,270,478
Land at revalued amounts (Note 10)	–	–	–	–	2,544,397,819
Total	₱477,976,291	₱304,526,107	₱8,441,720	₱411,326,360	₱3,746,668,297

In 2013, the Group entered into a contract with EEI Corporation for the construction of new school facilities in a bid to attract more students. This construction has two major phases. The first phase is the renovation and update of the existing gym amounting ₱44.11 million which was completed in 2014.

The second phase is the construction of the new Research and Administration facility amounting ₱238.74 million. This started in May 2014 and was inaugurated in February 2015.

On July 8, 2014, the Group also started the construction of the new engineering building in Laguna amounting ₱171.88 million which was completed in June 2015. The building was equipped with state-of-the-art facilities and interactive learning environment to aid the students in their advanced engineering studies.

In 2015, the Research and Administration facilities and the new engineering building were transferred from construction in progress account to buildings and improvements account. Construction in progress amounting ₱18.03 million as of December 31, 2015 pertains to ongoing renovation of old libraries and buildings.

As of December 31, 2015, 2014 and 2013, depreciation and amortization amounting ₱154.39 million, ₱120.16 million and ₱95.65 million are included under cost of tuition and other fees (Note 18). While depreciation and amortization charged to general and administrative expenses amounted to ₱17.82 million, ₱17.76 million and ₱50.89 million in 2015, 2014 and 2013, respectively (Note 19).

Reclassification amounting ₱2.53 million pertains to tools and library books transferred to cost of tuition and other fees (Note 18).

Fully depreciated property and equipment items amounting ₱631.57 million and ₱582.77 million as of December 31, 2015 and 2014, respectively, are still in use.

Property and equipment pledged as security to obligations amounted to ₱2,220.37 million and ₱2,016.96 million as of December 31, 2015 and 2014, respectively (Note 15).

10. Land at Revalued Amounts

This account consists of:

	2015	2014
Balance at beginning of year	**₱2,544,397,819**	₱2,444,685,837
Acquisition	**425,500,000**	–
Capitalizable costs	**11,734,520**	983,380
Appraisal increase	**361,626,719**	98,728,602
Balance at end of year	**₱3,343,259,058**	₱2,544,397,819

Land at revalued amounts consists of owner-occupied property wherein school buildings and other facilities are located.

Land at cost amounted to ₱1,868.92 million and ₱1,431.68 million as at December 31, 2015 and 2014, respectively.

Capitalizable costs include taxes paid for purchase of land.

The land was last appraised in January 2016 by an independent firm of appraisers, Vitale Valuation Services, Inc.

The valuation was derived through the market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject properties adjusted based on certain elements of comparison (e.g. market conditions, location and physical condition).

Significant increases (decreases) in estimated price per square meter would result in a significantly higher (lower) fair value of the land.

The land was valued in terms of their highest and best use which is categorized under Level 3 of the fair value hierarchy. There was no transfer between levels of fair value measurement in 2015 and 2014.

Description of the valuation techniques used and key inputs to valuation of land follow:

Location	Valuation Techniques	Unobservable Inputs Used	Range (Weighted Average) 2015	2014
Chino Roces Avenue (Pasong Tamo Extension), Makati City	Market Data Approach	Price per square meter	**₱190,000 to ₱280,000 (₱232,000)**	₱118,500 to ₱480,000 (₱275,700)
Muralla Street, Intramuros, Manila	Market Data Approach	Price per square meter	**₱45,000 to ₱84,804 (₱59,115)**	₱45,000 to ₱65,000 (₱54,000)
Paz Mendoza Guazon, Pandacan, Manila	Market Data Approach	Price per square meter	**₱35,000 to ₱85,500 (₱48,200)**	₱25,000 to ₱75,000 (₱47,600)
Barangay Pulo, City of Cabuyao, Laguna	Market Data Approach	Price per square meter	**₱10,000 to ₱16,000 (₱10,600)**	₱3,500 to ₱12,000 (₱6,480)

11. Goodwill

The goodwill recognized in the consolidated statement of financial position pertains to the excess of the acquisition cost over the fair values of the net assets of MCI acquired by iPeople in 1999. The Group performed its annual impairment test on its goodwill as of December 31, 2015. The recoverable amount of goodwill was determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The cash flow projections considered the impact of the Enhanced K+12 Basic Education Program on MCI's financial performance effective in 2016. Cash flows beyond the five-year period are assumed to be without growth. There is no impairment loss recognized on goodwill in 2015, 2014 and 2013.

12. **Other Noncurrent Assets**

This account consists of:

	2015	2014
Computer software	**₱610,162**	₱4,065,556
Miscellaneous deposits	**898,360**	386,080
	₱1,508,522	₱4,451,636

Computer software is amortized over a period of three years. No impairment was recognized for computer software.

The rollforward analysis of computer software follows:

	2015	2014
Cost		
Balance at the beginning of the year	**₱29,837,359**	₱29,374,930
Additions	**95,584**	462,429
Balance at the end of the year	**29,932,943**	29,837,359
Accumulated Amortization		
Balance at the beginning of the year	**25,771,803**	20,281,922
Amortization (Notes 18 and 19)	**3,550,978**	5,489,881
Balance at the end of the year	**29,322,781**	25,771,803
Net Book Value	**₱610,162**	₱4,065,556

Amortization charged to cost of tuition and other fees amounted to ₱0.83 million, ₱1.16 million and ₱1.14 million in 2015, 2014 and 2013, respectively (Note 18). Amortization charged to general and administrative expenses amounted to ₱2.72 million, ₱4.33 million and ₱4.28 million in 2015, 2014 and 2013, respectively (Note 19).

13. **Accounts Payable and Accrued Expenses**

This account consists of:

	2015	2014
Accounts payable	**₱260,251,788**	₱276,787,116
Accrued expenses	**236,481,594**	217,056,760
Funds payable	**72,705,278**	80,588,606
Payable to PTC	**13,052,017**	10,250,715
Other payables	**2,167,455**	4,066,327
	₱584,658,132	₱588,749,524

Accounts payable pertains to the Group’s obligation to local suppliers. The liability arises from purchases of various supplies which include construction costs in relation to the ongoing redevelopment plan of MCI which started in 2013.

Accrued expenses consist of:

	2015	2014
Contingent liability (Note 29)	**₱144,835,772**	₱144,835,772
Output VAT payable	**28,811,562**	21,027,353
Accrued professional fees	**9,231,611**	15,730,590
Payable to suppliers	**8,717,721**	4,817,926
Accrued salaries and wages	**8,574,477**	4,218,239
Withholding taxes and others	**8,317,680**	9,392,303
Accreditation cost	**5,438,799**	2,445,106
Accrued utilities	**5,392,652**	2,373,995
Insurance	**4,097,344**	1,921,782
SSS and other contributions	**3,228,999**	2,553,806
Accrued communication expense	**2,412,054**	1,791,626
Accrued interest	**1,008,602**	2,439,820
Others	**6,414,321**	3,508,442
	₱236,481,594	₱217,056,760

Accrued expenses pertaining to the Group's accrual associated with MCI's Faculty Association of Mapua Institute of Technology (FAMIT) reranking case is included in contingent liability. This case involves the faculty ranking and evaluation that was part of the 2001 Collective Bargaining Agreement negotiations with the FAMIT. The Supreme Court reversed an earlier Court of Appeals decision in favor of management. An entry of judgment dated March 13, 2008 was made in the Supreme Court Book of Entries of Judgments, making the decision final and executory. A Memorandum of Agreement was entered into by management with FAMIT before the Voluntary Arbitrators wherein the parties agreed to continue the process of faculty ranking. The evaluation process was completed in December 2008.

On January 22, 2009, MCI and FAMIT entered into a Compromise Agreement regarding the payment of the amounts due to the permanent faculty members of MCI in relation to the faculty reranking case.

As at December 31, 2015 and 2014 total accumulated payments to faculty members amounted to ₱228.92 million. Payments made in 2015 and 2014 amounted to nil and ₱0.07 million, respectively. Related accrual as at December 31, 2015 and 2014 amounted to ₱65.95 million.

Other accruals pertain to contracted services and management fees.

Funds payable include funds received by the Group from Department of Science and Technology (DOST), Commission on Higher Education (CHED) and private entities for the scholarships programs to be provided to the students.

Payable to PTC

On January 22, 2008, the Group entered into a memorandum of agreement with Philippine Transmarine Carriers, Inc. (PTC) to jointly establish the Mapua-PTC Center for Maritime Education and Training (CMET).

The parties agree that the operation and management of Mapua-PTC CMET shall be under the auspices of the Group and that the parties shall execute both an Operations and Management Agreement to operate the educational activities and general administrative functions of the Mapua-PTC CMET. The agreement was accounted for as jointly controlled operations.

The Group shall be responsible for establishing academic, faculty, student and academic services policies and the enforcement thereof, as well as provide overall administrative control and supervision of all school personnel, faculty and engaged service providers.

All properties acquired under the project shall be equally owned by the PTC and the Group unless otherwise borrowed or leased by the Group for the Mapua-PTC CMET or donated with preconditions imposed by third parties on Mapua-PTC CMET.

All net income or losses which results from the operation of the Mapua-PTC CMET shall be shared and distributed equally on a 50%-50% basis between the Group and PTC.

In 2015, the parties agreed that the above agreement shall continue for the next 5 years unless earlier terminated by either party evidenced by the Memorandum of Agreement executed on September 16, 2015.

As at December 31, 2015 and 2014, payable to PTC amounted to ₱13.05 million and ₱10.25 million, respectively, for its share in the income of tuition and other matriculation fees of students of the Malayan-PTC CMET. The outstanding balance of ₱13.05 million and ₱10.25 million as of 2015 and 2014, respectively.

Other payables pertain to due to bookstore, unearned seminar fees, unearned interest income, deferred credits and liabilities other than those owed to suppliers and contractors and those arising from ordinary accruals.

Accounts payable, accrued expenses and other payables are noninterest-bearing and are expected to be settled within a year after the financial reporting date. Funds payables are noninterest-bearing and are expected to be settled upon payout related to the scholarship programs.

14. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influences. Related parties may be individuals or corporate entities.

Transactions with related parties consist primarily of receivables and payables which are currently due and collectible. Amounts payables to and receivables from related parties consist mainly of unsecured advances to and from other parties arising from computer-related services which are to be settled on a cash basis. Outstanding balances are expected to be realized and settled within one year from the financial reporting date.

	2015			
	Amount / Volume	**Receivables from (Payables to)**	**Terms**	**Conditions**
Parent Company				
a.) Payable to Parent Company	**₱–**	**(₱6,567,220)**	**Noninterest-bearing, due and demandable**	**Unsecured**
Management fee and other professional fees	**49,297,255**	**–**		
Advances from Parent Company	**12,000,000**	**–**	**Interest at 1.75% per annum**	**Unsecured**
Interest expense	**35,000**	**–**	**–**	**–**
Entities under common control of HI				
c) Receivables from related parties	**–**	**907,166**	**Noninterest-bearing, due and demandable**	**Unsecured, no impairment**
Rental income	**2,447,168**	**–**	**–**	
d) Payables to related parties	**–**	**(7,415,182)**	**Noninterest-bearing, due and demandable**	**Unsecured**
Contracted services	**35,693,003**	**–**	**–**	
Entities under common control of PMMIC				
e) Cash and cash equivalents	**598,132,635**	**598,132,635**	**Interest at prevailing deposit and short-term rates**	**Unsecured, no impairment**
Interest income	**10,875,225**	**–**	**–**	**–**
f) Receivables from related parties	**–**	**575,266**	**Noninterest-bearing, due and demandable**	**Unsecured, no impairment**
Rental income	**25,365,178**	**–**	**–**	**–**
g) Payables to related parties	**–**	**(3,696)**	**Noninterest-bearing, due and demandable**	**Unsecured**
Insurance expense	**5,990,908**	**–**	**–**	**–**
h) Long-term debt		**(188,500,000)**	**10-year, interest at 3-mo. PDST-F plus spread per quarter**	**Secured**
Interest expense	**19,043,085**	**–**	**–**	**–**

	2014			
	Amount / Volume	Receivables from (Payables to)	Terms	Conditions
Parent Company				
a) Payables to related parties	₱–	(₱5,287,933)	Noninterest-bearing, due and demandable	Unsecured
Management fee and other professional fees	45,879,047	–	–	–
b) Receivables from related parties	–	319,454	Noninterest-bearing, due and demandable	Unsecured
Rental income	2,759,583	–		
Entities under common control of HI				
c) Receivables from related parties	–	449,077	Noninterest-bearing, due and demandable	Unsecured, no impairment
Rental income	2,482,168	–	–	
d) Payables to related parties	–	(15,898,172)	Noninterest-bearing, due and demandable	Unsecured
Contracted services	151,849,600	–	–	
Entities under common control of PMMIC				
e) Cash and cash equivalents	1,155,597,881	1,155,597,881	Interest at prevailing deposit and short-term rates	Unsecured, no impairment
Interest income	6,943,136	–	–	–
f) Receivables from related parties	–	1,717,374	Noninterest-bearing, due and demandable	Unsecured, no impairment
Rental income	24,425,101	–	–	–
g) Payables to related parties	–	(11,997)	Noninterest-bearing, due and demandable	Unsecured
Insurance expense	4,767,620	–	–	–
Advances from related parties	1,000,000	–	Interest at 4.40% per annum	Unsecured
Interest expense	17,707	–	–	–
h) Long-term debt	–	(516,000,000)	10-year, interest at 3-mo. PDST-F plus spread per quarter	Secured
Interest expense	19,533,116	–	–	–

The Group's significant transactions with related parties follow. Outstanding balances are expected to be settled in cash. As at December 31, 2015 and 2014, there were no provisions for doubtful receivables pertaining to related party balances.

a) *Payable to Parent Company*
This account pertains to management and other professional fees charged by the Parent Company for administering the subsidiaries operations. These are non-interest bearing and are payable on demand.

Total management fee and other professional fees recognized amounted to ₱49.30 million, ₱45.88 million and ₱67.13 million in 2015, 2014 and 2013, respectively (Notes 18 and 19)

Advances from Parent Company
In 2015, the Group availed a 2-month loan from the Parent Company. The loan was fully paid in February 28, 2015.

Interest expense recognized amounted to ₱35,000 (Note 20).

b) *Receivables from Parent Company*
This account pertains to charges on the relocation of Oracle infrastructure. These are non-interest bearing and are payable on demand.

Rental income recognized amounted to nil, ₱2.76 million and nil in 2015, 2014 and 2013, respectively.

c) *Receivables from entities under common control of HI*
Receivables from entities under common control of HI arise from HI's subsidiaries' lease of the Group's canteen kiosks in its Makati and Intramuros properties. The term of the lease is for one year and renewable with uniform rental payments.

Rental income recognized amounted to ₱2.45 million, ₱2.48 million and ₱2.13 million in 2015, 2014 and 2013, respectively.

d) *Payable to entities under common control of HI*
Payables to entities under common control of HI pertain to property management and janitorial and security services.

Contracted services recognized amounted to ₱35.69 million, ₱151.85 million and ₱69.74 million in 2015, 2014 and 2013, respectively (Notes 18 and 19).

e) *Cash and cash equivalents*
The Group maintains cash in banks and short-term investments with its affiliated bank. Cash in banks and cash equivalents earn interest at prevailing deposit and short-term investments rates, respectively.

Interest income earned amounted to ₱10.88 million, ₱6.94 million and ₱14.26 million in 2015, 2014 and 2013, respectively (Note 20).

f) *Receivables from entities under common control of PMMIC*
Due from entities under common control of PMMIC arises from RCBC's rental of the Group's office spaces in its Makati property. The term of the lease is for three years and future minimum rental payments receivable under the aforementioned lease agreement follows:

	2015	2014
Within one (1) year	**₱407,039**	₱13,485,674
More than 1 year but not more than 5 years	**208,483**	67,428,372
	₱615,522	₱80,914,046

In 2015, RCBC preterminated a portion of lease on the Group's office space and parking spaces effective December 31, 2015.

Rental income earned amounted to ₱25.37 million, ₱24.43 million and ₱23.28 million in 2015, 2014 and 2013, respectively.

g) *Payables to entities under common control of PMMIC*
The Group maintains property and personnel insurance with its affiliated insurance company, Malayan Insurance Company, Inc. (MICO). Insurance contract coverage pertains to the Group's fire, accident, group and other insurance policies. Insurance contracts with related parties amounted to ₱4,105.75 million, ₱2,584.05 million and ₱1,242.35 million in 2015, 2014 and 2013, respectively.

Advances from entities under common control of PMMIC
In 2014, the Group availed a short-term loan from its affiliated Comp. The loan was fully paid as of December 31, 2014.

Interest expense recognized amounted to ₱17,707 (Note 20).

h) *Long-term debt*
This pertains to the Group's ₱860.00 million long-term loan to refinance its previous loans with RCBC collateralized by the Group's Makati and Manila properties. In 2015, the Group made payments amounting ₱241.50 million which effectively shortened the term of the loan. The new maturity date of the loan is May 22, 2018. Total payments made in relation to the principal amount are ₱327.50 million and ₱86.00 million in 2015 and 2014, respectively.

Interest expense recognized amounted to ₱19.04 million, ₱19.53 million and ₱19.95 million in 2015, 2014 and 2013, respectively (Note 20).

Other related party transactions follow:

a) The Group maintains its retirement fund with RCBC trust division. As at December 31, 2015 and 2014, the fair value of the plan assets of the retirement fund amounted to ₱147.96 million and ₱149.58 million, respectively. Trust fees amounting to ₱0.75 million and ₱0.60 million were recognized by the retirement plan arising from its transactions with RCBC for the years ended December 31, 2015 and 2014, respectively.

b) Compensation of key management personnel of the Group
The remuneration of directors and other members of key management are as follows:

	2015	2014	2013
Short -term benefits	**₱49,174,724**	₱53,535,840	₱61,116,869
Post-employment benefits	**1,194,674**	1,292,443	5,191,729
	₱50,369,398	₱54,828,283	₱66,308,598

Terms and conditions of transaction with related parties
Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. Except for the existing loan with RCBC which is subject to floating rate equivalent to 3-month PDST-F plus a per annum spread of 1.75% and is collateralized by land properties in Manila and Makati with a carrying value of ₱2,220.37 million and ₱2,016.96 million in 2015 and 2014, respectively (Note 9). For the years ended December 31, 2015 and 2014, the Group has not recorded any impairment losses on receivables relating to amounts owed by related parties. This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

15. **Long-term Debt**

This account consists of:

	2015	2014
Loans from financial institutions	**₱188,500,000**	₱516,000,000
Less current portion of long-term debt	**86,000,000**	86,000,000
	₱102,500,000	₱430,000,000

A. Loans from financial institutions
These include loans obtained from local banks. Details as at December 31 follow:

	2015	2014
Peso-denominated syndicated bank loan payable after 7.5 years starting November 2010 without grace period on principal payment, subject to floating rate equal to the 3-month Philippine Dealing System Treasury Reference Rates-Fixing (PDST-F) plus a per annum spread of 1.75% payable in accelerating amounts up to May 22, 2018 in 2015 and November 22, 2020 in 2014	**₱188,500,000**	₱516,000,000
Less current portion of long-term debt	**86,000,000**	86,000,000
	₱102,500,000	₱430,000,000

The Group acquired a loan from RCBC amounting ₱860.00 million on November 22, 2010, payable within ten years.

This loan is backed up by land properties in Manila and Makati owned by the Group. The unpaid principal amount is subject to floating rate equivalent to 3-month PDST-F plus a per annum spread of 1.75%. The carrying value of the collateral amounted to ₱2,220.37 million and ₱2,016.96 million in 2015 and 2014, respectively (Note 9). Interest expense charged to operations in 2015, 2014 and 2013 amounted to ₱19.04 million, ₱19.53 million and ₱19.95 million, respectively (Note 20).

In 2015, the Group made payments amounting ₱241.50 million which effectively shortened the term of the loan. The new maturity date of the loan is May 22, 2018.

The loan requires the Group to maintain debt-to equity ratio below 2.5:1 and current ratio not less than 1:1. In 2015 and 2014, the Group had complied with the loan covenants (Note 16).

16. **Equity**

Capital Stock

Capital stock consists of 2,000,000,000 authorized and 748,932,949 issued and outstanding common shares as at December 31, 2015 and 2014 with a par value of ₱1 per share.

On September 15, 1989, SEC approved the registration of the Group's entire authorized capital stock with a Certificate of Permit to Sell Securities authorizing the sale of 25 billion shares worth ₱250 million. The Group's capital stock was listed in both Manila and Makati Stock Exchanges on January 24, 1990. Actual number of shares initially listed is 15 billion at an offer price of ₱0.01 per share.

Below is the summary of the Group's outstanding number of shares and holders of securities as of December 31, 2015:

Year	Number of Shares Registered	Number of holders of securities as of year end
January 1, 2014	748,932,949	2,115
Add (deduct) movement	–	(45)
December 31, 2014	748,932,949	2,070
Add (deduct) movement	–	(13)
December 31, 2015	748,932,949	2,057

Note: Exclusive of 272 treasury shares.

Retained Earnings

In accordance with SRC Rule No. 68, As Amended (2011), Annex 68-C, after reconciling items, the Group's retained earnings available for dividend declaration as of December 31, 2015 amounted to ₱963.11 million.

The retained earnings account includes the accumulated equity in undistributed earnings of consolidated subsidiaries amounting ₱2,374.49 million and ₱1,877.50 million as of December 31, 2015 and 2014, respectively. These are not available for dividends until declared by the subsidiaries.

The Group's retained earnings is restricted for dividends declaration to the extent of the cost of treasury stock amounting ₱209.

Cash Dividends

The BOD declared cash dividends as follows:

	2015	2014	2013
November 26, 2015, 6% cash dividends (₱0.06 per share) to stockholders of record as of December 23, 2015 payable on or before January 20, 2016	**₱44,935,993**	₱–	₱–
September 17, 2015, 6% cash dividends (₱0.06 per share) to stockholders of record as of October 15, 2015 paid on November 5, 2015	**44,935,993**	–	–
July 1, 2015, 6% cash dividends (₱0.06 per share) to stockholders of record as of July 29, 2015 paid on August 20, 2015	**44,935,993**	–	–
March 23, 2015, 6% cash dividends (₱0.06 per share) to stockholders of record as of April 20, 2015 paid May 8, 2015	**44,935,993**	–	–
November 21, 2014, 8% cash dividends (₱0.08 per share) to stockholders of record as of December 19, 2014, paid on January 21, 2015	–	59,914,661	–
November 21, 2014, 6% cash dividends (₱0.06 per share) to stockholders of record as of December 19, 2014, paid on January 21, 2015	–	44,935,993	–
September 18, 2014, 6% cash dividends (₱0.06 per share) to stockholders of record as of October 16, 2014, paid on November 6, 2014	–	44,935,993	–
July 3, 2014, 6% cash dividends (₱0.06 per share) to stockholders of record as of July 31, 2014, paid on August 22, 2014	–	44,935,993	–
March 24, 2014, 6% cash dividends (₱0.06 per share) to stockholders of record as of April 21, 2014, paid on May 15, 2014	–	44,935,993	–
November 22, 2013, 6% cash dividends (₱0.06 per share) to stockholders of record as of December 20, 2013, paid on January 17, 2014	–	–	44,935,993
September 12, 2013, 6% cash dividends (₱0.06 per share) to stockholders of record as of October 10, 2013, paid on November 5, 2013	–	–	44,935,993
June 28, 2013, 6% cash dividends (₱0.06 per share) to stockholders of record as of July 26, 2013, paid on August 16, 2013	–	–	44,935,993
March 19, 2013, 6% cash dividends (₱0.06 per share) to stockholders of record as of April 16, 2013, paid on May 10, 2013	–	–	44,935,993
	₱179,743,972	₱239,658,633	₱179,743,972

Treasury Stock
As of December 31, 2015, there are 272 treasury shares amounting ₱209. The retained earnings is restricted to dividend declaration to the extent of the amount of ₱209 representing cost of treasury shares.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group considers its equity attributable to equity holders of the Parent Company as Capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2015 and 2014.

As at December 31, 2015 and 2014, the Group is not subject to externally imposed capital requirements other than the monitoring of the Group's debt to equity ratio and current ratio as a result of the availment of long-term debt with RCBC. Debt to equity ratio should not exceed 2.5:1 and current ratio should not be less than 1:1.

The Group monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity. The Group's policy is to keep the debt to equity ratio not to exceed 2:1.

	2015	2014
Current Liabilities		
Accounts payable and accrued expenses	**₱584,658,132**	₱588,749,524
Payables to related parties	**13,986,098**	21,198,102
Income tax payable	**24,108,059**	19,894,538
Unearned tuition fees	**12,453,843**	10,157,488
Dividends payable	**64,414,232**	123,813,181
Current portion of long-term debt	**86,000,000**	86,000,000
Total current liabilities	**785,620,364**	849,812,833
Noncurrent liabilities		
Pension liability - net	**92,547,626**	58,324,960
Long-term debt - net of current portion	**102,500,000**	430,000,000
Deferred tax liabilities - net	**117,412,887**	83,682,319
Total noncurrent liabilities	**312,460,513**	572,007,279
Total liabilities	**₱1,098,080,877**	₱1,421,820,112
Equity		
Capital stock	**748,933,221**	748,933,221
Additional paid-in capital	**1,438,827**	1,438,827
Unrealized gain on available-for-sale financial assets	**(3,972,571)**	4,633,824
Revaluation increment on land - net	**751,444,924**	448,763,360
Remeasurement losses on defined benefit plan	**6,331,596**	36,051,315

(Forward)

	2015	2014
Retained earnings	**₱2,994,028,061**	₱2,432,843,210
Treasury stock	**(209)**	(209)
Equity attributable to equity holders of the Parent Company	**₱4,498,203,849**	₱3,672,663,548
Debt-to-equity ratio	**0.24:1.00**	0.39:1.00

17. **Revenue from Tuition and Other Fees and Sale of Services**

This account consists of:

	2015	2014	2013
Tuition fees and other matriculation fees	**₱2,161,190,543**	₱1,997,108,367	₱1,830,727,062
Bookstore income	**20,407,190**	15,283,136	8,822,460
Seminar fee income	**2,745,200**	3,532,209	5,092,728
Miscellaneous	**59,754,362**	60,834,606	49,214,144
	₱2,244,097,295	₱2,076,758,318	₱1,893,856,394

Miscellaneous income consists of entrance examination fees, photocopying and printing, late penalty payments, and other various income earned by the Group from the students which are other than payment for tuition fees. These include, but not limited to graduation fees, certification of grades, good moral and other school credentials.

Sale of services includes rental income, sale of computer services from PPCCI and revenue from consultancy services of MITC details follows:

	2015	2014	2013
Rental income	**₱31,261,990**	₱29,299,151	₱33,682,567
Short program fees	**19,069,038**	19,955,050	19,293,133
Consultancy fees	**4,098,435**	4,803,163	1,623,936
Computer services	**3,959,152**	11,031,838	9,219,434
	₱58,388,615	₱65,089,202	₱63,819,070

18. **Cost of Tuition and Other Fees**

This account consists of:

	2015	2014	2013
Personnel expenses (Note 22)	**₱557,462,349**	₱533,876,708	₱509,882,745
Depreciation and amortization (Notes 9 and 12)	**155,218,797**	121,322,468	96,794,226
Student-related expenses	**149,170,124**	133,660,473	105,620,122
Utilities	**85,729,831**	83,158,970	81,957,954
Management and other professional fees (Note 14)	**69,073,727**	65,070,778	77,754,398

(Forward)

	2015	2014	2013
Tools and library books (Note 9)	**₱26,466,324**	₱28,298,469	₱11,453,742
Advertising	**23,846,678**	11,647,069	9,012,368
Accreditation cost	**17,012,970**	4,735,036	2,812,803
Periodicals	**13,668,358**	11,178,975	7,477,266
Seminar	**13,176,356**	13,823,755	16,294,387
Repairs and maintenance	**11,405,697**	13,818,194	10,132,197
Laboratory supplies	**7,426,109**	6,027,458	5,571,977
Office supplies	**6,821,477**	5,521,043	6,287,212
Research and development fund	**5,752,585**	7,463,924	6,182,896
Insurance	**4,703,529**	3,700,581	4,983,208
Transportation and travel	**1,745,452**	2,378,168	2,384,600
Taxes and licenses	**1,728,633**	1,701,100	1,173,844
Rent (Note 29)	**1,243,826**	2,081,895	1,217,284
Entertainment, amusement, and recreation	**333,662**	874,285	1,051,090
Miscellaneous	**10,357,646**	7,081,672	3,934,079
	₱1,162,344,130	₱1,057,421,021	₱961,978,398

19. **General and Administrative Expenses**

This account consists of:

	2015	2014	2013
Management and other professional fees (Note 14)	**₱88,977,485**	₱89,538,405	₱59,117,283
Personnel expenses (Notes 22 and 23)	**71,035,471**	67,369,352	64,553,731
Depreciation and amortization (Notes 9 and 12)	**20,542,872**	22,088,123	55,166,519
Taxes and licenses	**9,400,690**	7,237,307	9,571,857
Donations	**7,636,869**	6,814,679	6,400,531
Advertising	**5,381,940**	8,015,375	5,270,802
Provision for impairment of receivables (Note 7)	**5,355,917**	8,961,696	4,456,516
Utilities	**5,167,149**	4,531,339	7,879,046
Repairs and maintenance	**4,790,476**	4,512,974	5,722,824
Entertainment, amusement, and recreation	**2,872,218**	2,303,779	2,285,897
Rent (Note 29)	**2,295,922**	1,615,938	3,167,545
Transportation and travel	**2,261,006**	2,461,260	1,926,087
Office supplies	**1,942,760**	1,809,973	1,612,957
Seminar	**1,402,200**	418,721	185,880
Insurance	**1,287,380**	1,067,039	681,356
Accreditation cost	**1,069,499**	444,825	214,506
Provision for losses	**–**	–	60,000,000
Miscellaneous	**6,457,466**	6,173,901	3,194,261
	₱237,877,320	₱235,364,686	₱291,407,598

Management and other professional fees consist of property management fees, janitorial and security service fees, lawyers, payroll specialists and other professional service fees.

Miscellaneous expense includes dues and subscriptions, direct write-off of receivable, manual and training materials, periodicals and other contracted services.

20. Interest Income, Interest and Other Finance Charges

The Group's interest income consists of interest from the following sources:

	2015	2014	2013
Cash in banks and cash equivalents (Note 6)	**₱10,875,225**	₱6,943,136	₱14,260,496
Advances to officers and employees (Note 7)	**50,639**	58,613	1,146,598
	₱10,925,864	₱7,001,749	₱15,407,094

The Group's interest expense consists of interest on the following:

	2015	2014	2013
Long-term debt (Note 15)	**₱19,043,085**	₱19,533,116	₱19,945,748
Loans payable (Note 14)	**35,000**	17,707	–
	₱19,078,085	₱19,550,823	₱19,945,748

21. Income Tax

Provision for income tax consists of:

	2015	2014	2013
Current	**₱90,319,757**	₱85,071,706	₱77,364,717
Deferred	**(1,680,464)**	(2,401,306)	(10,980,824)
	₱88,639,293	₱82,670,400	₱66,383,893

The Group's net deferred tax assets and liabilities consist of the following:

	2015	2014
Deferred tax assets - net		
NOLCO	**₱8,389,403**	₱7,103,653
Allowance for doubtful accounts (Note 7)	**1,817,024**	1,445,864
Retirement asset (Note 23)	**1,776,132**	1,396,995
MCIT	**435,917**	202,257
Unrealized foreign exchange loss (gain)	**(8,963)**	969
	₱12,409,513	₱10,149,738
Deferred tax liabilities - net		
Revaluation increment on land (Note 10)	**₱147,434,327**	₱111,271,655
Allowance for inventory obsolescence	**(52,710)**	(52,710)
Allowance for doubtful accounts (Note 7)	**(4,747,263)**	(4,585,255)
Retirement liability (Note 23)	**(10,547,443)**	(8,433,102)
Accruals (Note 13)	**(8,551,005)**	(8,551,005)
Others	**(6,123,019)**	(5,967,264)
	₱117,412,887	₱83,682,319

The movement of the Group's net deferred tax liabilities follows:

	2015	2014
Beginning	**₱83,682,319**	₱74,168,180
Provision during the year	**(1,680,464)**	(2,401,306)
Tax effects of:		
Revaluation increment on land	**36,162,672**	9,872,860
Remeasurement gains on defined benefit plans	**(751,640)**	
	₱117,412,887	₱90,129,888

The Group did not recognize deferred tax assets on the following temporary differences because the Group believes that it may not be probable that sufficient taxable income will be available in the near foreseeable future against which the tax benefit can be realized.

	2015	2014
Provision for impairment losses	**₱52,031,090**	₱52,031,090
NOLCO	**26,222,196**	29,355,881
Allowance for doubtful accounts (Note 7)	**9,472,679**	5,342,634
Provision for retirement and others (Note 23)	**4,118,042**	3,400,283
	₱91,844,007	₱90,129,888

The related unrecognized deferred tax assets on these deductible temporary differences amounted to ₱13.02 million and ₱12.93 million as of December 31, 2015 and 2014, respectively.

The Group performs an assessment of the deferred tax assets and such is recognized whenever permissible.

The details of NOLCO and MCIT as of December 31, 2015 are as follows:

Taxable Year Incurred	NOLCO	MCIT	Expiry Year
2015	₱9,978,103	₱238,659	2018
2014	12,316,150	197,245	2017
2013	31,892,620	13	2016
	₱54,186,873	₱435,917	

The NOLCO in 2012 and 2011 amounting ₱18.02 million and ₱15.43 million, respectively, expired in 2015 and 2014, respectively. The MCIT in 2012 and 2011 amounting ₱4,999 and nil, respectively, expired in 2015 and 2014, respectively.

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

	2015	2014	2013
Income before income tax at statutory rate	**30.00%**	30.00%	30.00%
Deduct reconciling items:			
Income subject to lower tax rate	**(9.79)**	(9.82)	(9.83)
Others	**(10.22)**	(10.20)	(10.66)
	9.99%	9.98%	9.51%

MCI, MITC, MHSSI, MCLI and MCMI are educational institutions, which are subject to a lower income tax rate of 10%.

22. Personnel Expenses

Details of personnel expenses are as follows:

	2015	2014	2013
Compensation	**₱592,482,104**	₱572,481,347	₱544,820,393
Retirement benefits (Note 23)	**17,745,335**	17,831,683	20,970,746
Miscellaneous benefits	**18,270,381**	10,933,030	8,993,017
	₱628,497,820	₱601,246,060	₱574,784,156

Personnel expenses amounting ₱557.46 million, ₱533.88 million and ₱509.88 million are lodged under "Cost of tuition and other fees" account in 2015, 2014 and 2013 (Note 18).

23. Retirement Plans

The Group has a noncontributory and defined benefit retirement plan covering all of its regular employees. The benefits are based on the years of service and percentage of latest monthly salary. The retirement benefit is the only long term benefit given to employees. Short-term benefits are expensed outright.

The most recent actuarial valuation was carried out on January 26, 2016 for the retirement plan of the Group as of December 31, 2015.

The following tables summarize the components of the benefit expense recognized in the consolidated statements of comprehensive income and amounts recognized in the consolidated statements of financial position for the retirement plan.

Based on the actuarial valuation as of December 31, 2015 and 2014 computed using the PUC method, the Group's net pension liabilities and expenses are summarized as follows:

	2015	2014
Net pension asset	**₱1,060,888**	₱732,228
Net pension liability	**92,547,626**	58,324,960
Pension expense (Notes 18, 19 and 22)	**17,745,335**	17,831,683

Components of pension expense (included under "Cost of Tuition and Other Fees" and "General and Administrative Expense" accounts recognized in the consolidated statements of comprehensive income for the years ended December 31, 2015, 2014 and 2013) follow:

	2015	2014	2013
Current service cost	**₱14,983,783**	₱14,337,059	₱14,602,018
Net interest cost on defined benefit obligation	**2,761,552**	3,494,624	6,368,728
Net pension expense	**₱17,745,335**	₱17,831,683	₱20,970,746

The net pension asset recognized in the consolidated statements of financial position as of December 31, 2015 and 2014 is as follows:

	2015	2014
Fair value of plan assets	**₱3,491,046**	₱1,390,165
Present value of defined benefit obligation	**(2,430,158)**	(657,937)
	₱1,060,888	₱732,228

The net pension liability recognized in the consolidated statements of financial position as of December 31, 2015 and 2014 is as follows:

	2015	2014
Fair value of plan assets	**₱144,466,824**	₱148,190,377
Present value of defined benefit obligation	**(237,014,450)**	(206,515,337)
	(₱92,547,626)	(₱58,324,960)

The movements in the net pension asset and liability follow:

	2015	2014
At beginning of year	**₱57,592,732**	₱65,474,821
Contribution paid during the year	**(18,949,970)**	(26,029,653)
Net pension expense	**17,745,335**	17,831,683
Amount to be recognized in OCI	**35,098,641**	315,881
At end of the year	**₱91,486,738**	₱57,592,732

Remeasurement losses recognized in OCI follow:

	2015	2014
Actuarial losses (gains)	**₱25,547,217**	(₱32,219)
Return on assets excluding amount included in net interest cost	**9,551,424**	348,100
Total remeasurements recognized in OCI	**₱35,098,641**	₱315,881

Movement of cumulative remeasurement effect recognized in OCI:

	2015	2014
Balance at beginning of year	**₱44,460,206**	₱44,776,087
Actuarial (losses) gains	**(25,547,217)**	32,219
Return on assets excluding amount included in net interest cost	**(9,551,424)**	(348,100)
Total amounts recognized in OCI	**₱9,361,565**	₱44,460,206

The reconciliation of the present value of defined benefit obligation is as follows:

	December 31	
	2015	2014
Beginning balance	**₱207,173,274**	₱198,177,439
Interest cost	**10,617,752**	10,539,843
Current service cost	**14,983,783**	14,337,059
Benefits paid	**(18,877,418)**	(15,848,848)
Actuarial losses (gains) on obligation:		
Experience adjustments	**28,929,272**	(4,712,172)
Changes in demographic assumptions	**(2,323,289)**	–
Changes in financial assumptions	**(1,058,766)**	4,679,953
Ending balance	**₱239,444,608**	₱207,173,274

The reconciliation of the fair value of plan assets is as follows:

	December 31	
	2015	2014
Beginning balance	**₱149,580,542**	₱132,702,618
Expected return	**7,856,200**	7,045,219
Contribution paid during the year	**18,949,970**	26,029,653
Benefits paid	**(18,877,418)**	(15,848,848)
Actuarial losses on plan assets	**(9,551,424)**	(348,100)
Ending balance	**₱147,957,870**	₱149,580,542

The distribution of plan assets as of December 31, 2015 and 2014 is as follows:

	2015		2014	
	Amount	**%**	Amount	%
Cash and cash equivalents	**₱50,114,427**	**33.87%**	₱4,369,833	2.92%
Investments in:				
Government securities	**73,797,459**	**49.88**	123,142,330	82.33
Equity instruments	**21,669,777**	**14.64**	21,913,468	14.65
Interest and other receivables	**2,708,121**	**1.83**	1,074,395	0.72
Accrued trust fees	**(331,914)**	**(0.22)**	(919,484)	(0.62)
	₱147,957,870	**100.00%**	₱149,580,542	100.00%

Net unrealized gains on investments in government securities amounted to ₱10.34 million, ₱8.73 million and ₱5.27 million in 2015, 2014 and 2013 respectively.

Actual loss and actual return in plan assets amounted to ₱1.70 million and ₱6.70 million in 2015 and 2014, respectively.

The Group plans to contribute ₱19.43 million in 2016.

The principal actuarial assumptions used in determining retirement expense are as follows:

	2015	2014
Discount rate		
Beginning	**4.47%-5.34%**	4.48%-6.32%
End	**4.78%-5.10%**	4.47%-5.34%

(Forward)

	2015	2014
Salary increase rate		
Beginning	**2.00%-5.00%**	2.00%-5.00%
End	**3.75%-5.00%**	2.00%-5.00%

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

	Rate	Increase (Decrease)	PVO Increase (Decrease)
Discount rate	**5.65%**	+100bps	(₱23,107,978)
	4.25%	-100bps	27,598,262
Salary rate	**5.55%**	+100bps	27,698,406
	3.55%	-100bps	(23,654,702)

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. It is the policy of the Trustee that immediate and near-term retirement liabilities of the Group's Retirement Fund are adequately covered by its assets. As such, due considerations are given that portfolio maturities are matched in accordance with due benefit payments. The Retirement Fund's expected benefits payments are determined through the latest actuarial reports.

24. Earnings Per Share

Earnings per share amounts attributable to equity holders of Parent Company are computed as follows:

	2015	2014	2013
Net income attributable to equity holders of Parent Company (a)	**₱740,928,823**	₱692,966,835	₱585,113,345
Weighted average number of outstanding shares - net of treasury shares (b)	**748,932,949**	748,932,949	748,932,949
Earnings per share (a/b)	**₱0.9893**	₱0.9253	₱0.7813

There are no dilutive potential shares that would require disclosure of diluted earnings per share in the consolidated financial statements.

25. Noncontrolling Interest in Consolidated Subsidiaries

This represents shareholdings in subsidiaries not held by the Group.

Dividends paid to noncontrolling interest in consolidated subsidiaries amounted to ₱19.91 million, ₱19.60 million and ₱19.90 million in 2015, 2014 and 2013, respectively.

As of December 31, 2015, 2014 and 2013, the summarized financial information attributable to non-controlling interests for significant subsidiaries follows:

(In million pesos)

	Malayan Colleges, Inc.			Malayan Colleges Laguna, Inc.			Malayan High School of Science, Inc.		
	2015	2014	2013	**2015**	2014	2013	**2015**	2014	2013
Assets									
Current assets	**₱42**	₱76	₱73	**₱7**	₱5	₱5	**₱2**	₱2	₱2
Noncurrent assets	**311**	255	227	**92**	70	59	**13**	12	11
	₱353	₱331	₱300	**₱99**	₱75	₱64	**₱15**	₱14	₱13
Liabilities and Equity (Capital Deficiency)									
Current liabilities	**₱50**	₱53	₱50	**₱20**	₱10	₱5	**₱1**	₱1	₱1
Noncurrent liabilities	**21**	40	47	**3**	2	1	**13**	13	12
	71	93	97	**23**	12	6	**14**	14	13
Equity (Capital deficiency)	**282**	238	203	**76**	63	58	**1**	(–)	(–)
	₱353	₱331	₱300	**₱99**	₱75	₱64	**₱15**	₱14	₱13
Net revenue	**₱131**	₱122	₱113	**₱28**	₱24	₱20	**₱3**	₱2	₱2
Gross profit (loss)	**68**	64	60	**12**	10	6	**–**	(–)	–
Net income (loss)	**53**	58	43	**5**	5	4	**(–)**	(–)	(–)

26. **Operating Segment Information**

Business Segment
The business segment is determined as the primary segment reporting format as the Group's risks and rates of return are affected predominantly by each operating segment.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income, dividend income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on income before income tax, and earnings before income tax, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statement of financial position which is in accordance with PFRS.

For management purposes, the Group is organized into business units based on the products and services it provides, which comprise of two (2) main groupings as follows:

Information Technology and Education - primarily consists of revenues of MCI, MCLI, MITC and MHSS in education.

Others - represent support services which cannot be directly identified with the reportable segment mentioned above. These include consulting, development, installation and maintenance of information technology systems.

Segment financial information is reported on the basis that it is used internally for evaluating segment performance and allocating resources to segments.

Segment assets and liabilities exclude deferred tax assets and liabilities. Inter-segment income arise from transactions that were made on terms equivalent to those that prevail in an arms-length transactions.

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

Capital expenditures consist of additions to property and equipment.

(In million pesos)

	Information Technology and Education			Others			Elimination			Consolidated		
	2015	2014	2013	**2015**	2014	2013	**2015**	2014	2013	**2015**	2014	2013
Revenues:												
Income from external customers	**₱2,295**	₱2,122	₱1,956	**₱139**	₱188	₱96	**₱–**	(₱1)	(₱7)	**₱2,434**	₱2,309	₱2,045
Inter-segment income	–	–	–	**279**	264	260	**(279)**	(264)	(260)	–	–	–
Total Revenues	**₱2,295**	₱2,122	₱1,956	**₱418**	₱452	₱356	**(₱279)**	(₱265)	(₱267)	**₱2,434**	₱2,309	₱2,045
Net Income (Loss) attributable to Parent Company	**₱774**	₱752	₱664	**₱246**	₱257	₱231	**(₱279)**	(₱317)	(₱310)	**₱741**	₱692	₱585
Other Information												
Segment assets	**₱6,665**	₱5,992	₱5,470	**₱2,380**	₱1,905	₱1,687	**(₱3,148)**	(₱2,562)	(₱2,506)	**₱5,897**	₱5,335	₱4,651
Segment liabilities	**1,541**	1,610	1,586	**214**	343	139	**(657)**	(532)	(476)	**1,098**	1,421	1,249
Deferred tax assets	**1**	1	–	**11**	9	8	**–**	–	–	**12**	10	8
Deferred tax liabilities	**116**	84	74	**1**	–	–	**–**	–	–	**117**	84	74
Cash flows arising from:												
Operating activities	**868**	876	904	**(4)**	30	(77)	**103**	53	72	**967**	959	899
Investing activities	**(949)**	(245)	(576)	**(437)**	253	224	**454**	(250)	903	**(932)**	(242)	551
Financing activities	**(517)**	(319)	(348)	**464**	(185)	(131)	**(540)**	204	133	**(593)**	(300)	(346)
Capital expenditures	**925**	494	151	**7**	99	1	**–**	–	–	**932**	593	152
Depreciation and amortization	**175**	141	149	**1**	2	3	**–**	–	–	**176**	143	152

27. Notes to Statements of Cash Flows

Noncash investing activities in 2015 and 2014 pertain to the revaluation of land amounting ₱361.63 million and ₱98.73 million, respectively (Note 10).

28. Financial Instruments

The following tables set forth the carrying values and estimated fair values of the Group's financial assets and liabilities recognized as of December 31, 2015 and 2014:

	Carrying Amount	**2015**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:					
Financial assets at FVPL	**₱8,205,773**	**₱8,205,773**	**₱–**	**₱–**	**₱8,205,773**
Available-for-sale financial assets	**14,389,673**	**14,389,673**	**–**	**–**	**14,389,673**

	Carrying Amount	2014			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:					
Financial assets at FVPL	₱8,021,630	₱8,021,630	₱–	₱–	₱8,021,630
Available-for-sale financial assets	16,993,519	16,993,519	–	–	16,993,519

The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Financial instruments based on quoted prices in active markets for identical assets or liabilities;
- Level 2 - Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, receivables, receivables from related parties, accounts payable and accrued expenses, payables to related parties and dividends payable* - carrying amounts approximate fair values due to short-term nature of these accounts.

- *Financial asset at FVPL* - the fair values are based on quoted market prices.

- *Available-for-sale financial assets* - fair values were determined using quoted market prices at financial reporting date. The investments are included within the level 1 of the hierarchy. The movement in the cost and gain are as follow:

	2015	2014	2013
As of January 1	**₱16,993,519**	₱14,855,624	₱16,719,430
Additions	**6,002,549**	–	–
Changes in fair value of available-for-sale financial assets	**(8,606,395)**	2,137,895	(1,863,806)
As of December 31	**₱14,389,673**	₱16,993,519	₱14,855,624

The rollforward of unrealized gain (loss) on available-for-sale financial assets are as follows:

	2015	2014	2013
As of January 1	**₱4,633,824**	₱2,495,929	₱4,359,735
Changes in fair value of available-for-sale financial assets	**(8,606,395)**	2,137,895	(1,863,806)
As of December 31	**(₱3,972,571)**	₱4,633,824	₱2,495,929

The unrealized gain (loss) on available-for-sale financial assets are presented in the equity section of the Group
statements of financial position.

As at December 31, 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements. There are no financial assets and financial liabilities recognized at fair value based on Level 3 and there are no transfers in and out of Level 3 categories in 2015 and 2014. No instrument fall within Level 3.

Financial Risk Management Objectives and Policies
The Group's principal financial instruments comprise cash and cash equivalents, receivables, receivables from related parties, available-for-sale financial assets, accounts payable and accrued expenses, payables to related parties, dividends payable and long-term debt. The main purpose of these financial instruments is to raise finances for the Group's operations.

The main risks arising from the Group's financial instruments are liquidity risk, market risk (equity price risk, foreign currency risk and cash flow interest rate risk), and credit risk. The BOD reviews and approves the policies for managing these risks. The Audit Committee and the Risk Management Committee of the Board meets regularly and exercises an oversight role in managing risks.

The Group's risk management policies are summarized as follows:

Liquidity risk
The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. The Treasury Department is responsible for monitoring the short-term loans and demand deposits of the Group. It assesses the status and maturity period of the loans and deposits to be able to determine the financial standing of the Group and whether the funds being maintained will be able to accommodate any maturing liabilities. Short-term and long-term funding is obtained to finance capital expenditures and working capital. To cover its short-term and long-term funding

requirements, the Group intends to use internally generated funds and available short-term credit facilities. Credit lines are obtained from BOD-designated banks at amounts based on financial forecasts approved by BOD. As of December 31, 2015 and 2014, the Group has available short-term credit facilities with banks aggregating to ₱0.68 billion and ₱0.56 billion, respectively.

The table below summarizes the maturity profile of the Group's financial assets held for liquidity purposes. The maturity groupings are based on the remaining period from the end of the financial reporting date to the contractual maturity date.

	2015			
	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Loans and receivables:				
Cash on hand and in banks	**₱129,914,843**	**₱–**	**₱–**	**₱129,914,843**
Cash equivalents	–	**469,151,631**	–	**469,151,631**
Receivables*	**134,750,458**	**66,092,500**	**4,601,758**	**205,444,716**
Receivables from related parties	–	**1,482,432**	–	**1,482,432**
Available-for-sale financial assets	–	**–**	**14,389,673**	**14,389,673**
	₱264,665,301	**₱536,726,563**	**₱18,991,431**	**₱820,383,295**

excluding advances to officers and employees

	2014			
	On demand	Less than 1 year	More than 1 year	Total
Loans and receivables:				
Cash on hand and in banks	₱174,011,776	₱–	₱–	₱174,011,776
Cash equivalents	–	982,475,205	–	982,475,205
Receivables*	104,914,713	122,905,706	6,953,162	234,773,581
Receivables from related parties	–	2,485,905	–	2,485,905
Available-for-sale financial assets	–	–	16,993,519	16,993,519
	₱278,926,489	₱1,107,866,816	₱23,946,681	₱1,410,739,986

excluding advances to officers and employees

The table below summarizes the maturity profile of the Group's other financial liabilities as of December 31 based on contractual undiscounted payments and contractual remaining maturities.

	On demand	**Less than 1 year**	**1 to 2 years**	**2 to 3 years**	**Total**
Accounts payable and accrued expenses*	**₱268,072,780**	**₱290,977,242**	**₱810**	**₱–**	**₱559,050,832**
Payables to related parties	**13,986,098**	–	–	–	**13,986,098**
Dividends payable	**44,698,522**	**19,715,710**	–	–	**64,414,232**
Long-term debt	–	**86,000,000**	**16,500,000**	–	**102,500,000**
Interest payable	–	**1,008,602**			**1,008,602**
	₱326,757,400	**₱397,701,554**	**₱16,500,810**	**₱–**	**₱740,959,764**

excluding payable to regulatory bodies

	On demand	Less than 1 year	1 to 2 years	2 to 3 years	Total
Accounts payable and accrued expenses*	₱240,619,832	₱309,085,696	₱6,706,395	₱7,700,956	₱564,112,879
Payables to related parties	20,248,652	949,450	–	–	21,198,102
Dividends payable	104,293,654	19,519,527	–	–	123,813,181
Long-term debt	–	86,000,000	172,000,000	172,000,000	430,000,000
Interest payable	–	2,439,820	–	–	2,439,820
	₱365,162,138	₱417,994,493	₱178,706,395	₱179,700,956	₱1,141,563,982

excluding payable to regulatory bodies

Market risk
Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, equity prices and other market changes.

a. *Equity price risk*
The Group's price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, available-for-sale financial assets. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or factors affecting all instruments traded in the market. The Group's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plan, and limits on investment in each industry or sector.

The analysis below is performed for reasonably possible movements in the Philippine Stock Exchange index with all other variables held constant of quoted shares classified as available-for-sale financial assets, showing the impact on equity:

	2015	
Market Index	**Change in variable**	**Effect on equity**
PSE	**+4%**	**₱467,487**
	-4%	**(467,487)**

	2014	
Market Index	Change in variable	Effect on equity
PSE	+21%	₱1,929,450
	-21%	(1,929,450)

The ± 4% and ±21% were derived by getting the difference between the beginning and end of year composite index for 2015 and 2014, respectively and getting the percentage increase or decrease using the beginning of year as the base date. The percentage change in 2015 and 2014 are multiplied to the adjusted beta of the specific stocks and the fair value of the stocks as at December 31, 2015 and 2014, respectively.

Given the repricing position of the Group's available-for-sale financial assets as of December 31, 2015 and 2014, if PSE index increased/decreased by 25% and 32%, respectively, the Group would expect unrealized gain on available-for-sale financial assets to increase/decrease by ₱0.47 million and ₱1.93 million, respectively.

b. *Foreign currency risk*
The Group's foreign currency risk results primarily from movements in the prevailing exchange rate between the Philippine Peso (PHP) and the United States Dollar (USD). The revenues and the operating expenses of the Group are denominated in PHP. However, the Group maintains certain deposits with banks which are denominated in USD, totaling to US$768,375 and US$979,633 as at December 31, 2015 and 2014, respectively.

The Group closely monitors the movements in the USD/PHP exchange rate and makes a regular assessment of future foreign exchange movements, based also, in part, on its analysis of other macroeconomic indicators. The Group then manages the balance of its USD-denominated deposits based on this assessment.

The Group's foreign currency denominated financial assets (translated in PHP) as of December 31 are as follows:

	Original currency	Peso equivalent
Cash and cash equivalents		
2015	**$768,375**	**₱36,159,746**
2014	979,633	43,809,188

The following table demonstrates the sensitivity to a reasonably possible change in the USD rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets).

	2015	
	Percentage increase (decrease)	**Effect on profit before tax**
Cash and cash equivalents	**+0.76%**	**₱274,545**
	-0.76%	**(274,545)**

	2014	
	Percentage increase (decrease)	Effect on profit before tax
Cash and cash equivalents	+0.27%	₱117,556
	-0.27%	(117,556)

Percentage of increase and decrease is based by the Group on the percentage change on the foreign exchange rate as of the reporting date and the year-end forecasted closing rate for 2016 from an affiliated bank.

There are no other effects of the foreign currency sensitivity on the Group's equity other than those already affecting the consolidated statements of income.

c. *Cash flow interest rate risk*
Cash flow interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market rate risk for changes in interest rates relates primarily to the Group's long-term obligations. The Group follows prudent policies in managing its exposures to interest rate fluctuations, and constantly monitors its assets and liabilities.

In order to effectively manage its interest rate risk and its financing costs, the Group closely monitors the movements of interest rates, as well as economic factors affecting the trends of these movements. In certain cases, depending on its assessment of future movements of interest rates, the Group would pre-terminate its debt and obtain a new loan facility which provides for either floating or fixed interest rates. This is intended to minimize its financing costs.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

	2015						
	Below 1 Year	**1-2 Years**	**2-3 Years**	**3-4 Years**	**4-5 Years**	**Over 5 Years**	**Total**
Liabilities:							
Variable rate							
Long-term debt	**₱86,000,000**	**₱16,500,000**	**₱–**	**₱–**	**₱–**	**₱–**	**₱102,500,000**
Interest rate	**3-month PDST-F rate plus 1.75%**						
	₱86,000,000	**₱16,500,000**	**₱–**	**₱–**	**₱–**	**₱–**	**₱102,500,000**

	2014						
	Below 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Liabilities:							
Variable rate							
Long-term debt	₱86,000,000	₱86,000,000	₱86,000,000	₱86,000,000	₱86,000,000	₱–	₱430,000,000
Interest rate	3-month PDST-F rate plus 1.75%						
	₱86,000,000	₱86,000,000	₱86,000,000	₱86,000,000	₱86,000,000	₱–	₱430,000,000

In 2015, the Group made payments amounting ₱241.50 million which effectively shortened the term of the loan. The new maturity date of the loan is on May 22, 2018.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact of floating rate borrowings).

	Increase/decrease in basis points	Effect on profit before tax
2015 Peso floating rate borrowings	**+15**	**(₱1,240,250)**
	-15	**1,240,250**
2014 Peso floating rate borrowings	+23	(₱811,213)
	-23	811,213

Percentage of increase and decrease is based by the Group on the average of forecasted rates.

The sensitivity analysis shown above is based on the assumption that interest rate movement will most likely be limited to a ten and one hundred thirty-five point basis upward and downward fluctuation on 2015 and 2014, respectively. Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate long-term debt as at December 31, 2015 and 2014.

There are no other impacts on the Group's equity other than those already affecting the consolidated statements of income.

Credit risk and concentration of assets and liabilities

The Group's exposure to credit risk arising from its receivables relates primarily to the inability of the debtors and students to pay and to fully settle the unpaid balance of tuition fees and other charges, respectively, which are owed to the Group based on the installment payment schemes. The Group manages its credit risk in accordance with its credit policies by maintaining strict policies like not allowing students to enroll in the following term unless the unpaid balance in the previous term has been paid. The Group also withholds the academic records and clearance of the students with unpaid balances.

The Group's exposure to credit risk arising from its other receivables from debtors and related parties is managed through close account monitoring and setting of limits.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Group does not have any significant exposure to any individual customer or counterparty. With respect to credit risk arising from cash and cash equivalents, receivables, amounts due from related parties and available-for-sale financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The analysis of receivables of the Group that are past due but not impaired follows:

	2015					
	Neither past due nor impaired	**Past due but not impaired**			**Impaired Financial Assets**	**Total**
		< 1 quarter	**1 - 2 quarters**	**2 - 3 quarters**		
Tuition and other fees	**₱46,884,520**	**₱16,112,451**	**₱4,056,212**	**₱9,619,935**	**₱54,536,880**	**₱131,209,998**

	2015						
	Neither past due nor impaired	**Past due but not impaired**				**Impaired Financial Assets**	**Total**
		< 30 days	**30 - 60 days**	**60 - 90 days**	**> 90 days**		
Related parties	**₱1,482,432**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,482,432**
Others	**21,350,398**	**13,497,905**	**10,593,908**	**310,054**	**21,478,322**	**7,004,131**	**74,234,718**
Total	**₱22,832,830**	**₱13,497,905**	**₱10,593,908**	**₱310,054**	**₱21,478,322**	**₱7,004,131**	**₱75,717,150**

	2014					
	Neither past due nor impaired	Past due but not impaired			Impaired Financial Assets	Total
		< 1 quarter	1 - 2 quarters	2 - 3 quarters		
Tuition and other fees	₱73,229,249	₱12,050,438	₱4,088,267	₱6,186,218	₱49,180,963	₱144,735,135

	2014						
	Neither past due nor impaired	Past due but not impaired				Impaired Financial Assets	Total
		< 30 days	30 - 60 days	60 - 90 days	> 90 days		
Related parties	₱2,243,146	₱–	₱–	₱–	₱242,759	₱–	₱2,485,905
Others	19,239,026	27,295,561	2,872,186	2,918,987	30,708,555	7,004,131	90,038,446
Total	₱21,482,172	₱27,295,561	₱2,872,186	₱2,918,987	₱30,951,314	₱7,004,131	₱92,524,351

As at December 31, 2015 and 2014, there are no collaterals held in relation to the Group's financial assets.

The table below summarizes the credit quality of the Group's neither past due nor impaired financial assets as follows:

	2015					
	Neither past due nor impaired			Past due but		
	High Grade	**Standard**	**Total**	**not impaired**	**Impaired**	**Total**
Cash in banks	**₱128,981,004**	**₱–**	**₱128,981,004**	**₱–**	**₱–**	**₱128,981,004**
Cash equivalents	**469,151,631**	**–**	**469,151,631**	**–**	**–**	**469,151,631**
Receivables from:						
Tuition and other fees	**38,219,419**	**8,665,101**	**46,884,520**	**29,788,598**	**54,536,880**	**131,209,998**
Related parties	**1,482,432**	**–**	**1,482,432**	**–**	**–**	**1,482,432**
Others	**21,350,398**	**–**	**21,350,398**	**45,880,189**	**7,004,131**	**74,234,718**
Available-for-sale financial assets	**14,389,673**	**–**	**14,389,673**	**–**	**–**	**14,389,673**
	₱673,574,557	**₱8,665,101**	**₱682,239,658**	**₱75,668,787**	**₱61,541,011**	**₱819,449,456**

	2014					
	Neither past due nor impaired			Past due but		
	High Grade	Standard	Total	not impaired	Impaired	Total
Cash in banks	₱173,122,676	₱–	₱173,122,676	₱–	₱–	₱173,122,676
Cash equivalents	982,475,205	–	982,475,205	–	–	982,475,205
Receivables from:						
Tuition and other fees	59,695,169	13,534,080	73,229,249	22,324,923	49,180,963	144,735,135
Related parties	2,243,146	–	2,243,146	242,759	–	2,485,905
Others	19,239,026	–	19,239,026	63,795,289	7,004,131	90,038,446
Available-for-sale financial assets	16,993,519	–	16,993,519	–	–	16,993,519
	₱1,253,768,741	₱13,534,080	₱1,267,302,821	₱86,362,971	₱56,185,094	₱1,409,850,886

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

Cash in banks and short-term investments - are composed of bank deposits and money market placements maintained with reputable financial institutions duly approved by the BOD.

Receivables:

a. *Tuition and other fees and others* - The Group categorizes their neither past due nor impaired receivables as follows:

   High-grade - pertains to receivables with no default in payment.
   Standard-grade - pertains to receivables with up to three (3) defaults in payment.
   Low grade - pertains to receivables with more than 3 defaults in payments.

b. *Related parties* - The Group categorizes their neither past due nor impaired receivables as follows:

   High-grade - pertains to receivables from profitable related parties with good payment record with the Group and transactions were made during the year.
   Standard-grade - pertains to receivables with up to three (3) defaults in payment.
   Low grade - pertains to receivables with more than 3 defaults in payments.

Available-for-sale financial assets - The Group categorizes its available-for-sale financial assets as high grade because it limits its exposure with a single or group of issuer.

Fair Value of Financial Instruments

The table below presents a comparison by category of the carrying amounts and estimated fair values of all of the Group's financial instruments as at December 31:

	2015	
	Carrying Value	**Fair Value**
Financial Assets		
Available-for-sale financial assets	**₱14,389,673**	**₱14,389,673**
Loans and receivables:		
Cash in banks	**128,981,004**	**128,981,004**
Cash equivalents	**469,151,631**	**469,151,631**
Receivables		
Tuition and other fees	**131,209,998**	**131,209,998**
Others	**74,234,718**	**74,234,718**
Receivables from related parties	**1,482,432**	**1,482,432**
	₱819,449,456	**₱819,449,456**
Financial Liabilities		
Other financial liabilities:		
Accounts payable and accrued expenses*	**₱560,059,434**	**₱560,059,434**
Payables to related parties	**13,986,098**	**13,986,098**
Dividends payable	**64,414,232**	**64,414,232**
Long-term debt (carrying value includes current portion amounting ₱86.00 million)	**188,500,000**	**188,500,000**
	₱826,959,764	**₱826,959,764**

**Excluding payables to regulatory bodies*

	2014	
	Carrying Value	Fair Value
Financial Assets		
Available-for-sale financial assets	₱16,993,519	₱16,993,519
Loans and receivables:		
Cash in banks	173,122,676	173,122,676
Cash equivalents	982,475,205	982,475,205
Receivables		
Tuition and other fees	144,735,135	144,735,135
Others	90,038,446	90,038,446
Receivables from related parties	2,485,905	2,485,905
	₱1,409,850,886	₱1,409,850,886
Financial Liabilities		
Other financial liabilities:		
Accounts payable and accrued expenses*	₱566,552,699	₱566,552,699
Payables to related parties	21,198,102	21,198,102
Dividends payable	123,813,181	123,813,181
Long-term debt (carrying value includes current portion amounting ₱86.00 million)	516,000,000	516,000,000
	₱1,227,563,982	₱1,227,563,982

**Excluding payables to regulatory bodies*

Current financial assets and liabilities
Due to the short-term nature of the current assets and liabilities, the carrying values of these accounts were assessed to approximate their fair values.

Available-for-sale financial assets
The fair values of quoted equity securities are based on quoted market prices. In the absence of a reliable basis of determining fair values, unquoted equity securities are carried at cost, net of impairment provision.

Noncurrent financial liabilities
For variable rate loans that reprice every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

29. Commitments and Contingencies

Lease Commitments
Operating lease - Group as a lessor
The Company's Intramuros and Makati campuses lease spaces to RCBC, Digitel and Bell Telecommunication Philippines, Inc. The lease terms cover lease periods of between 3 years to 10 years with escalation rates ranging from 3.0% to 10.0%.

The future minimum rentals receivable under the aforementioned lease agreements follows:

	2015	2014
Within one (1) year	**₱2,051,879**	₱13,485,674
More than 1 year but not more than five (5) years	**6,683,573**	67,428,372
Later than five years	**4,512,253**	–
	₱13,247,705	₱80,914,046

Operating lease - Group as a lessee
The Group entered into a renewable lease agreement with Grepa Realty Holdings Corporation for the use of the premises located at the Third floor of Grepalife Tower Building for a period of one (1) year from January 1, 2015 to December 31, 2015 with monthly rental of ₱0.03 million. The lease agreement was renewed on December 28, 2015.

The future minimum rentals payable within one (1) year amounted to ₱0.35 million as of December 31, 2015 and 2014 under the aforementioned lease agreement.

Contingencies
The Group has contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these labor-related claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations.

For other contingent liabilities, the information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending litigations.

30. **Approval of the Financial Statements**

The consolidated financial statements of the Group as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, 2014 and 2013 were authorized for issue by the BOD on March 17, 2016.

IPEOPLE, INC. AND SUBSIDIARIES
INDEX TO [CONSOLIDATED] FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

Schedule	Content
I	Supplementary Information and Disclosures Required On SRC Rule 68 and 68.1, As Amended December 31, 2015
II	Schedule of all effective standards and interpretations Under Philippine Financial Reporting Standards
III	Reconciliation of Retained Earnings Available for Dividend Declaration
IV	Financial Soundness Indicators

iPeople, inc. and Subsidiaries

Supplementary Information and Disclosures Required On SRC Rule 68 and 68.1, As Amended December 31, 2015

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

<u>Schedule A. Financial Assets in Equity Securities</u>
Below is the detailed schedule of financial assets in equity securities of the Group as of December 31, 2015:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
Available-for-sale financial assets				
Quoted:				
Petro Energy Resources Corporation	4,111,335	₱14,389,673	₱14,389,673	₱–

The basis in determining the value of equity securities is the market quotation as at December 31, 2015.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Below is the schedule of advances to officers and employees of the Group with balances above ₱100,000 as at December 31, 2015:

Name	**As of December 31, 2014**	**Additions**	**Liquidations/ Collections**	**As of December 31, 2015**
Geguiento , Edgardo P.	₱395,323	₱–	₱82,845	₱312,478
Apsay, Christopher	379,504	–	53,311	326,193
Balan, Ariel Kelly	363,942	–	73,400	290,542
Papas, Aileen Kate A.	360,787	–	27,586	333,201
Cinco, Arnold	347,226	–	70,054	277,172
Cabanilla, Angela Celine	347,226	–	70,054	277,172
Camus, Rosette Eira	341,133	–	70,054	271,079
Sabio, Maurice	297,558	–	83,601	213,957
Hofilena, Joy	288,830	–	83,601	205,229
Uy, Francis Aldrine	280,146	–	75,805	204,341
Arenillo, Denise Jordan	270,933	–	61,925	209,008
Macayan, Jonathan	264,365	–	74,152	190,213
Kikuchi, Khristian	261,959	–	77,668	184,291
Teodoro, Gloria	199,000	–	76,284	122,716
Caluyo, Felicito	175,725	–	175,725	–
Bitor, Rolando	170,270	–	82,100	88,170
Tablante, Dennis H.	146,850	–	79,917	66,933
Sabino, Lilibeth	137,062	–	63,962	73,100
Salvacion, Jonathan	127,501	–	73,314	54,188
Songsong, Maribel	125,586	–	78,207	47,379
Ballado, Alejandro Jr.	–	327,242	33,642	293,600
Francisco, Ruth C.	–	401,561	17,693	383,868
Sauquillo, Dante	–	363,688	–	363,688
Judilla, Roel John	–	366,850	–	366,850
Adanza, Carina Victoria T.	–	818,500	280,000	538,500
Costales Aloysius Nathaniel	–	933,717	373,798	559,919
	₱5,280,926	₱3,211,558	₱2,238,698	₱6,253,787

These advances pertain to the officers and employees car plan agreements. Such advances are interest-bearing and shall be liquidated on a monthly basis. There were no amounts written off during the year.

Schedule C. Amounts Receivable/Payables from and to Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables and payables with related parties, which are eliminated in the consolidated financial statements as at December 31, 2015:

Name	Volume of transactions	Receivables	Terms
Pan Pacific Computer Center, Inc.	Share in expenses	₱1,475,320	Non-interest bearing and to be settled within the year

Schedule D. Intangible Assets

As at December 31, 2015, the Group's intangible assets consist of goodwill and computer software. Goodwill in the Group's consolidated statements of financial position arose from the acquisition of MCI. Details of the Group's intangible assets are as follows:

Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Ending balance
Goodwill	₱137,853,345	₱–	₱–	₱137,853,345
Computer software	4,065,556	95,584	(3,550,978)	610,162
	₱141,918,901	₱95,584	(₱3,550,978)	₱138,463,507

Schedule E. Long term debt

Loan from Financial Institutions

On November 22, 2010, the Group obtained a loan from RCBC amounting to ₱860.00 million, payable within ten (10) years. The loan is subject to floating rate equivalent to 3-month Philippine Dealing System Treasury Reference Rates-Fixing (PDST-F) plus a per annum spread of 1.75%. The loan is payable in forty (40) equal quarterly installments starting February 2011 until November 2020.

In 2015, the Group made accelerated payments amounting ₱241.50 million which effectively shortened the term and will be fully paid on May 22, 2018.

Details as of December 31, 2015 follow:

Type of Obligation	Amount	Current	Noncurrent
Syndicated bank loan	₱188,500,000	₱86,000,000	₱102,500,000

Schedule F. Indebtedness to Related Parties (Long Term Loans from Related Companies)

Please refer to Schedule E for the details of indebtedness to related parties.

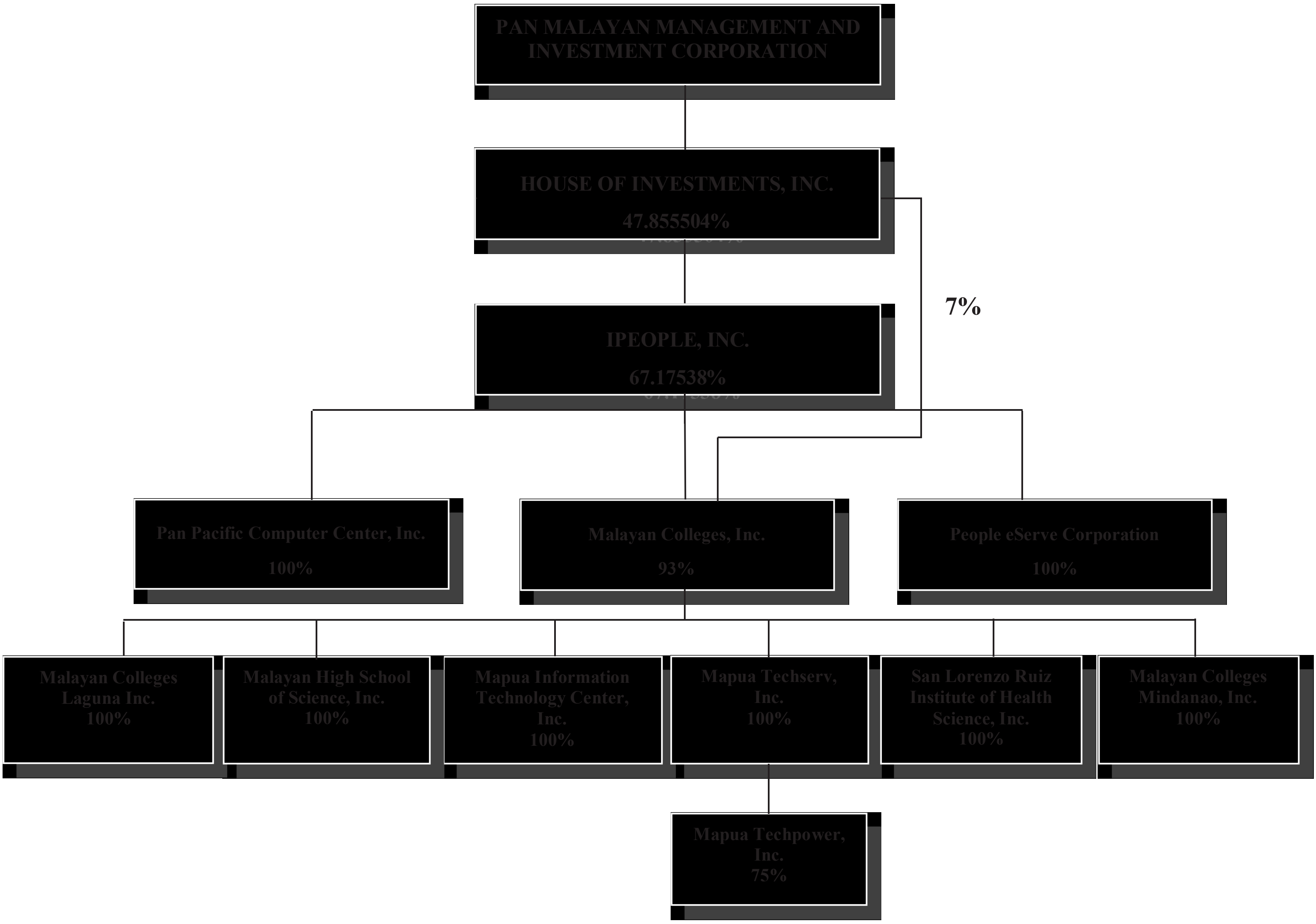
Schedule G. Guarantees of Securities of Other Issuers

As at December 31, 2015, the Group does not guarantee any securities.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	2,000,000	748,932,949	–	589,842,064	1,192,028	159,091,157

Group Structure
Below is a map showing the relationship between and among the Group and its ultimate parent company and subsidiaries as at December 31, 2015:



SGV
Building a better working world

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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

The Stockholders and the Board of Directors
iPeople, inc.
3rd Floor, Grepalife Building
219 Sen. Gil J. Puyat Avenue
Makati City

We have audited the consolidated financial statements of iPeople, inc. and its subsidiaries as of and for the year ended December 31, 2015, on which we have rendered the attached report dated March 17, 2016.

In compliance with Securities Regulation Code Rule No. 68, As Amended (2011), we are stating that the Group has one thousand nine hundred ninety seven (1,997) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

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

March 17, 2016

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INDEPENDENT AUDITORS' REPORT
ON THE SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
iPeople, inc.
3rd Floor, Grepalife Building
219 Sen. Gil J. Puyat Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of iPeople, inc. and its 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 March 17, 2016. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. Schedules I-III listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule No. 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 financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
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March 17, 2016

iPeople, inc. and Subsidiaries

SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

Below is the list of all effective PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2015:

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

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	√		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	√		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	√		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	√		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		√	
PFRS 8	Operating Segments	√		
PFRS 9	Financial Instruments		√	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		√	
	New Hedge Accounting Requirements		√	
PFRS 10	Consolidated Financial Statements		√	
PFRS 11	Joint Arrangements		√	
PFRS 12	Disclosure of Interests in Other Entities		√	
PFRS 13	Fair Value Measurement		√	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	√		
	Amendment to PAS 1: Capital Disclosures			√
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	√		
PAS 2	Inventories	√		
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	√		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			√
PAS 16	Property, Plant and Equipment	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 17	Leases	√		
PAS 18	Revenue	√		
PAS 19	Employee Benefits	√		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	√		
PAS 19 (Amended)	Employee Benefits		√	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			√
PAS 21	The Effects of Changes in Foreign Exchange Rates	√		
	Amendment: Net Investment in a Foreign Operation			√
PAS 23 (Revised)	Borrowing Costs	√		
PAS 24 (Revised)	Related Party Disclosures	√		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			√
PAS 27	Consolidated and Separate Financial Statements	√		
PAS 27 (Amended)	Separate Financial Statements		√	
PAS 28	Investments in Associates	√		
PAS 28 (Amended)	Investments in Associates and Joint Ventures			√
PAS 29	Financial Reporting in Hyperinflationary Economies			√
PAS 31	Interests in Joint Ventures	√		
PAS 32	Financial Instruments: Disclosure and Presentation	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendment to PAS 32: Classification of Rights Issues			√
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	√		
PAS 33	Earnings per Share	√		
PAS 34	Interim Financial Reporting			√
PAS 36	Impairment of Assets	√		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	√		
PAS 38	Intangible Assets	√		
PAS 39	Financial Instruments: Recognition and Measurement			√
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			√
	Amendments to PAS 39: The Fair Value Option			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			√
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			√
	Amendment to PAS 39: Eligible Hedged Items			√
PAS 40	Investment Property			√
PAS 41	Agriculture			√
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			√
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			√
IFRIC 4	Determining Whether an Arrangement Contains a Lease	√		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			√
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			√
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			√
IFRIC 8	Scope of PFRS 2			√
IFRIC 9	Reassessment of Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			√
IFRIC 10	*Interim Financial Reporting and Impairment*			√
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	√		
IFRIC 12	Service Concession Arrangements			√
IFRIC 13	Customer Loyalty Programmes			√
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			√
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			√
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			√
IFRIC 17	Distributions of Non-cash Assets to Owners			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
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		√	
SIC-10	Government Assistance - No Specific Relation to Operating Activities			√
SIC-12	Consolidation - Special Purpose Entities			√
	Amendment to SIC - 12: Scope of SIC 12			√
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	√		
SIC-15	Operating Leases - Incentives			√
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			√
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			√
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			√
SIC-29	Service Concession Arrangements: Disclosures.			√
SIC-31	Revenue - Barter Transactions Involving Advertising Services			√
SIC-32	Intangible Assets - Web Site Costs			√

Standards tagged as "Not applicable" have been adopted by the Group but have no significant covered transactions for the year ended December 31, 2015.

Standards tagged as "Not adopted" are standards issued but not yet effective as of December 31, 2015. The Group will adopt the Standards and Interpretations when these become effective.

iPeople, inc. and Subsidiaries

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

Items	Amount
Unappropriated Retained Earnings, beginning	**₱889,207,284**
Adjustments:	
(see adjustments in previous year's reconciliation)	–
Unappropriated retained earnings, as adjusted, beginning	**889,207,284**
Net income based on the face of available-for-sale	**253,648,417**
Less: Non-actual/unrealized Income net of tax	
Equity in net income of associate/joint venture	–
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	–
Unrealized actuarial gain	–
Fair value adjustment (M2M gains)	–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	–
Adjustments due to deviation from PFRS/GAAP - loss	–
Net Income Actual/Realized	**253,648,417**
Dividends declaration during the year	**(179,743,972)**
Treasury stock	**(209)**
Unappropriated Retained Earnings, as adjusted, ending	**₱963,111,520**

Financial Soundness Indicators

Below are the financial ratios that are relevant to the Group's for the year ended December 31, 2015:

Financial ratios		**2015**	2014
Current ratio *Indicates the Group's ability to pay short-term obligation*	Current Assets / Current Liabilities	**1.11:1**	1.67:1
Solvency Ratio *Shows how likely a company will be to continue meeting its debt obligations*	Net Income+Depreciation / Total Liabilities	**0.89:1**	0.63:1
Debt-to-equity ratio *Measures the Group's leverage*	Total Debt / Equity	**0.23:1**	0.36:1
Asset to Equity Ratio *Shows how the company's leverage (debt) was used to finance the firm*	Total Assets / Equity	**1.23:1**	1.36:1
Interest Rate Coverage *Shows how easily a company can pay interest on outstanding debt*	EBIT* / Interest Expense	**46.84:1**	43.37:1
Return on Average Stockholders' Equity *Reflects how much the Group's has earned on the funds invested by the stockholders*	Net Income / Average Equity	**18.34%**	20.57%
Return on Assets *Measure the ability to utilize the Group's assets to create profits*	Net Income / Total Assets	**13.55%**	13.98%

**Earnings before interest and taxes (EBIT)*

iPeople
A YGC Member

ANNEX " C "

CONSOLIDATED FINANCIAL STATEMENTS OF MARCH 31, 2016 AND DECEMBER 31, 2015 AND THREE MONTHS ENDED MARCH 31, 2016, 2015, AND 2014

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The interim consolidated financial statements of iPeople, Inc. and Subsidiaries as of March 31, 2016 with comparative figures for the periods ended March 31, 2015 and December 31, 2015 and Schedule of Aging of Accounts Receivable are incorporated by reference as **Exhibit 1**.

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

(i) Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

Are there any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.	None
Does the registrant currently has, or anticipates having within the next twelve (12) months, any cash flow or liquidity problems?	No
Is the registrant in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments?	No
Has there been a significant amount of the registrant's trade payables have not been paid within the stated trade terms?	None
Describe internal and external sources of liquidity, and briefly discuss any sources of liquid assets used.	Sources of cash flow are from operations and dividends.

(ii) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

None

(iii) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None

(iv) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described;

The Malayan Colleges Inc. (operating under the Mapua Institute of Technology) or MCI recently completed a two-phase redevelopment project of its Intramuros campus. The purpose of this redevelopment project is to update the facilities for the benefit of the current and entering students.

This redevelopment project has two major phases. First, was the renovation and update of the existing gym. This was completed and turned over in May 2014. Second, was the construction of the new Research and Administration building that will house additional offices and laboratories, including the Admissions Office, the Placement Office, and the Corporate Communications Office. Construction commenced in May 2014 and was completed in 2015.

iPeople, inc. and the Malayan Colleges, Inc. used internally generated funds for this redevelopment project.

Construction of the Engineering Building of Malayan Colleges Laguna, Inc. was completed in Q3 2015.

MCI is also expanding in Mindanao with the acquisition of a 2.3-hectare property in Davao through its newly incorporated school, Malayan Colleges Mindanao (A Mapua School), Inc. in the last quarter of 2015.

(v) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described. If the registrant knows of events that will cause material change in the relationship between costs and revenues (such as known future increases in cost of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.

The current implementation of K Plus 12 program of the DepEd calls for the two extra years of basic education to be phased in starting in 2016. Therefore starting 2016, there will be two years where there will not be any students moving on to tertiary studies. This will severely impact the profit and cashflow of both for-profit and non-profit tertiary education institutions.

Malayan Colleges, Inc., and Malayan Colleges Laguna, Inc. have already received approval of their respective applications with the DepEd to offer Grades 11 and 12 in 2016 and 2017, respectively, to mitigate the expected slowdown in enrollment at the collegiate level due to the K+12 implementation.

iPeople Inc. stresses that the impact of K Plus12 will be felt in the 2016-2017 school year. In the next quarter term, it will not have an effect on the enrolment in our schools.

As a strategic response to the K Plus 12 developments, iPeople is actively seeking acquisition targets that would fit in with its current education portfolio. These targets can include for profit secondary schools, for profit colleges, or for profit universities.

(vi) Any significant elements of income or loss that did not arise from the registrant's continuing operations;

None

(vii) The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item; The term “material” in this section shall refer to changes or items amounting to five percent (5%) of the relevant accounts or such lower amount, which the registrant deems material on the basis of other factors.

Income Statement Variances

For the quarter ending March 2016, IPO showed a consolidated net income after tax of ₱225.06 million against ₱194.94 million last year. Growth of 16% is attributable to steady stream of revenues from Mapua group.

Total revenues were up by 10%, from ₱577.32 million to ₱637.39 million this year. This was primarily driven by the strong results from school operations.

Revenues from school operations went up from ₱549.22 million to ₱594.28 million, due to continuous increase in the number of enrollees and number of units taken by the students.

Sale of goods was higher by ₱11.97 million, from ₱24.40 million of same quarter last year to ₱36.67 million this year. This pertains to reselling business of Pan Pacific Computer Center Inc. (PPCC), the IT Company of the Group.

Sale of services has significantly dropped from ₱12.09 million to ₱6.75 million because of pre-termination of lease agreement between a related party and the school.

Cost of sales and services went up by 8% because of higher cost of school and related operations which went up by 5%. Increase was attributable to higher (a.) student-related expenses because of higher student welfare activities, scholarship grants and educational aid; (b.) depreciation cost due to completed renovation of school's gym and admission office; (c) management and other professional fees because of increase in average cost per personnel; (d) insurance due to new insurance coverage for shop and laboratory equipment; and (e) research and development.

Administrative and general expenses increased by 1% or ₱0.60 million higher from same period last year.

Interest income was lower by 31% this year because of lower volume of placements as of the period.

Interest expense and other charges went down by 3% primarily because of decrease in principal amount of loan.

Other income pertains to income from investment in Unit Investment Trust Fund (UITF) of MCI. Last year includes commission income of PPCC, as well as income from investment in UITF of the school.

Balance Sheet Variances

Total consolidated assets stood at ₱6.07 billion as of the quarter ending March 31, 2016 compared to ₱5.90 billion as of December 2015.

Cash and cash equivalents increased by 24% or ₱141.63 million higher than last year as the enrollment for the next school term started.

Receivables mainly pertain to school-related fees, which is 29% higher from December 2015 because of the timing of enrollment period.

Receivables from related parties increased to ₱1.57 million, which pertains mainly to receivables of MCI for lease of office space, parking rental and utility charges in Makati campus.

Prepaid expense and other current assets grew because of increase in input tax, creditable withholding taxes, local business taxes, Fund for Engineering Development and Institution (FEDIL) and scholarships grants.

Financial assets at fair value through profit and loss pertains to investment of MCI in UITF in RCBC.

Available-for-sale securities increased from 14.39 million to 15.29 million because of higher market value.

Other noncurrent assets pertain to computer software cost, at net of amortization, retirement asset and security deposits. Increase is due to acquisition of computer software.

Total consolidated liabilities were lower by 1%, primarily because of settlement of obligation due to related parties, decrease in unearned tuition fees and payment of long-term debt.

Accounts payable and accrued expenses pertain to MCI's accruals of salaries and accreditation on Accreditation Board for Engineering and Technology, Inc. (ABET). It also includes obligations of PPCC to its suppliers.

Payables to related parties pertains mainly to management fees, audit fees and contracted services due to affiliates. Income tax payable is higher because of the timing of payment for the quarter ended which is in May 2016. Unearned tuition fees significantly dropped as the quarter term ends.

Dividends payable ending December 31, 2015 was settled in January 2016. The balance of ₱64.65 million pertains to current dividend declaration, which is due on May 5, 2016.

Long term debt represents remaining loan of MCI to RCBC, which will mature in May 2018.

Total consolidated equity increased from ₱4.80 billion to P4.98 billion this quarter. Equity attributable to Parent is at ₱4.66 billion, from ₱4.50 billion last December 2015.

(viii) Any seasonal aspects that had a material effect on the financial condition or results of operations.

School operations always undergo a material change during the summer quarter. For the purposes of this discussion, the summer quarter occurs in the three months from late March to late May of every year.

During the summer quarter, student enrolment drops over 75 percent because the majority of matriculating students go on break. Therefore there is a seasonal shift in revenues as enrolment drops in the summer quarter. Despite the drop in enrolment during the summer, the schools continue to carry the same periodic fixed costs over a lower revenue base. Therefore the schools realize much lower net profits during the summer months. This is something that happens every year.

When the students return in the 3rd calendar quarter (July to September), revenues and profits return to their normal run rates. In fact given the summer quarter, the financial results of the schools tend to be back end loaded with respect to the calendar year. This means that the second half of the calendar year is always more profitable compared to the first half of the calendar year.

Financial Soundness Indicators

The company's top 11 key performance indicators as of the end of March 31, 2016 compared to December 31, 2015 are as follows:

Financial ratios		**2016**	2015
Current ratio *Indicates the Group's ability to pay short-term obligation*	Current Assets / Current Liabilities	**1.33:1**	1.11:1
Solvency Ratio *Shows how likely a company will be to continue meeting its debt obligations*	Net Income+Depreciation / Total Liabilities	**0.25:1**	0.89:1
Debt-to-equity ratio *Measures the Group's leverage*	Total Debt / Equity	**0.22:1**	0.23:1
Asset to Equity Ratio *Shows how the company's leverage (debt) was used to finance the firm*	Total Assets / Equity	**1.22:1**	1.23:1
Interest Rate Coverage *Shows how easily a company can pay interest on outstanding debt*	EBIT / Interest Expense	**58.94:1**	46.84:1
Return on Average Stockholders' Equity *Reflects how much the Group's has earned on the funds invested by the stockholders*	Net Income / Average Equity	**4.60%**	18.34%
Return on Assets *Measure the ability to utilize the Group's assets to create profits*	Net Income / Total Assets	**3.71%**	13.55%
Net Profit Margin *Shows how much profit is made for every peso of revenue*	Net Income / Total Revenues	**35.31%**	32.83%
Asset Turnover	Total Revenues	**10x**	41x

Shows efficiency of asset used in operations	Total Assets		
Return on Equity *Shows how much the business returns to the stockholders for every peso of equity capital invested*	Net Income/Total Revenues x Total Revenues/Total Assets x Total Assets/Total Equity	**4.52%**	16.64%

- The current ratio increased to 1.33 as of March 2016 from 1.11 as of December 31, 2015 due to collection of prior period's receivables and increase on sale of PPCC which are yet to be collected.
- Solvency ratio is at 0.25 which shows that the Group has a strong cash flow to meet its short-term and long-term liabilities.
- Debt-to-equity ratio slightly decreased from 0.23 as at December 2015 to 0.22 this quarter as the Group continues to pay down its loan.
- Asset to equity ratio improved from 1.23 as at December 2015 to 1.22 this quarter. The group was able to finance its business requirements through internally generated funds.
- Interest rate coverage ratio improved from 47 times in 2015 to 59 times this quarter as the Group accelerated payment of its principal loan balance.
- Return on average stockholders' equity is at 4.60% this quarter. The Group is optimistic that this will improve by the end of the year.
- Return on asset is at 3.71% against 13.55% last year. The group is optimistic that this will improve by the end of the year. As of this period, revenues from school operations has grown by 10% as the number of students increased from last year.
- Net profit margin increased from 32.83% last year to 35.31% this period because of higher revenues from school.
- Asset turnover is 10 times as of the period against 41 times as of December 2015.
- Return on equity is at 4.52% as of the quarter. The Group is optimistic that this will improve at year end.

The above-mentioned ratios are applicable to the Group (Parent Company and its majority owned subsidiaries) as a whole.

PART II – OTHER INFORMATION

Item 3: 1Q 2016 DEVELOPMENTS
Significant developments during the first quarter of 2016 were briefly discussed in Item II: *Management Discussion and Analysis of Financial Condition and Results of Operations.*

Item 4: OTHER NOTES TO FINANCIAL STATEMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, receivables, due from related parties, AFS financial assets, loans payable, accounts payable and accrued expenses, due to related parties, dividends payable, lease liability and long-term debt. The main purpose of these financial instruments is to manage working capital for the Group's operations.

The main risks arising from the Group's financial instruments are liquidity risk, market risk, and credit risk. The BOD reviews and approves the policies for managing these risks. The Audit Committee and the Risk Management Committee of the Board meets regularly and exercises an oversight role in managing risks.

The following covers the risk management policies at the holding company (IPO) level.

Interest Rate Risk
IPO is exposed to interest rate risk because it has borrowings from local banks. It is a company policy to use excess liquidity to pay down borrowings in order to decrease financing costs, and reduce exposure to rising interest rates.

It is also a company policy to actively discuss with lending banks on how to lower financing costs. When possible, IPO will use lower cost debt to pay down higher cost debt. IPO does not speculate on the direction of interest rates. The main objective is to lower financing costs as much as possible.

Foreign Exchange Risk
IPO's foreign exchange risk results primarily from movements in the prevailing exchange rate between the Philippine Peso (PHP) and the Unites States Dollar (USD). The revenues and the operating expenses of IPO are primarily denominated in PHP.

IPO closely monitors the movements in the USD/PHP exchange rate and makes a regular assessment of future foreign exchange movements, based also, in part, on its analysis of other macroeconomics indicators. Where possible and when warranted, it is the company practice to pay dollar liabilities with its excess dollar funds. The company does not speculate on the direction of foreign exchange rates.

Liquidity Risk
IPO seeks to manage its liquidity to be able to service maturing debts, finance capital requirements, and pay for existing operations. IPO maintains a consistent level of funding to be able to pay for its day to day operations. IPO constantly monitors its projected cash flows through risk meetings that occur on a weekly basis. When major acquisitions pop up on the radar screen, IPO assesses market conditions to be able to source the funding as inexpensively as possible.

Credit Risk

IPO's holding of cash and short term securities exposes the company to the credit risk of the counterparty. It does not have a concentrated credit risk exposure.

IPO is also exposed to credit risk on its receivables. There may be cases where students who have signed notes are unable to settle fully the unpaid balance of tuition fees and other charges, which are owed to the Group based on installment payment schemes.

The Group manages its credit risk in accordance with its credit risk policies which requires evaluation of the creditworthiness of the students based on factors such as monthly net disposable income and residence. Also, students are not allowed to enroll in the following term unless the unpaid balance in the previous term has been paid. IPO withholds the academic records and clearance of the students with unpaid balances.

The Group's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

Price Risk

Available for sale (AFS) financial instruments are held and are subject to price fluctuation. These securities are vulnerable to price risk due to changes in market factors related to the overall market for financial assets. These prices change depending on how market participants act in the market.

IPO has non-core holdings in its AFS investments. For its non-core holdings, IPO's investment policy is to monitor developments in the market and to monitor these securities very closely. The company regularly assesses the opportunity cost of holding these securities. When a more appropriate use of the funds is determined, it is IPO's intention to liquefy these investments and put the excess cash to work.

Business Continuity Risk

IPO is acutely conscious of the risks posed by natural disasters, acts of God, or other man-made actions that can have an adverse impact on the continuity of regular operations. The Group works to make sure that its business continuity plans are up to date

Succession Risk

The company knows that people are an important resource and that its executive management team is a significant contributor to the value-adding activities of the firm. In order to preserve the management chain of succession and institutional knowledge that comes with it, each member of executive management is accountable for putting a succession plan in place that includes the identification and development of his or her successor.

The respective company presidents, general managers, and chief risk officers of each portfolio company are accountable for making sure that their risk management policies line up with the risk management policies of the holding company. Group internal audit (GIA) provides valuable input to risk management support by conducting regular business unit audits that also incorporate the evaluation of risk management practices.

The Risk Management Committee of the Board meets regularly and exercises an oversight role on executive management who are accountable for managing the risks that arise out of regular business operations.

EXHIBIT 1

iPEOPLE INC. and SUBSIDIARIES

Interim Condensed
Unaudited Consolidated Financial Statements

March 31, 2016 and 2015 (Unaudited)
and
December 31, 2015 (Audited)

IPEOPLE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited	Audited
	31-Mar-2016	31-Dec-2015
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 14)	**₱740,701,076**	₱599,066,474
Receivables (Notes 7)	**191,994,093**	148,697,892
Receivables from related parties (Notes 14)	**1,573,497**	1,482,432
Prepaid expenses and other current assets (Note 8)	**121,221,691**	112,634,565
Financial assets at fair value through profit and loss (FVPL)	**8,205,773**	8,205,773
Total Current Assets	**1,063,696,130**	870,087,136
Noncurrent Assets		
Available-for-sale financial assets	**15,294,167**	14,389,673
Property and equipment (Notes 9 and 10)	**4,837,021,912**	4,860,161,041
Net pension asset	**947,904**	1,060,888
Goodwill (Note 11)	**137,853,345**	137,853,345
Deferred tax assets - net	**12,409,513**	12,409,513
Other noncurrent assets (Notes 12)	**5,042,702**	1,508,522
Total Noncurrent Assets	**5,008,569,543**	5,027,382,982
	₱6,072,265,673	₱5,897,470,118
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 13)	**₱580,707,745**	₱584,658,132
Payable to related parties (Notes 14)	**14,715,178**	13,986,098
Income tax payable	**52,485,113**	24,108,059
Unearned tuition fees	**3,383,872**	12,453,843
Dividends payable (Notes 16)	**64,651,703**	64,414,232
Current portion of long-term debt (Notes 14, 15)	**86,000,000**	86,000,000
Total Current Liabilities	**801,943,611**	785,620,364
Noncurrent Liabilities		
Pension liability - net	**95,028,130**	92,547,626
Long-term debt - net of current portion (Notes 14 and 15)	**81,000,000**	102,500,000
Deferred tax liabilities - net	**113,879,259**	117,412,887
Total Noncurrent Liabilities	**289,907,389**	312,460,513
Total Liabilities	**₱1,091,851,000**	₱1,098,080,877

(Forward)

	Unaudited	Audited
	31-Mar-2016	31-Dec-2015
Equity		
Common stock (Note 16)	**₱748,933,221**	₱748,933,221
Additional paid-in capital	**1,438,827**	1,438,827
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale financial assets	**(3,068,078)**	(3,972,571)
Revaluation increment on land (Note 10)	**751,444,924**	751,444,924
Remeasurement gains on defined benefit plans	**6,331,596**	6,331,596
Retained earnings (Note 16)	**3,158,319,568**	2,994,028,061
	4,663,400,058	4,498,204,058
Less: Treasury stock (Note 16)	**209**	209
	4,663,399,849	4,498,203,849
Noncontrolling interest in consolidated subsidiaries	**317,014,824**	301,185,392
Total Equity	**4,980,414,673**	4,799,389,241
	₱6,072,265,673	₱5,897,470,118

See accompanying Notes to Consolidated Financial Statements.

IPEOPLE, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	January 1 to March 31		
	2016	2015	2014
REVENUES			
Tuition and other fees (Note 17)	**₱594,277,356**	₱540,833,300	₱500,881,345
Sale of goods	**36,367,567**	24,399,175	30,043,208
Sale of services	**6,745,158**	12,088,548	10,131,423
	637,390,082	577,321,023	541,055,976
COSTS AND EXPENSES			
Cost of tuition and other fees (Note 18)	**290,202,528**	275,151,133	245,336,237
Cost of goods sold	**33,543,602**	23,192,781	27,140,841
Cost of services	**2,642,514**	2,647,526	6,518,401
	326,388,644	300,991,440	278,995,479
GROSS PROFIT	**311,001,438**	276,329,583	262,060,497
GENERAL AND ADMINISTRATIVE EXPENSES (Note 19)	**(58,503,277)**	(57,905,799)	(48,638,698)
INTEREST AND OTHER FINANCE CHARGES (Notes 15 and 20)	**(4,284,203)**	(4,465,424)	(3,099,744)
INTEREST INCOME (Notes 6, 7, 14 and 20)	**1,653,079**	2,237,861	1,177,974
OTHER INCOME (LOSS)	**33,321**	675,163	882,987
INCOME BEFORE INCOME TAX	**249,900,358**	216,871,384	212,383,017
PROVISION FOR INCOME TAX	**24,843,426**	21,934,217	21,736,812
NET INCOME	**225,056,932**	194,937,167	190,646,205
OTHER COMPREHENSIVE INCOME			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Unrealized gain (loss) on available-for-sale financial assets	**904,493**	(1,808,987)	2,989,290
	904,493	(1,808,987)	2,989,290
TOTAL COMPREHENSIVE INCOME	**₱225,961,425**	₱ 193,128,180	₱ 193,635,495
Net income attributable to:			
Equity holders of the parent (Note 21)	**₱209,227,500**	₱ 181,039,831	₱ 176,951,595
Non-controlling interest in consolidated subsidiaries (Note 25)	**15,829,432**	13,897,336	13,694,610
	₱225,056,932	₱ 194,937,167	₱ 190,646,205
Total comprehensive income attributable to:			
Equity holders of the parent	**₱ 210,131,993**	₱ 179,230,844	₱ 179,940,885
Non-controlling interest in consolidated subsidiaries (Note 25)	**15,829,432**	13,897,336	13,694,610
	₱225,961,425	₱ 193,128,180	₱ 193,635,495
Basic Earnings Per Share (Note 21)	**₱0.2794**	₱ 0.2417	₱ 0.2363

See accompanying Notes to Consolidated Financial Statements.

IPEOPLE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent Company									
	Common Stock (Note 16)	**Additional Paid-in Capital**	**Unrealized Gain on Available – for - Sale Financial Assets** (Note 28)	**Revaluation Increment on Land - net of tax** (Note 10)	**Remeasurement Gains on Net Pension Liability** (Note 23)	**Treasury Stock** (Note 16)	**Retained Earnings** (Note 16)	**Total**	**Non - controlling Interest** (Note 27)	**Total**
	For the quarter ended March 31, 2016									
Balances as at January 1, 2016	**₱748,933,221**	**₱1,438,827**	**(₱3,972,571)**	**₱751,444,924**	**₱6,331,596**	**(₱209)**	**₱ 2,994,028,061**	**₱4,498,203,849**	**₱301,185,392**	**₱4,799,389,241**
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**209,227,500**	**209,227,500**	**15,829,432**	**225,056,932**
Other comprehensive income (loss)	**–**	**–**	**904,493**	**–**	**–**	**–**	**–**	**904,493**	**–**	**904,493**
Total comprehensive income (loss)	**–**	**–**	**904,493**	**–**	**–**	**–**	**209,227,500**	**210,131,993**	**15,829,432**	**225,961,425**
Dividends declared	**–**	**–**	**–**	**–**	**–**	**–**	**(44,935,993)**	**(44,935,993)**	**–**	**(44,935,993)**
Balances as at March 31, 2016	**₱748,933,221**	**₱1,438,827**	**(₱3,068,078)**	**₱751,444,924**	**₱6,331,596**	**(₱209)**	**₱3,158,319,568**	**₱4,663,399,849**	**₱317,014,824**	**₱4,980,414,673**
	For the quarter ended March 31, 2015									
Balances as at January 1, 2015	₱748,933,221	₱1,438,827	₱4,633,824	₱448,763,360	₱36,051,315	(₱209)	₱2,432,843,210	₱3,672,663,548	₱240,394,640	₱3,913,058,188
Net income for the year	–	–	–	–	–	–	181,039,831	181,039,831	13,897,337	194,937,168
Other comprehensive income (loss)	–	–	(1,808,987)	–	–	–	–	(1,808,987)	–	(1,808,987)
Total comprehensive income (loss)	–	–	(1,808,987)	–	–	–	181,039,831	179,230,844	13,897,337	193,128,181
Dividends declared	–	–	–	–	–	–	(44,935,993)	(44,935,993)	–	(44,935,993)
Balances as at March 31, 2015	₱748,933,221	₱1,438,827	₱2,824,837	₱448,763,360	₱36,051,315	(₱209)	₱ 2,568,947,048	₱ 3,806,958,399	₱ 254,291,977	₱ 4,061,250,376
	For the quarter ended March 31, 2014									
Balances as at January 1, 2014	₱748,933,221	₱1,438,827	₱2,495,929	₱366,127,520	₱36,162,718	(₱209)	₱1,979,535,008	₱3,134,693,014	₱201,151,024	₱3,335,844,038
Net income for the year	–	–	–	–	–	–	176,951,595	176,951,595	13,694,610	190,646,205
Other comprehensive income (loss)	–	–	493,360	–	(289,600)	–	–	203,760	–	203,760
Total comprehensive income (loss)	–	–	493,360	–	(289,600)	–	176,951,595	177,155,356	13,694,610	190,849,966
Dividends declared	–	–	–	–	–	–	(44,935,993)	(44,935,993)	–	(44,935,993)
Balances as at March 31, 2014	₱748,933,221	₱1,438,827	₱ 2,989,289	₱366,127,520	₱ 35,873,117	(₱209)	₱ 2,111,550,610	₱ 3,266,912,375	₱ 214,845,635	₱ 3,481,758,010

See accompanying Notes to Consolidated Financial Statements.

IPEOPLE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	January 1 to March 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱ 249,900,358**	₱ 216,871,384	₱ 212,383,017
Adjustments for:			
Depreciation and amortization (Notes 9, 12, 18 and 19)	**48,883,964**	143,410,590	32,603,421
Interest expense and other finance charges (Note 20)	**4,284,203**	4,465,424	3,099,744
Interest income (Notes 6, 7, 14 and 20)	**(1,653,079)**	(2,237,861)	(2,060,961)
Unrealized market gain on financial asset at FVPL	**–**	(60,000)	–
Realized loss on disposal of financial assets at FVPL	**–**	(30,398)	–
Unrealized foreign exchange loss (gain)	**–**	109,299	–
Operating income before working capital changes	**301,415,446**	362,528,438	246,025,221
Decrease (increase) in:			
Accounts receivable	**(43,341,069)**	11,373,975	(5,598,626)
Prepaid expenses and other current assets	**(8,587,125)**	(20,994,813)	(5,504,036)
Increase (decrease) in:			
Accounts payable and accrued expenses	**(2,614,702)**	67,532,388	49,766,090
Unearned tuition fees	**(9,069,971)**	(7,716,223)	(6,590,695)
Net pension asset and liability	**(940,142)**	680,150	1,623,763
Net cash generated from operations	**236,862,437**	413,403,915	279,721,717
Interest received	**1,697,946**	1,956,313	2,060,961
Interest paid	**(5,619,889)**	(3,948,212)	(3,099,744)
Income taxes paid	**3,533,629**	1,641,126	2,058,945
Net cash flows provided by operating activities	**236,474,123**	413,053,142	280,741,879
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of :			
Financial assets at FVPL	**–**	90,398	–
Acquisitions of:			
Property and equipment (Note 9)	**(25,311,294)**	(250,885,710)	(132,260,958)
Computer software (Note 12)	**(4,480,000)**	(4,623,361)	1,369,344
Financial assets at FVPL	**–**	–	(882,984)
Decrease (increase) in:			
Receivables from related parties	**(91,065)**	(1,729,374)	(829,046)
Other noncurrent assets	**512,280**	–	–
Net cash flows used in investing activities	**(29,370,079)**	(257,148,047)	(132,603,644)

(Forward)

	January 1 to March 31		
	2016	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of long-term debt (Note 15)	**(₱21,500,000)**	(₱19,907,059)	₱63,288,946
Dividends paid to stockholders	**(44,698,522)**	(104,293,636)	(85,900,457)
Increase (decrease) in payables to related parties	**729,080**	(3,977,697)	3,831,302
Net cash flows used in financing activities	**(65,469,442)**	(128,178,392)	(18,780,209)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**–**	(109,299)	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**141,634,602**	27,617,404	129,358,026
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**599,066,474**	1,156,486,981	739,344,120
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱ 740,701,076**	₱1,184,104,385	₱868,702,146

See accompanying Notes to Consolidated Financial Statements.

iPEOPLE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

iPeople, inc. (the Parent Company) is a stock corporation incorporated on July 27, 1989 under the laws of the Philippines and has two wholly-owned subsidiaries, namely: Pan Pacific Computer Center, Inc. (PPCCI),) and People eServe Corporation (PEC). Parent Company has also 93% ownership in Malayan Colleges, Inc. (MCI) Malayan Colleges Laguna, Inc. (MCLI), Malayan Colleges Mindanao, Inc. (MCMI), Malayan High School of Science, Inc. (MHSSI), Mapua Information Technology Center, Inc. (MITC), Mapua Techserv, Inc. (MTI), Mapua Techpower, Inc. (MTpI), and San Lorenzo Ruiz Institute of Health Science Inc. (SLRIHSI).

The Parent Company, a subsidiary of House of Investments, Inc. (HI), is a holding and management company with principal office at 3rd Floor, Grepalife Building, 219 Sen. Gil J. Puyat Avenue, Makati City. iPeople, inc. and its subsidiaries (collectively referred to as “the Group”) are involved in education, consulting development and in installation and maintenance of information technology systems.

The Group’s ultimate parent is Pan Malayan Management and Investment Corporation (PMMIC).

2. Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared under the historical cost basis, except for the land which is under revaluation model and available-for-sale financial assets which are measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company’s functional currency. All values are rounded to the nearest peso unless otherwise indicated.

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS also includes Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The Parent Company also prepares and issues financial statements for the same period as the consolidated financial statements in compliance with PFRS, which can be obtained from the Parent Company’s registered office address.

Basis of Consolidation and Investments in Subsidiaries
The consolidated financial statements comprise the financial statements of the Group as of March 31, 2016 and December 31, 2015, and for each of the three years in the period ended March 31, 2016.

The consolidated financial statements are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All significant intercompany balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intercompany transactions that are recognized in assets are eliminated in full.

Below are the Group's subsidiaries and percentage of ownership:

	Percentage of Ownership		
	2016	2015	2014
Malayan Colleges, Inc. (Operating Under the Name of Mapua Institute of Technology) and subsidiaries	**93%**	93%	93%
Direct ownership of MCI on its subsidiaries:			
Mapua Information Technology Center, Inc.	**100**	100	100
Mapua Techserv, Inc.	**100**	100	100
Mapua Techpower, Inc.	**75**	75	75
Malayan High School of Science, Inc.	**100**	100	100
San Lorenzo Ruiz Institute of Health Sciences, Inc.	**100**	100	100
Malayan Colleges Laguna Inc. led by a Mapua School of Engineering	**100**	100	100
Malayan Colleges Mindanao (A Mapua School), Inc.	**100**	–	–
People eServe Corporation	**100**	100	100
Pan Pacific Computer Center, Incorporated	**100**	100	100

On December 11, 2015, MCMI was incorporated under the Securities and Exchange Commission. MCI subscribed to 4,000,000 preferred shares and 624,993 common shares amounting ₱462.50 million resulting to 100% ownership.

All subsidiaries were incorporated in the Philippines. The functional currency of the subsidiaries is the Philippine Peso (₱).

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.

Noncontrolling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the Group's shareholders' equity. Transactions with noncontrolling interests are handled in the same way as transactions with external parties.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. All intragroup balances, transactions, unrealized gains and losses resulting from intragroup transactions and dividends are eliminated in full.

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

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;

- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

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3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended PFRS and Philippine Interpretations which became effective beginning January 1, 2015. Except as otherwise indicated, the adoption of amended PFRS and Philippine Interpretations did not have any effect on the consolidated financial statements of the Group.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments had no impact on the Group's consolidated financial statements.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) became effective for annual periods beginning on or after January 1, 2015 and had no material impact on the Group.

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

  - A performance condition must contain a service condition;
  - A performance target must be met while the counterparty is rendering service;
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
  - A performance condition may be a market or non-market condition; and
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  This amendment does not apply to the Group as it has no share-based payments.
- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or

not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments,* if early adopted). The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:

  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  The amendments affect disclosures only and had no impact on the Group's consolidated financial position or performance.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment had no impact on the Group's consolidated financial position or performance.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments affect disclosures only and had no impact on the Group's consolidated financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) became effective for annual periods beginning on or after January 1, 2015 and had no material impact on the Group.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  The amendment had no impact on the Group's consolidated financial position or performance.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39. The amendment had no significant impact on the Group's consolidated financial position or performance.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment had no significant impact on the Group's consolidated financial position or performance.

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2015 and these will be adopted on their effectivity dates in accordance with the transition provisions. Except as otherwise stated, these amendments and improvements to PFRS and new standards are not expected to have any significant impact on the Group's consolidated financial statements.

Deferred

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The Securities and Exchange Commission and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost

(before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016. The amendment will have no significant impact on the Group's consolidated financial position or performance.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures

on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)

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

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

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. The amendment will have no significant impact on the Group's consolidated financial position or performance.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment will have no significant impact on the Group's consolidated financial position or performance.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim

financial report (e.g., in the management commentary or risk report). The amendment will have no significant impact on the Group's consolidated financial position or performance.

Effective January 1, 2018

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

The Group did not early adopt PFRS 9. The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The requirements on the hedge accounting will not have any impact in the Group's consolidated financial statements.

The following new standard issued by the IASB has not yet been adopted by the FRSC

IFRS 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 by the International Accounting Standards Board (IASB) and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The 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 International Accounting Standards Board (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 in 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 twelve (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 Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

4. Summary of Significant Accounting Policies

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 (3) months or from dates of placement and that are subject to an insignificant risk of changes in value.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, which is the date when the Group commits to purchase or sell the asset.

Initial recognition

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and liabilities at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities include transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale financial assets, and loans and receivables. The Group classifies its financial liabilities as financial liabilities at FVPL or other financial liabilities.

The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. The financial assets of the Group are of the nature of loans and receivable, available-for-sale financial assets and HTM financial assets, while its financial liabilities are of the nature of other financial liabilities. Management determines the classification at initial recognition and re-evaluates such designation, where allowed and appropriate, at every reporting date.

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction 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 consolidated 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; and
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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.

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

Financial assets at FVPL
This includes financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets at FVPL are recorded in the consolidated statement of financial position at fair value with unrealized mark-to-market gains and losses reported as part of the current year operations in the consolidated statement of comprehensive income. Interest earned or incurred is recorded as interest income or expense, respectively, while dividend income is recorded in the consolidated statement of comprehensive income according to the terms of the contract, or when the right of payment has been established. Derivatives, including separated embedded derivatives are also classified as FVPL unless they are designated as effective hedging instruments or a financial guarantee contract.

Financial assets may be designated at initial recognition as at FVPL if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis;
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

The Group's financial assets at FVPL amounted to ₱8.21 million as of March 31, 2016 and December 31, 2015, respectively. This consists of peso-denominated investment in unit investment trust fund (UITF) in Rizal Commercial Banking Corporation (RCBC). The mark to market gain on these assets amounted to nil and ₱0.18 million in 2016 and 2015, respectively.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held-for-trading, designated as available-for-sale or as financial assets at FVPL. Receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, loans and receivables are subsequently measured at cost or at amortized cost using the effective interest method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization, if any, is included in profit or loss. The losses arising from impairment of receivables are recognized in profit or loss. These financial assets are included in current assets if maturity is within twelve (12) months from the financial reporting date. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Group's cash and cash equivalents, receivables and receivables from related parties which are carried at amortized cost.

HTM investments
HTM investments are quoted nonderivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. Where the Group sells or reclassifies other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified at fair values as available-for-sale financial assets. After initial measurement, HTM investments are measured at amortized cost using the effective interest method (EIR). Gains and losses are recognized in the consolidated statement of comprehensive income when the investments are derecognized or impaired, as well as through the amortization process.

The Group has no HTM investments as at March 31, 2016 and December 31, 2015.

Available-for-sale financial assets
Available-for-sale financial assets are nonderivative financial assets that are designated as such or do not qualify to be classified or designated as financial assets at FVPL, HTM investments or

loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, available-for-sale financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of available-for-sale financial assets are excluded from reported earnings and are reported in OCI.

When the investment is disposed of, the cumulative gain or loss previously recognized in OCI is recognized as gain or loss on disposal in profit or loss. Where the Group holds more than one investment in the same security these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding available-for-sale financial assets are reported as interest income using the EIR. Dividends earned on holding available-for-sale financial assets are recognized in profit or loss as part of miscellaneous income when the right to receive payment has been established. The losses arising from impairment of such investments are recognized as provisions for impairment losses in profit or loss.

When the fair value of available-for-sale equity financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any impairment losses.

The Group's available-for-sale financial assets consist of investments in quoted common shares which amounted to ₱15.29 million and ₱14.39 million as at March 31, 2016 and December 31, 2015, respectively. The unrealized loss on available-for-sale as of March 31, 2016 and December 31, 2015 amounted to₱3.07 million and ₱3.97 million, respectively.

Derivative financial instruments
Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in the consolidated statement of comprehensive income.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at FVPL.

The Group has no derivative financial instruments as at March 31, 2016 and December 31, 2015.

Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Derivatives, including separated embedded derivatives, are also classified as FVPL, unless they are designated as effective hedging instruments.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

The Group has no financial liabilities at FVPL as at March 31, 2016 and December 31, 2015.

Other financial liabilities
Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the liabilities are derecognized (redemption is a form of derecognition), as well as through the amortization process. Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.`

Classified under this category are Group's accounts payable and accrued expenses, payables to related parties, dividends payable and long-term debt.

<u>Derecognition of Financial Assets and Financial Liabilities</u>

Financial asset

A financial asset (or, where applicable, a part of a group of financial assets) is derecognized where: (a) the rights to receive cash flows from the assets have expired; (b) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third-party under a "pass-through" arrangement; or (c) the Group has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability

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

<u>Impairment of Financial Assets</u>

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

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

Loans and receivables

For loans and receivables carried at amortized cost, the Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss on a financial asset carried at amortized cost (i.e., loans and receivables or HTM investments) has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the assets original EIR (excluding future credit losses that have not been incurred). If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset, together with the other assets that are not individually significant and were thus not individually assessed for impairment, is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as year-level of students.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Financial assets carried at amortized costs, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Available-for-sale financial assets carried at fair value
In case of equity investments classified as available-for-sale financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below their corresponding cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in OCI is removed from OCI and recognized in profit or loss. Reversals of impairment losses in respect of equity instruments classified as available-for-sale financial assets are not recognized in the profit or loss. Increases in fair value after impairment are recognized directly in OCI.

Available-for-sale financial assets carried at cost
If there is an objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Jointly Controlled Operations
A jointly controlled operation involves the use of the assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves. Each venturer uses its own property, plant and equipment and carries its own inventories. It also incurs its own expenses and liabilities and raises its own finance, which represent its own obligations.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated

statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. 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.

This accounting policy relates to the net payable to PTC amounting ₱15.00 million and ₱13.05 million as of March 31, 2016 and December 31, 2015, respectively, and included under "Accounts payable and accrued expenses" in the consolidated statements of financial position.

The memorandum of agreement of the joint operation has a provision to settle the amounts due from and due to on a net basis.

Business Combination and Goodwill

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

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.

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 is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling 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 as bargain purchase gain.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) 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 these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

For business combinations under common control an entity can choose to account for the combinations using the acquisition method or pooling of interest method.

Under the pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. No goodwill is recognized. The adjustments made, if any, are only to the extent to harmonize accounting policies within the Group.

However, where an entity selects the acquisition method of accounting, the transaction must have substance from the perspective of the reporting entity. When evaluating whether the transaction has substance, the following factors are considered:

(a) the purpose of the transaction;
(b) the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
(c) whether or not the transaction is conducted at fair values;
(d) the existing activities of the entities involved in the transactions;
(e) whether or not it is bringing entities together into a "reporting entity" that didn't exist before; and
(f) where a new company is established, whether it is undertaken as an integral part of an IPO or spin-off or other change in control and significant change in ownership.

Under acquisition method, the Group can either measure the consideration transferred at the acquisition-date fair value of the consideration actually given or elect to impute an additional equity contribution to recognise total consideration equivalent to the fair value of the business received. Whichever method is adopted should be applied consistently, and the entity should disclose its chosen accounting policy.

The goodwill recognized in the Group's consolidated statement of financial position pertains to the acquisition of MCI.

Inventories
Inventories are stated at the lower of cost and net realizable value (NRV). NRV is the selling price in the ordinary course of the business, less costs of completion, marketing and distribution. Cost is determined using specific identification method for computer equipment and weighted and simple average method for textbooks, printed materials and supplies intended for sale.

Prepaid Expenses and Other Current Assets
Prepaid expenses and other current assets pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group. This includes restricted funds invested in money market placements exclusively for use in Civic Welfare Training Service (CWTS), National Service Training Program (NSTP) and for financing of scholars of certain private entities.

Creditable Withholding Tax
This pertains to the tax withheld at source by the Group's customers and lessees and is creditable against its income tax liability.

Value-Added Tax (VAT)
The input value-added tax pertains to the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services.

Output VAT pertains to the 12% tax due on the local sale of goods or services by the Group.

Property and Equipment
Property and equipment, except for land, is stated at cost, less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations 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.

When assets are retired or otherwise disposed of, the cost or revalued amount, and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as part of current operations.

Depreciation is computed using the straight-line method over the estimated useful lives (EUL) of the related assets as follows:

	Years
Buildings and improvements	10-20
Office furniture and equipment	5-10
Transportation equipment	5

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

Land is carried at its revalued amount. The appraised values used for revaluation were determined by an independent appraiser.

The initial cost of land consists of its purchase price and directly attributable costs of bringing the asset to its working condition and location for its intended use.

The appraisal increment (net of deferred tax) resulting from the revaluation is credited to the "revaluation increment on land" account under the equity section of the Group's consolidated statement of financial position and under the consolidated statement of changes in equity. Construction in progress represents property under construction and is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are ready for their intended use.

Intangible Assets

The Group's intangible assets include goodwill and computer software as at March 31, 2016 and December 31, 2015.

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Impairment of Property and Equipment, Computer Software and Goodwill

For property and equipment and computer software, the Group assesses at each reporting date whether there is any indication that an item of property and equipment and computer software may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the

asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. A previously recognized impairment loss is reversed by a credit to current operations to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined had no impairment loss been recognized for the asset in prior years.
Impairment on goodwill is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

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

Equity
The Group records capital stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity shares. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. When any member of the Group purchases the Group's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.

Retained earnings represent accumulated earnings less dividends declared and any adjustment arising from application of new accounting standards, policies or corrections of errors applied retroactively.

The Parent Company's retained earnings declarable as dividends amounted to ₱916.91 million and ₱963.11 million as at March 31, 2016 and December 31, 2015, respectively. Dividends distribution is approved by the BOD of the Parent Company.

The individual accumulated earnings of the subsidiaries are available for dividend declaration when these are declared as dividends by the respective subsidiaries as approved by their respective BOD.

Cost of Common Stock Held in Treasury
Own equity investments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale issue or cancellation of the Parent Company's own equity investments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

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, rebates, and other sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. When the Group is acting as a principal in an arrangement, revenue is recorded at gross. When the Group is acting as an agent, the revenue recorded is only the commission.

Except for certain arrangements of People eServe, the Group has concluded that it is acting as principal in all of its arrangements.

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

Revenues from tuition and other fees
Revenues from tuition and other fees are recognized as income over the corresponding school term. Unearned revenues are shown as unearned tuition fees in the consolidated statement of financial position and will be recognized as revenues when the educational service has been fulfilled in the applicable school term.

Admission, examination and other fees
Admission, examination and other fees are recognized as income when examination has been granted by the school and related services have been provided to the students.

Sales of goods
Sales of goods are recognized as revenue upon delivery of the goods and when the risks and rewards of ownership have passed to the buyer.

Sale of services
Sales of services are recognized when services are rendered.

Bookstore income
Bookstore income is recognized when the risk and reward of ownership of the goods have passed to the buyer.

Rental income
Rental income is recognized as revenue on a straight-line basis over the lease term.

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

<u>Costs and Expenses</u>
The Group's costs and expenses constitute costs of operating and administering the business recognized in the consolidated statement of comprehensive income as incurred.

Cost of tuition and other fees
Cost of tuition and other fees constitute expenses directly related to the Group's school and related operations which include expenses for salaries and wages of teaching and academic support personnel, student welfare activities, advertising, and all other student-related costs and expenses. Cost of tuition and other fees are recognized as expense when school and related services have been provided to the students.

Cost of goods sold
Cost of goods sold includes all expenses associated with the specific sale of goods. Cost of goods sold include all materials and supplies used, direct labor, depreciation of production equipment, royalty, power and water and other expenses related to production. Such costs are recognized when the related sales have been recognized.

Cost of services
Cost of services includes all expenses associated with sale of services. Cost of services include all materials and supplies used, direct labor, depreciation of production equipment, power and water and other expenses related to services rendered. Such costs are recognized when the related services have been rendered.

General and Administrative Expenses
These expenses constitute costs of administering the business. General and administrative expenses, except for rent expense, are recognized as incurred. Rent expenses are recognized on a straight-line basis over the lease term.

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

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

Defined benefit costs comprise the following:

(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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 high quality corporate 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).

The Group’s right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income 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 substantially enacted at the financial reporting date.

Deferred tax
Deferred tax is provided using the liability method on taxable temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose.

Deferred tax liabilities are recognized for all taxable temporary differences except: (a) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences and carryforward of unused MCIT and NOLCO can be utilized except; (a) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized directly in equity or other comprehensive income is included in the related equity or other comprehensive income account and not in profit or loss.

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

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

Interest and Financing Charges
Interest and financing charges is recognized as expense in the period in which it is incurred.

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

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

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for any of the scenarios above, and at the date of renewal or extension period for the second scenario.

Group as a lessee
Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the consolidated statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the EUL of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the leased term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Foreign Currency-denominated Transactions and Translation
Foreign currency-denominated transactions are recorded using the prevailing exchange rates at the time of transactions. Foreign currency-denominated monetary assets and liabilities are translated to Philippine Peso closing rate of exchange prevailing at the reporting date. Exchange gains or losses arising from foreign currency are charged to current operations.

Basic and Diluted Earnings Per Share (EPS)
Basic earnings per common share is computed based on weighted average number of issued and outstanding common shares, less treasury shares, after giving retroactive effect for any stock dividends. Diluted earnings per share, if applicable, is computed on the basis of the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There are no dilutive potential common shares that would require disclosure of diluted earnings per common share in the consolidated financial statements.

As of March 31, 2016 and 2015, the Group has no potential dilutive common shares (Note 24).

Segment Reporting
The Group's operating business are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different

products and serves different markets. Financial information on business segments is presented in Note 26 to the consolidated financial statements.

Provisions

Provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense in profit or loss.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These 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.

Events after the Financial Reporting Date

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

5. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

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

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue recognition

Management exercises judgment in determining whether the Group is acting as a principal or an agent. The Group is acting as a principal when it has exposure to the significant risks and rewards associated with the sale of services, otherwise it is acting as an agent. Except for certain arrangements of People eServe, the Group has assessed all its revenue arrangements and concluded that it is acting as a principal.

Allocation of costs and expenses

Management exercises judgment in determining the classification of costs and expenses as to whether cost of services or general and administrative expenses. In 2015, the Group identified the expenses directly related to the Group's school and related operations by floor area or manpower which include expenses for salaries and wages of teaching and academic support personnel, student welfare activities, advertising, and all other student-related costs and expenses.

Distinction between investment property and owner-occupied property
As discussed in Note 10, a significant portion of the land is being used by the Group as owner-occupied property wherein school buildings and other facilities are located. The portion leased out under an operating lease to a third party cannot be sold or leased under a finance lease separately from the rest of the property. Under PAS 16, the entire land account is considered as an owner-occupied property and is accounted for as part of property and equipment.
Operating lease commitments - Group as a lessor
The Group has entered into commercial property lease on the use of its building facilities. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

The Group leased commercial properties for its administrative office locations. The Group has determined that it does not acquire all the significant risks and rewards of ownership of these administrative office locations and therefore are accounted for as operating leases.

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

<u>Estimates</u>
The key assumptions concerning the future and other key sources of estimation 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.

Estimating allowance for impairment of receivables
The Group maintains allowances for impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. For education segment, the evaluation factors will include the number of days the receivable is outstanding, year level of students and historical experience. For other segments, the evaluation of collectability considers the length of the Group's relationship with the customer, the customer's payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowances on a continuous basis.

The amount of timing and recording of expenses for any period would differ if the Group made different judgments or utilized different estimates.

Allowance for impairment of receivables amounted to ₱67.24 million and ₱66.88 million as of March 31, 2016 and December 31, 2015, respectively (Note 7). The carrying value of receivables as at March 31, 2016 and December 31, 2015 amounted to ₱191.99 million and ₱148.70 million, respectively (Note 7). The carrying value of receivables from related parties as at March 31, 2016 and December 31, 2015 amounted to ₱1.57 million and ₱1.48 million, respectively (Note 14).

Impairment of available-for-sale financial assets
The Group treats available-for-sale financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of

impairment exists. The Group treats ‘significant’ generally as 20% or more of the original cost of investment, and ‘prolonged’ as greater than twelve months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities. The Group’s available-for-sale financial assets carried at fair value amounted to ₱15.29 million and ₱14.39 million as at March 31, 2016 and December 31, 2015, respectively. The unrealized loss on available-for-sale financial assets as of March 31, 2016 and December 31, 2015 and unrealized gain on available-for-sale financial assets as of December 31, 2014 amounted to ₱3.07 million, ₱3.97 million and ₱ 4.63 million, respectively. As at March 31, 2016, December 31, 2015 and 2014 no impairment loss was recognized pertaining to the Group’s available-for-sale financial assets.

Estimation of useful lives of property and equipment
The Group estimated the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of property and equipment would increase the recorded depreciation and amortization expense and decrease noncurrent assets.

As at March 31, 2016 and December 31, 2015, net book value of depreciable property and equipment amounted to ₱1,493.27 million and ₱1,516.90 million, respectively (Note 9).

Impairment of nonfinancial assets
The Group assesses impairment on its property and equipment, computer software and goodwill whenever events or changes in circumstances indicate that the carrying amount of a property and equipment and goodwill may not be recoverable.

Impairment of goodwill is assessed at least on an annual basis. The goodwill recognized in the consolidated statement of financial position pertains to the acquisition of MCI. In assessing the impairment on goodwill, the Group determines the recoverable amount using value in use which represents the present value of expected cash flows from the continuing operations of MCI which is in educational services. The value in use calculations used cash flow projections based on financial budgets approved by management covering a five-year period. The cash flow projections considered the impact of the Enhanced K+12 Basic Education Program on MCI’s financial performance is effective in 2016. Cash flows beyond the five-year period are assumed to be without growth. There is no impairment loss recognized on goodwill in 2015, 2014 and 2013.

In 2016 and 2015, due to the continuing operating losses of MHSSI, this is a continuing indicator of impairment on the building of the school.

As of March 31, 2016 and December 31, 2015, the carrying value of goodwill amounted to ₱137.85 million (Note 11).

The carrying value of the Group’s property and equipment and computer software amounted to ₱4,837.02 million; ₱4,860.16 million and ₱4.66 million; ₱0.61 million as at March 31, 2016 and December 31, 2015, respectively (Notes 9 and 12).

Estimation of pension obligations and other retirement benefits
The determination of the Group’s pension liabilties is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rate, expected return on plan assets and salary increase rate which were disclosed in Note 23 and to which the cash flows are most sensitive to. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in assumptions may materially affect the retirement expense and accrued

retirement obligation.

As at March 31, 2016 and December 31, 2015, the net pension liability amounted to ₱95.03 million and ₱92.55 million, respectively, while net pension asset amounted to ₱0.95 million and ₱1.06 million as of March 31, 2016 and December 31, 2015, respectively.

Deferred tax assets
The Group reviews the carrying amounts of deferred taxes at each financial reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Where there is no absolute assurance that each legal entity in the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized, deferred tax assets are not recognized.

Contingencies
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

6. Cash and Cash Equivalents

This account consists of:

	Unaudited March 2016	Audited December 2015
Cash on hand	**₱ 1,040,080**	₱933,839
Cash in banks (Note 14)	**89,592,996**	128,981,004
Cash equivalents (Notes 14 and 28)	**650,068,000**	469,151,631
	₱ 740,701,076	₱599,066,474

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents have terms with varying periods of up to three (3) months and can be liquidated depending on the immediate cash requirements of the Group. These assets earn interest at the prevailing short-term investment rates.

Interest income from cash in banks and short-term investments amounted to ₱1.53 million, ₱2.21 million and ₱1.17 million in 2016, 2015 and 2014, respectively (Note 20).

There is no restriction on the Group's cash balances as at March 31, 2016 and December 31, 2015.

7. Receivables

This account consists of:

	Unaudited March 2016	Audited December 2015
Tuition and other fees	**₱172,729,761**	**₱131,209,998**
Other receivables		
Trade	**53,126,584**	**54,831,837**

Advances to officers and employees	**11,059,301**	**10,135,215**
Others	**22,314,120**	**19,402,881**
	215,579,931	**215,579,931**
Less allowance for doubtful accounts	**(67,235,674)**	**(66,882,039)**
	₱191,994,093	**₱148,697,892**

Tuition and other fees pertain to matriculation and miscellaneous fees which are collected at end of every school term before the students can proceed to the next term.

Trade receivables represent amounts arising from the sale of computer equipment and computer services.

Trade receivables are noninterest-bearing and are generally on thirty (30) to sixty (60) days term and are not used as collaterals to secure obligations.

Advances to officers and employees represent receivables for the employees' share in car plan agreements. Interest income from advances to officers and employees amounted to ₱0.12 million, ₱0.03 million and ₱0.01 million in 2016, 2015 and 2014, respectively (Note 20).
Advances to officers and employees are interest bearing and liquidated on a monthly basis.

Other receivables include rent receivable, interest receivable, receivable from trainings and technology-oriented programs and those that are not directly related to students' fees. Expenses relating to on-board training of students are paid in advance and may be paid by students anytime even after their graduation.

Other receivables are noninterest-bearing and are generally collectible within one (1) year.

The changes in individually and collectively assessed allowance for doubtful accounts as at December 31 follow:

	March 2016			
	Tuition and other fees	**Advances to officers and employees**	**Others**	**Total**
Balances at beginning of year	**₱54,536,880**	**₱5,341,028**	**₱7,004,131**	**₱66,882,039**
Provisions for the year	**353,635**	**–**	**–**	**353,635**
Write-off	**–**	**–**	**–**	**–**
Balances at end of year	**₱54,890,515**	**₱5,341,028**	**₱7,004,131**	**₱67,235,674**

	December 2015			
	Tuition and other fees	Advances to officers and employees	Others	Total
Balances at beginning of year	₱49,180,963	₱5,754,719	₱7,004,131	₱61,939,813
Provisions for the year (Note 19)	5,355,917	–	–	5,355,917
Write-off	–	(413,691)	–	(413,691)
Balances at end of year	₱54,536,880	₱5,341,028	₱7,004,131	₱66,882,039

Provisions for impairment of receivables are determined based on specific and collective assessments.

8. **Prepaid Expenses and Other Current Assets**

	Unaudited March 2016	Audited December 2015
Restricted funds	**₱42,431,355**	₱41,808,757
Input Value-Added Tax (VAT)	**33,664,956**	31,073,264
Prepaid expenses	**31,384,480**	26,738,777
Creditable withholding tax	**7,282,736**	7,056,876
Refundable deposits	**1,531,336**	1,600,557
Office supplies	**790,767**	791,572
Others	**4,136,061**	3,564,762
	₱121,221,691	₱112,634,565

Restricted funds pertain to funds invested in money market placements exclusively for use in CWTS, NSTP, for financing of scholars of certain private entities and for the purpose of undertaking socio-economic studies and development projects.

The input VAT is applied against output VAT. The remaining balance is recoverable in future periods.

Prepaid expenses mainly include prepayments for membership fees, taxes and licenses, rentals and insurance.

Creditable withholding tax refers to taxes paid in advance by the Group which is creditable against the income tax liability of the Group.

Refundable deposits consist of rental deposits which are to be refunded at the end of the lease term. Others relate to books inventory and other supplies.

9. Property and Equipment

The rollforward analysis of this account follows:

	March 2016				
	Buildings and Improvements	**Office Furniture and Equipment**	**Transportation Equipment**	**Construction In Progress**	**Total**
Cost					
Balance at beginning of year	**₱1,867,348,668**	**₱1,142,458,204**	**₱24,689,082**	**₱18,034,125**	**₱3,052,530,079**
Acquisitions	**10,166,922**	**15,606,818**	**369,500**	**(316,479)**	**25,826,761**
Reclassifications and adjustments		**3,190,382**		**(3,863,550)**	**(673,168)**
Balance at end of year	**1,877,515,590**	**1,161,255,404**	**25,058,582**	**13,854,096**	**3,077,683,672**
Accumulated depreciation, amortization and impairment loss					
Balance at beginning of year	**710,929,222**	**810,997,165**	**13,701,709**	**–**	**1,535,628,096**
Depreciation (Notes 18 and 19)	**20,838,778**	**27,639,358**	**985,229**	**–**	**49,463,365**
Disposals	**(912,321)**	**70,326**	**168,827**	**–**	**(673,168)**
Balance at end of year	**730,855,679**	**838,706,849**	**14,855,765**	**–**	**1,584,418,293**
Net book value	**1,146,659,911**	**322,548,555**	**10,202,817**	**13,854,096**	**1,493,265,379**
Land at revalued amounts (Note 10)	**–**	**–**	**–**	**–**	**3,343,756,533**
Total	**1,146,659,911**	**322,548,555**	**10,202,817**	**13,854,096**	**4,837,021,912**

	December 2015				
	Buildings and Improvements	Office Furniture and Equipment	Transportation Equipment	Construction In Progress	Total
Cost					
Balance at beginning of year	₱1,123,307,692	₱1,013,530,763	₱22,941,698	₱411,326,360	₱2,571,106,513
Acquisitions	234,813,342	103,962,815	5,946,014	144,651,411	489,373,582
Disposals	–	(1,220,000)	(4,198,630)	–	(5,418,630)
Reclassifications and adjustments	509,227,634	26,184,62	–	(537,943,646)	(2,531,386)
Balance at end of year	1,867,348,668	1,142,458,204	24,689,082	18,034,125	3,052,530,079
Accumulated depreciation, amortization and impairment loss					
Balance at beginning of year	645,331,401	709,004,656	14,499,978	–	1,368,836,035
Depreciation (Notes 18 and 19)	65,597,821	103,212,509	3,400,361	–	172,210,691
Disposals	–	(1,220,000)	(4,198,630)	–	(5,418,630)

Balance at end of year	710,929,222	810,997,165	13,701,709	–	1,535,628,096
Net book value	1,156,419,446	331,461,039	10,987,373	18,034,125	1,516,901,983
Land at revalued amounts (Note 10)	–	–	–	–	3,343,259,058
Total	₱1,156,419,446	₱331,461,039	₱10,987,373	₱18,034,125	₱4,860,161,041

In 2013, the Group entered into a contract with EEI Corporation for the construction of new school facilities in a bid to attract more students. This construction has two major phases. The first phase is the renovation and update of the existing gym amounting ₱44.11 million which was completed in 2014.

The second phase is the construction of the new Research and Administration facility amounting ₱238.74 million. This started in May 2014 and was inaugurated in February 2015.

On July 8, 2014, the Group also started the construction of the new engineering building in Laguna amounting ₱171.88 million which was completed in June 2015. The building was equipped with state-of-the-art facilities and interactive learning environment to aid the students in their advanced engineering studies.

In 2015, the Research and Administration facilities and the new engineering building were transferred from construction in progress account to buildings and improvements account. Construction in progress amounting ₱13.85 million as of March 31, 2016 pertains to ongoing renovation of old libraries and buildings.

As of March 2016, 2015 and 2014, depreciation and amortization amounting ₱43.22 million, ₱ 31.83 million and ₱27.24 million are included under cost of tuition and other fees (Note 18). While depreciation and amortization charged to general and administrative expenses amounted to ₱5.67 million, ₱4.56 million and ₱5.36 million in March 2016, 2015 and 2014, respectively (Note 19).

10. Land at Revalued Amounts

This account consists of:

	Unaudited March 2016	Audited December 2015
Balance at beginning of year	**₱3,343,259,058**	₱2,544,397,819
Acquisition	**-**	425,500,000
Capitalizable costs	**497,475**	11,734,520
Appraisal increase	**-**	361,626,719
Balance at end of year	**₱3,343,756,533**	₱3,343,259,058

Land at revalued amounts consists of owner-occupied property wherein school buildings and other facilities are located.

Land at cost amounted to ₱1,869.41 million and ₱1,868.92 million as at March 31, 2016 and December 31, 2015, respectively.

Capitalizable costs include taxes paid for purchase of land.

The land was last appraised in January 2016 by an independent firm of appraisers, Vitale Valuation Services, Inc.

The valuation was derived through the market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject properties adjusted based on certain elements of comparison (e.g. market conditions, location and physical condition).

Significant increases (decreases) in estimated price per square meter would result in a significantly higher (lower) fair value of the land.

The land was valued in terms of their highest and best use which is categorized under Level 3 of the fair value hierarchy. There was no transfer between levels of fair value measurement in 2016 and 2015.

11. Goodwill

The goodwill recognized in the consolidated statement of financial position pertains to the excess of the acquisition cost over the fair values of the net assets of MCI acquired by iPeople in 1999. The Group performed its annual impairment test on its goodwill as of December 31, 2015. The recoverable amount of goodwill was determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The cash flow projections considered the impact of the Enhanced K+12 Basic Education Program on MCI's financial performance effective in 2016. Cash flows beyond the five-year period are assumed to be without growth. There is no impairment loss recognized on goodwill in 2016, 2015 and 2014.

12. Other Noncurrent Assets

This account consists of:

	Unaudited March 2016	Audited December 2015
Computer software	**₱4,656,622**	₱610,162
Miscellaneous deposits	**386,080**	898,360
	₱5,042,702	₱1,508,522

Computer software is amortized over a period of three years. No impairment was recognized for computer software.

The rollforward analysis of computer software follows:

	Unaudited March 2016	Audited December 2015
Cost		
Balance at the beginning of the year	**₱29,932,943**	₱29,837,359
Additions	**4,480,000**	95,584
Balance at the end of the year	**34,412,943**	29,932,943
Accumulated Amortization		
Balance at the beginning of the year	**29,322,781**	25,771,803
Amortization (Notes 18 and 19)	**433,540**	3,550,978
Balance at the end of the year	**29,756,321**	29,322,781
Net Book Value	**₱4,656,622**	₱610,162

Amortization charged to cost of tuition and other fees amounted to ₱0.28 million, ₱0.24 million and ₱0.27 million in 2016, 2015 and 2014, respectively (Note 18). Amortization charged to general and administrative expenses amounted to ₱0.15 million, ₱0.63 million and ₱1.10 million in 2016, 2015 and 2014, respectively (Note 19).

13. Accounts Payable and Accrued Expenses

This account consists of:

	Unaudited March 2016	Audited December 2015
Accounts payable	**₱ 224,117,548**	₱260,251,788
Accrued expenses	**269,510,467**	236,481,594
Funds payable	**66,509,756**	72,705,278
Payable to PTC	**15,001,322**	13,052,017
Other payables	**5,568,652**	2,167,455
	₱580,707,745	₱584,658,132

Accounts payable pertains to the Group's obligation to local suppliers. The liability arises from purchases of various supplies which includes construction inputs in relation to the redevelopment plan of MCI which started in 2013 and concluded in 2015.

Accrued expenses consist of:

	Unaudited March 2016	Audited December 2015
Contingent liability	**₱144,835,772**	₱144,835,772
Accrued salaries and wages	**40,457,401**	8,574,477
Output VAT payable	**29,379,975**	28,811,562
Payable to suppliers	**12,837,678**	8,717,721
Withholding taxes and others	**11,992,307**	8,317,680
Accreditation cost	**5,438,799**	5,438,799
Accrued professional fees	**5,338,235**	9,231,611
Insurance	**3,860,890**	4,097,344
Accrued utilities	**3,281,854**	5,392,652
SSS and other contributions	**3,182,642**	3,228,999
Accrued communication expense	**677,074**	2,412,054
Others	**8,227,840**	7,422,923
	₱269,510,467	₱236,481,594

Accrued expenses pertaining to the Group's accrual associated with MCI's Faculty Association of Mapua Institute of Technology (FAMIT) reranking case is included in contingent liability. This case involves the faculty ranking and evaluation that was part of the 2001 Collective Bargaining Agreement negotiations with the FAMIT. The Supreme Court reversed an earlier Court of Appeals decision in favor of management. An entry of judgment dated March 13, 2008 was made in the Supreme Court Book of Entries of Judgments, making the decision final and executory. A Memorandum of Agreement was entered into by management with FAMIT before the Voluntary

Arbitrators wherein the parties agreed to continue the process of faculty ranking. The evaluation process was completed in December 2008.

On January 22, 2009, MCI and FAMIT entered into a Compromise Agreement regarding the payment of the amounts due to the permanent faculty members of MCI in relation to the faculty reranking case.

Funds payable include funds received by the Group from Department of Science and Technology (DOST), Commission on Higher Education (CHED) and private entities for the scholarships programs to be provided to the students.

Payable to PTC
On January 22, 2008, the Group entered into a memorandum of agreement with Philippine Transmarine Carriers, Inc. (PTC) to jointly establish the Mapua-PTC Center for Maritime Education and Training (CMET).

The parties agree that the operation and management of Mapua-PTC CMET shall be under the auspices of the Group and that the parties shall execute both an Operations and Management Agreement to operate the educational activities and general administrative functions of the Mapua-PTC CMET. The agreement was accounted for as jointly controlled operations.
The Group shall be responsible for establishing academic, faculty, student and academic services policies and the enforcement thereof, as well as provide overall administrative control and supervision of all school personnel, faculty and engaged service providers.

All properties acquired under the project shall be equally owned by the PTC and the Group unless otherwise borrowed or leased by the Group for the Mapua-PTC CMET or donated with preconditions imposed by third parties on Mapua-PTC CMET.

All net income or losses which results from the operation of the Mapua-PTC CMET shall be shared and distributed equally on a 50%-50% basis between the Group and PTC.

In 2015, the parties agreed that the above agreement shall continue for the next 5 years unless earlier terminated by either party evidenced by the Memorandum of Agreement executed on September 16, 2015.

As at March 31, 2016 and December 31, 2015, payable to PTC amounted to ₱15.00 million and ₱13.05 million, respectively, for its share in the income of tuition and other matriculation fees of students of the Malayan-PTC CMET.

Other payables pertain to due to bookstore, unearned seminar fees, unearned interest income, deferred credits and liabilities other than those owed to suppliers and contractors and those arising from ordinary accruals.

Accounts payable, accrued expenses and other payables are noninterest-bearing and are expected to be settled within a year after the financial reporting date. Funds payables are noninterest-bearing and are expected to be settled upon payout related to the scholarship programs.

14. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influences. Related parties may be individuals or corporate entities.

Transactions with related parties consist primarily of receivables and payables which are currently due and collectible. Amounts payables to and receivables from related parties consist mainly of unsecured advances to and from other parties arising from computer-related services which are to be settled on a cash basis. Outstanding balances are expected to be realized and settled within one year from the financial reporting date.

	March 2016			
	Amount / Volume	**Receivables from (Payables to)**	**Terms**	**Conditions**
Parent Company				
a.) Payable to Parent Company	**₱–**	**(₱7,440,362)**	**Noninterest-bearing, due and demandable**	**Unsecured**
Management fee and other professional fees	**8,161,576**	**–**		
Entities under common control of HI				
b) Receivables from related parties	**–**	**670,112**	**Noninterest-bearing, due and demandable**	**Unsecured, no impairment**
Rental income	**611,792**	**–**	**–**	
d) Payables to related parties	**–**	**(7,278,512)**	**Noninterest-bearing, due and demandable**	**Unsecured**
Contracted services	**10,709,550**	**–**	**–**	
Entities under common control of PMMIC				
e) Cash and cash equivalents	**739,660,996**	**739,660,996**	**Interest at prevailing deposit and short-term rates**	**Unsecured, no impairment**
Interest income	**1,531,159**	**–**	**–**	**–**
f) Receivables from related parties	**–**	**903,384**	**Noninterest-bearing, due and demandable**	**Unsecured, no impairment**
Rental income	**74,653**	**–**	**–**	**–**
g) Payables to related parties	**–**	**3,696**	**Noninterest-bearing, due and demandable**	**Unsecured**
Insurance expense	**1,662,479**	**–**	**–**	**–**
h) Long-term debt		**(167,000,000)**	**10-year, interest at 3-mo. PDST-F plus spread per quarter**	**Secured**
Interest expense	**4,284,203**	**–**	**–**	**–**

	December 2015			
	Amount / Volume	Receivables from (Payables to)	Terms	Conditions
Parent Company				
a) Payables to related parties	₱–	(₱6,844,612)	Noninterest-bearing, due and demandable	Unsecured
Management fee and other professional fees	49,297,525	–	–	–
Advances from Parent Company	12,000,000	–	Interest at 1.75% per annum	Unsecured
Interest expense	35,000	–	–	–
Entities under common control of HI				
b) Receivables from related parties	–	907,166	Noninterest-bearing, due and demandable	Unsecured, no impairment
Rental income	2,447,168	–	–	
c) Payables to related parties	–	(7,145,182)	Noninterest-bearing, due and demandable	Unsecured
Contracted services	35,693,003	–	–	
Entities under common control of PMMIC				
d) Cash and cash equivalents	598,132,635	598,132,635	Interest at prevailing deposit and short-term rates	Unsecured, no impairment
Interest income	10,875,225	–	–	–
e) Receivables from related parties	–	575,266	Noninterest-bearing, due and demandable	Unsecured, no impairment
Rental income	25,365,178	–	–	–
f) Payables to related parties	–	(3,696)	Noninterest-bearing, due and demandable	Unsecured
Insurance expense	5,990,908	–	–	–
g) Long-term debt		(188,500,000)	10-year, interest at 3-mo. PDST-F plus spread per quarter	Secured
Interest expense	19,043,085	–	–	–

The Group's significant transactions with related parties follow. Outstanding balances are expected to be settled in cash. As at March 31, 2016 and December 31, 2015, there were no provisions for doubtful receivables pertaining to related party balances.

a) *Payable to Parent Company*
This account pertains to management and other professional fees charged by the Parent Company for administering the subsidiaries operations. These are non-interest bearing and are payable on demand.

Total management fee and other professional fees recognized amounted to ₱8.16 million, ₱8.64 million and ₱13.80 million in 2016, 2015 and 2014, respectively (Notes 18 and 19).

Advances from Parent Company
In 2015, the Group availed a 2-month loan from the Parent Company. The loan was fully paid in February 28, 2015.

Interest expense recognized amounted to ₱35,000 (Note 20).

b) *Receivables from entities under common control of HI*
Receivables from entities under common control of HI arise from HI's subsidiaries' lease of the Group's canteen kiosks in its Makati and Intramuros properties. The term of the lease is for one year and renewable with uniform rental payments.

Rental income recognized amounted to ₱0.61 million, ₱0.69 million and ₱0.59 million in 2016, 2015 and 2014, respectively.

c) *Payable to entities under common control of HI*
Payables to entities under common control of HI pertain to property management and janitorial and security services.

Contracted services recognized amounted to ₱10.71 million, ₱10.49 million and ₱5.14 million in 2016, 2015 and 2014, respectively (Notes 18 and 19).

d) *Cash and cash equivalents*
The Group maintains cash in banks and short-term investments with its affiliated bank. Cash in banks and cash equivalents earn interest at prevailing deposit and short-term investments rates, respectively.

Interest income earned amounted to ₱1.53 million, ₱2.21 million and ₱1.17 million in 2016, 2015 and 2014, respectively (Note 20).

e) *Receivables from entities under common control of PMMIC*
Due from entities under common control of PMMIC arises from RCBC's rental of the Group's office spaces in its Makati property. The term of the lease is for three years and future minimum rental payments receivable under the aforementioned lease agreement follows:

	2016	**2015**
Within one (1) year	**₱407,039**	₱407,039
More than 1 year but not more than 5 years	**208,483**	208,483
	₱615,522	₱615,522

In 2015, RCBC preterminated a portion of lease on the Group's office space and parking spaces effective December 31, 2015.

Rental income earned amounted to ₱0.07 million, ₱2.88 million and ₱0.59 million in 2016, 2015 and 2014, respectively.

f) *Payables to entities under common control of PMMIC*
The Group maintains property and personnel insurance with its affiliated insurance company, Malayan Insurance Company, Inc. (MICO). Insurance contract coverage pertains to the Group's fire, accident, group and other insurance policies.

g) *Long-term debt*
This pertains to the Group's ₱860.00 million long-term loan to refinance its previous loans with RCBC collateralized by the Group's Makati and Manila properties. In 2015, the Group made payments amounting ₱241.50 million which effectively shortened the term of the loan. The new maturity date of the loan is May 22, 2018. Total payments made in relation to the principal amount are ₱21.50 million and ₱327.50 million in 2016 and 2015, respectively.

Interest expense recognized amounted to ₱4.28 million, ₱4.43 million and ₱3.09 million in 2016, 2015 and 2014, respectively (Note 20).

15. Long-term Debt

This account consists of:

	Unaudited March 2016	Audited December 2015
Loans from financial institutions	**₱167,000,000**	₱188,500,000
Less current portion of long-term debt	**86,000,000**	86,000,000
	₱81,000,000	₱102,500,000

A. *Loans from financial institutions*
These include loans obtained from local banks. Details are as follow:

	Unaudited March 2016	Audited December 2015
Peso-denominated syndicated bank loan payable after 7.5 years starting November 2010 without grace period on principal payment, subject to floating rate equal to the 3-month Philippine Dealing System Treasury Reference Rates-Fixing (PDST-F) plus a per annum spread of 1.75% payable in accelerating amounts up to May 22, 2018 in 2015 and November 22, 2020 in 2014.	**₱167,000,000**	₱188,500,000
Less current portion of long-term debt	**86,000,000**	86,000,000
	₱81,000,000	₱102,500,000

The Group acquired a loan from RCBC amounting ₱860.00 million on November 22, 2010, payable within ten years.

This loan is backed up by land properties in Manila and Makati owned by the Group. The unpaid principal amount is subject to floating rate equivalent to 3-month PDST-F plus a per annum spread of 1.75%. The carrying value of the collateral amounted to ₱2,220.37 million both in 2016 and 2015, respectively (Note 9). Interest expense charged to operations in 2016, 2015 and 2014 amounted to ₱4.28 million, ₱4.43 million and ₱3.09 million, respectively (Note 20).

In 2015, the Group made payments amounting ₱241.50 million which effectively shortened the term of the loan. The new maturity date of the loan is May 22, 2018.

The loan requires the Group to maintain debt-to equity ratio below 2.5:1 and current ratio not less than 1:1. In 2016 and 2015, the Group had complied with the loan covenants (Note 16).

16. **Equity**

Capital Stock

Capital stock consists of 2,000,000,000 authorized and 748,932,949 issued and outstanding common shares as at March 31, 2016 and December 31, 2015 with a par value of ₱1 per share.

On September 15, 1989, SEC approved the registration of the Group's entire authorized capital stock with a Certificate of Permit to Sell Securities authorizing the sale of 25 billion shares worth ₱250 million. The Group's capital stock was listed in both Manila and Makati Stock Exchanges on January 24, 1990. Actual number of shares initially listed is 15 billion at an offer price of ₱0.01 per share.

Below is the summary of the Group's outstanding number of shares and holders of securities as of March 31, 2016:

Year	Number of Shares Registered	Number of holders of securities as of year end
January 1, 2015	748,932,949	2,070
Add (deduct) movement	–	(13)
December 31, 2015	748,932,949	2,057
Add (deduct) movement	–	(3)
March 31, 2016	748,932,949	2,054

Note: Exclusive of 272 treasury shares.

Retained Earnings

In accordance with SRC Rule No. 68, As Amended (2011), Annex 68-C, after reconciling items, the Group's retained earnings available for dividend declaration as of March 31, 2016 amounted to ₱916.91 million.

The Group's retained earnings is restricted for dividends declaration to the extent of the cost of treasury stock amounting ₱209.

Cash Dividends

The BOD declared cash dividends as follows:

	2016	2015	2014
March 17, 2016, 6% cash dividends (₱0.06 per share) to stockholders of record as of April 14, 2016 payable on or before May 5, 2016	**₱44,935,993**	₱–	₱–
November 26, 2015, 6% cash dividends (₱0.06 per share) to stockholders of record as of December 23, 2015 payable on or before January 20, 2016	**–**	44,935,993	–

	2016	2015	2014
September 17, 2015, 6% cash dividends (₱0.06 per share) to stockholders of record as of October 15, 2015 paid on November 5, 2015	−	44,935,993	−
July 1, 2015, 6% cash dividends (₱0.06 per share) to stockholders of record as of July 29, 2015 paid on August 20, 2015	−	44,935,993	−
March 23, 2015, 6% cash dividends (₱0.06 per share) to stockholders of record as of April 20, 2015 paid May 8, 2015	−	44,935,993	−
November 21, 2014, 8% cash dividends (₱0.08 per share) to stockholders of record as of December 19, 2014, paid on January 21, 2015	−	−	59,914,661
November 21, 2014, 6% cash dividends (₱0.06 per share) to stockholders of record as of December 19, 2014, paid on January 21, 2015	−	−	44,935,993
September 18, 2014, 6% cash dividends (₱0.06 per share) to stockholders of record as of October 16, 2014, paid on November 6, 2014	−	−	44,935,993
July 3, 2014, 6% cash dividends (₱0.06 per share) to stockholders of record as of July 31, 2014, paid on August 22, 2014	−	−	44,935,993
March 24, 2014, 6% cash dividends (₱0.06 per share) to stockholders of record as of April 21, 2014, paid on May 15, 2014	−	−	44,935,993
	₱44,935,993	₱179,743,972	₱239,658,633

Treasury Stock

As of March 31, 2016, there are 272 treasury shares amounting ₱209. The retained earnings is restricted to dividend declaration to the extent of the amount of ₱209 representing cost of treasury shares.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group considers its equity attributable to equity holders of the Parent Company as Capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2016 and 2015.

As at March 31, 2016 and December 31, 2015, the Group is not subject to externally imposed capital requirements other than the monitoring of the Group's debt to equity ratio and current ratio as a result of the availment of long-term debt with RCBC. Debt to equity ratio should not exceed 2.5:1 and current ratio should not be less than 1:1.

The Group monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity. The Group's policy is to keep the debt to equity ratio not to exceed 2:1.

	Unaudited March 2016	Audited December 2015
Current Liabilities		
Accounts payable and accrued expenses	**₱580,707,745**	₱584,658,132
Payables to related parties	**14,715,178**	13,986,098
Income tax payable	**52,485,113**	24,108,059
Unearned tuition fees	**3,383,872**	12,453,843
Dividends payable	**64,651,703**	64,414,232
Current portion of long-term debt	**86,000,000**	86,000,000
Total current liabilities	**801,943,611**	785,620,364
Noncurrent liabilities		
Pension liability - net	**95,028,130**	92,547,626
Long-term debt - net of current portion	**81,000,000**	102,500,000
Deferred tax liabilities - net	**113,879,259**	117,412,887
Total noncurrent liabilities	**289,907,389**	312,460,513
Total liabilities	**₱1,091,851,000**	₱1,098,080,877
Equity		
Capital stock	**748,933,221**	748,933,221
Additional paid-in capital	**1,438,827**	1,438,827
Unrealized gain on available-for-sale financial assets	**(3,972,571)**	(3,972,571)
Revaluation increment on land - net	**751,444,924**	751,444,924
Remeasurement losses on defined benefit plan	**6,331,596**	6,331,596
Retained earnings	**3,158,319,568**	2,994,028,061
Treasury stock	**(209)**	(209)
Equity attributable to equity holders of the Parent Company	**₱4,663,399,849**	₱4,498,203,849
Debt-to-equity ratio	**0.23:1.00**	0.24:1.00

17. **Revenue from Tuition and Other Fees**

This account consists of:

	2016	2015	2014
Tuition fees and other matriculation fees	**₱575,097,905**	₱520,723,158	₱471,209,819
Bookstore income	**3,668,015**	3,244,863	2,943,197
Seminar fee income	**755,267**	654,766	4,360,162
Miscellaneous	**14,756,169**	16,210,514	22,368,167
	₱594,277,356	₱540,833,301	₱500,881,345

Miscellaneous income consists of entrance examination fees, photocopying and printing, late penalty payments, and other various income earned by the Group from the students which are other than payment for tuition fees. These include, but not limited to graduation fees, certification of grades, good moral and other school credentials.

18. **Cost of Tuition and Other Fees**

This account consists of:

	2016	2015	2014
Personnel expenses	**₱146,438,702**	₱142,320,054	₱132,139,593
Depreciation and amortization	**43,216,199**	31,831,565	27,240,750
Student-related expenses	**41,392,175**	35,865,692	24,528,517
Utilities	**19,948,817**	21,585,736	19,142,657
Management and other professional fees	**18,147,334**	14,858,093	21,737,573
Advertising	**2,865,630**	4,104,133	1,319,922
Tools and library books	**2,692,806**	6,729,455	5,804,856
Repairs and maintenance	**2,377,390**	2,851,499	3,074,661
Seminar	**2,252,456**	1,928,795	2,070,614
Laboratory supplies	**2,240,795**	2,360,894	1,358,815
Periodicals	**1,962,276**	3,476,768	4,992
Insurance	**1,314,786**	945,129	967,938
Research and development fund	**1,294,592**	913,858	496,378
Office supplies	**1,049,256**	1,792,029	1,113,375
Accreditation cost	**582,298**	1,051,837	489,690
Taxes and licenses	**324,562**	730,954	-
Transportation and travel	**269,658**	448,797	566,332
Entertainment, amusement, and recreation	**82,315**	93,680	529,733
Rent	**58,202**	456,743	258,022
Miscellaneous	**1,692,278**	805,422	2,491,820
	₱290,202,528	₱275,151,133	₱245,336,237

19. **General and Administrative Expenses**

This account consists of:

	2016	2015	2014
Management and other professional fees	**₱22,236,505**	₱23,786,964	₱ 14,763,073
Personnel expenses	**18,029,427**	16,735,517	17,225,712
Depreciation and amortization	**5,667,764**	4,559,985	5,362,671
Taxes and licenses	**3,246,978**	2,729,926	2,775,592
Advertising	**1,961,161**	1,437,513	2,545,251
Utilities	**1,278,810**	1,355,262	1,242,684
Donations	**1,000,000**	-	-
Office supplies	**635,323**	457,023	306,074
Repairs and maintenance	**608,042**	730,616	970,026
Entertainment, amusement, and recreation	**552,637**	640,754	378,312
Rent	**550,135**	576,229	592,920
Transportation and travel	**403,551**	230,427	513,936
Insurance	**347,693**	319,272	170,136
Seminar	**157,418**	279,400	150,474
Commission	**35,532**	8,298	-
Accreditation cost	**5,016**	450,511	-
Provision for impairment of receivables	**-**	1,620,073	-
Miscellaneous	**1,787,285**	1,988,029	1,641,836

	2016	2015	2014
	₱58,503,277	₱ 57,905,799	₱48,638,698

Management and other professional fees consist of property management fees, janitorial and security service fees, lawyers, payroll specialists and other professional service fees. Miscellaneous expense includes dues and subscriptions, direct write-off of receivable, manual and training materials, periodicals and other contracted services.

20. Interest Income, Interest and Other Finance Charges

The Group's interest income consists of interest from the following sources:

	2016	2015	2014
Cash in banks and cash equivalents (Note 6)	**₱1,531,159**	₱2,213,850	₱1,169,336
Advances to officers and employees (Note 7)	**121,920**	24,011	8,638
	₱1,653,079	₱2,237,861	₱1,177,974

The Group's interest expense consists of interest on the following:

	2016	2015	2014
Long-term debt (Note 15)	**₱4,284,203**	₱4,430,424	₱3,090,701
Loans payable (Note 14)	–	35,000	9,043
	₱4,284,203	₱4,465,424	₱3,099,744

21. Earnings Per Share

Earnings per share amounts attributable to equity holders of Parent Company are computed as follows:

	2016	2015	2014
Net income attributable to equity holders of Parent Company (a)	**₱ 209,227,500**	₱ 181,039,831	₱ 176,951,595
Weighted average number of outstanding shares - net of treasury shares (b)	**748,932,949**	748,932,949	748,932,949
Earnings per share (a/b)	**₱0.2794**	₱0.2417	₱0.2363

There are no dilutive potential shares that would require disclosure of diluted earnings per share in the consolidated financial statements.

22. Operating Segment Information

Business Segment

The business segment is determined as the primary segment reporting format as the Group's risks and rates of return are affected predominantly by each operating segment.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income, dividend income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on income before income tax, and earnings before income tax, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statement of financial position which is in accordance with PFRS.

For management purposes, the Group is organized into business units based on the products and services it provides, which comprise of two (2) main groupings as follows:

Information Technology and Education - primarily consists of revenues of MCI, MCLI, MITC and MHSS in education.

Others - represent support services which cannot be directly identified with the reportable segment mentioned above. These include consulting, development, installation and maintenance of information technology systems.

Segment financial information is reported on the basis that it is used internally for evaluating segment performance and allocating resources to segments.

Segment assets and liabilities exclude deferred tax assets and liabilities. Inter-segment income arise from transactions that were made on terms equivalent to those that prevail in an arms-length transactions.

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

Capital expenditures consist of additions to property and equipment.

(In million pesos)

	Information Technology and Education			Others			Elimination			Consolidated		
	2016	2015	2014	**2016**	2015	2014	**2016**	2015	2014	**2016**	2015	2014
Total Revenues	**₱599**	₱553	₱504	**₱38**	₱25	₱37	**₱–**	₱–	₱–	**₱637**	₱577	₱541
Net Income (Loss)	**₱226**	₱199	₱194	**(₱1)**	(₱4)	(₱3)	**–**	–	–	**₱225**	₱195	₱191
Other Information												
Segment assets	**₱6,850**	₱6,281	₱5,701	**₱2,340**	₱1,768	₱1,747	**(₱3,118)**	(₱2,565)	(₱2,478)	**₱6,072**	₱5,484	₱4,970
Segment liabilities	**1,500**	1,784	1,766	**220**	174	168	**(628)**	(535)	(446)	**1,092**	1,423	1,488
Deferred tax assets	**1**	1	–	**11**	9	8	**–**	–	–	**12**	10	8
Deferred tax liabilities	**113**	83	67	**1**	–	6	**–**	–	–	**114**	83	73
Depreciation and amortization	**49**	36	32	–	–	1	**–**	–	–	**49**	36	33

23. Commitments and Contingencies

Lease Commitments

Operating lease - Group as a lessor

The Company's Intramuros and Makati campuses lease spaces to RCBC, Digitel and Bell Telecommunication Philippines, Inc. The lease terms cover lease periods of between 3 years to 10 years with escalation rates ranging from 3.0% to 10.0%.

The future minimum rentals receivable under the aforementioned lease agreements follows:

	2016	2015
Within one (1) year	**₱2,051,879**	₱2,051,879
More than 1 year but not more than five (5) years	**6,683,573**	6,683,573
Later than five years	**4,512,253**	4,512,253
	₱13,247,705	₱13,247,705

Operating lease - Group as a lessee

The Group entered into a renewable lease agreement with Grepa Realty Holdings Corporation for the use of the premises located at the Third floor of Grepalife Tower Building for a period of one (1) year from January 1, 2015 to December 31, 2015 with monthly rental of ₱0.03 million. The lease agreement was renewed on December 28, 2015.

Contingencies

The Group has contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these labor-related claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations.

For other contingent liabilities, the information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending litigations.

iPeople, inc. and Subsidiaries

Supplementary Information and Disclosures Required On SRC Rule 68 and 68.1, As Amended March 31, 2016

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities

Below is the detailed schedule of financial assets in equity securities of the Group as of March 31, 2016:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
Available-for-sale financial assets				
Quoted:				
Petro Energy Resources Corporation	4,111,335	₱15,294,167	₱15,294,167	₱904,494

The basis in determining the value of equity securities is the market quotation as at March 31, 2016.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Below is the schedule of advances to officers and employees of the Group with balances above ₱100,000 as at March 31, 2016:

Name	**As of December 31, 2015**	**Additions**	**Liquidations/ Collections**	**As of March 31, 2016**
Costales, Aloysius Nathaniel	₱559,918	₱57,103	₱–	₱617,021
Francisco, Ruth C.	383,868	–	10,084	373,784
Adanza, Carina Victoria T.	538,500	–	167,475	371,025
Judilla, Roel John	366,850	–	18,975	347,875
Sauquillo, Dante	363,688	–	18,975	344,713
Papas, Aileen Kate A.	333,201	–	22,213	310,988
Apsay, Christopher	326,193	–	17,796	308,397
Geguiento, Edgardo P.	312,478	–	18,150	294,328
Ballado, Alejandro Jr.	293,600	–	18,350	275,250
Balan, Ariel Kelly	290,542	–	18,350	272,192
Cinco, Arnold	277,172	–	18,275	258,897
Cabanilla, Angela Celine	277,172	–	18,275	258,897
Camus, Rosette Eira	271,079	–	18,275	252,804
Sabio, Maurice	213,957	–	20,900	193,057
Arenillo, Denise Jordan	209,008	–	18,450	190,558
Uy, Francis Aldrine	204,341	–	19,775	184,566
Hofilena, Joy	205,229	–	20,900	184,329

Macayan, Jonathan	190,213	–	19,344	170,870
Kikuchi, Khristian	184,291	–	19,417	164,874
Teodoro, Gloria	122,716	–	19,900	102,816
	₱5,924,016	₱57,103	₱503,878	₱5,477,241

These advances pertain to the officers and employees car plan agreements. Such advances are interest-bearing and shall be liquidated on a monthly basis. There were no amounts written off during the year.

Schedule C. Amounts Receivable/Payables from and to Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables and payables with related parties, which are eliminated in the consolidated financial statements as at March 31, 2016:

Name	Volume of transactions	Receivables	Terms
Pan Pacific Computer Center, Inc.	Share in expenses	₱1,475,320	Non-interest bearing and to be settled within the year

Schedule D. Intangible Assets

As at March 31, 2016, the Group's intangible assets consist of goodwill and computer software. Goodwill in the Group's consolidated statements of financial position arose from the acquisition of MCI. Details of the Group's intangible assets are as follows:

Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Ending balance
Goodwill	₱137,853,345	₱–	₱–	₱137,853,345
Computer software	610,162	4,480,000	(433,540)	4,656,622
	₱138,463,507	₱4,480,000	(₱433,540)	₱142,509,967

Schedule E. Long term debt

Loan from Financial Institutions

On November 22, 2010, the Group obtained a loan from RCBC amounting to ₱860.00 million, payable within ten (10) years. The loan is subject to floating rate equivalent to 3-month Philippine Dealing System Treasury Reference Rates-Fixing (PDST-F) plus a per annum spread of 1.75%. The loan is payable in forty (40) equal quarterly installments starting February 2011 until November 2020.

In 2015, the Group made accelerated payments amounting ₱241.50 million which effectively shortened the term and will be fully paid on May 22, 2018.

Details as of March 31, 2016 follow:

Type of Obligation	Amount	Current	Noncurrent
Syndicated bank loan	₱167,000,000	₱86,000,000	₱81,000,000

Schedule F. Indebtedness to Related Parties (Long Term Loans from Related Companies)

Please refer to Schedule E for the details of indebtedness to related parties.

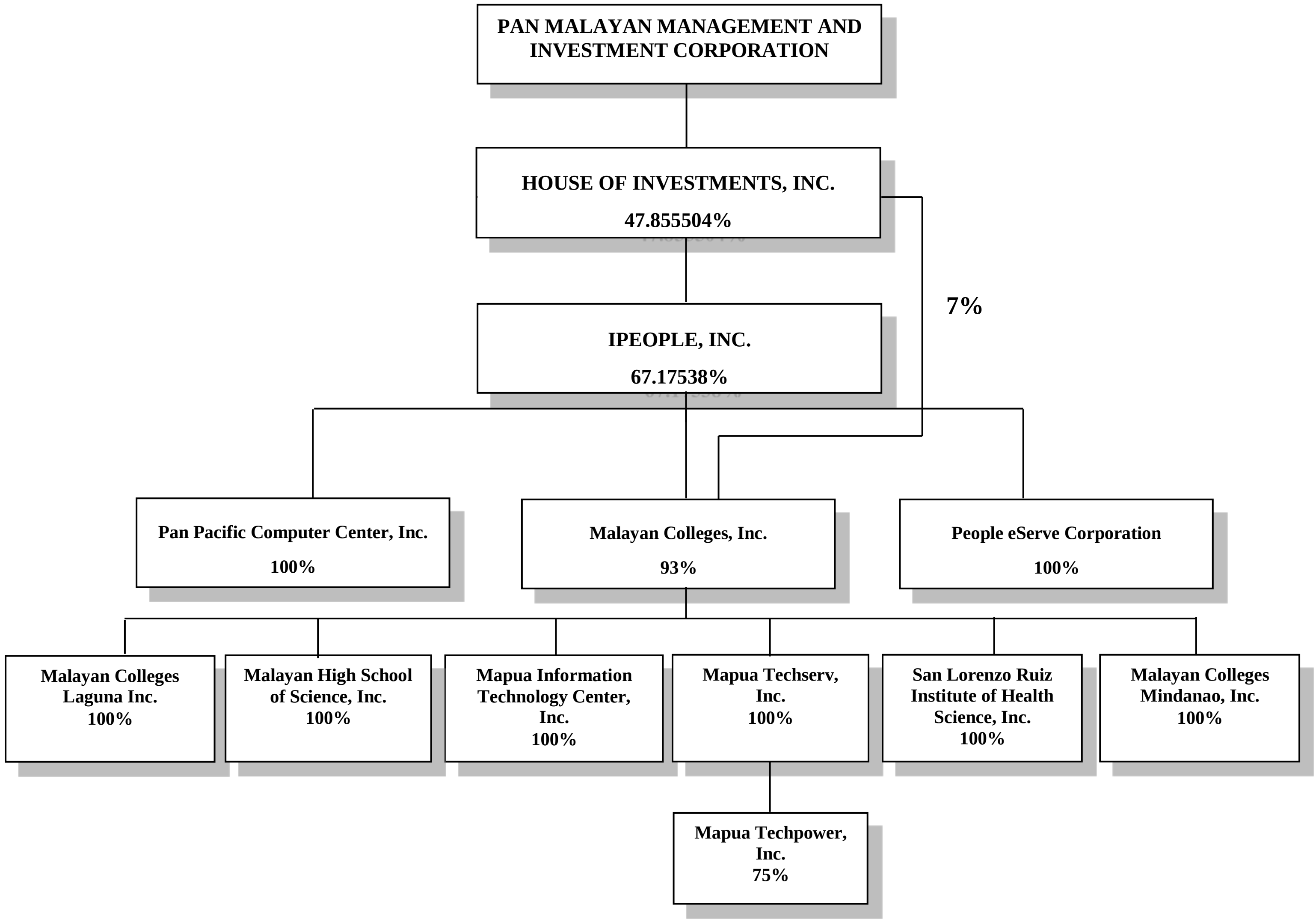
Schedule G. Guarantees of Securities of Other Issuers

As at March 31, 2016, the Group does not guarantee any securities.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	2,000,000	748,932,949	–	589,826,564	1,176,528	159,106,657

Group Structure
Below is a map showing the relationship between and among the Group and its ultimate parent company and subsidiaries as at March 31, 2016:



iPeople, inc. and Subsidiaries

SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

Below is the list of all effective PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of March 31, 2016:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2016		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		√		
PFRSs Practice Statement Management Commentary				√
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			√
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			√
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			√
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			√
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			√
	Amendments to PFRS 1: Government Loans			√
PFRS 2	Share-based Payment			√
	Amendments to PFRS 2: Vesting Conditions and Cancellations			√
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			√
PFRS 3 (Revised)	Business Combinations	√		
PFRS 4	Insurance Contracts			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			√
PFRS 6	Exploration for and Evaluation of Mineral Resources			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	√		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	√		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	√		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	√		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		√	
PFRS 8	Operating Segments	√		
PFRS 9	Financial Instruments		√	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		√	
	New Hedge Accounting Requirements		√	
PFRS 10	Consolidated Financial Statements		√	
PFRS 11	Joint Arrangements		√	
PFRS 12	Disclosure of Interests in Other Entities		√	
PFRS 13	Fair Value Measurement		√	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	√		
	Amendment to PAS 1: Capital Disclosures			√
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	√		
PAS 2	Inventories	√		
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	√		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			√
PAS 16	Property, Plant and Equipment	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 17	Leases	√		
PAS 18	Revenue	√		
PAS 19	Employee Benefits	√		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	√		
PAS 19 (Amended)	Employee Benefits		√	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			√
PAS 21	The Effects of Changes in Foreign Exchange Rates	√		
	Amendment: Net Investment in a Foreign Operation			√
PAS 23 (Revised)	Borrowing Costs	√		
PAS 24 (Revised)	Related Party Disclosures	√		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			√
PAS 27	Consolidated and Separate Financial Statements	√		
PAS 27 (Amended)	Separate Financial Statements		√	
PAS 28	Investments in Associates	√		
PAS 28 (Amended)	Investments in Associates and Joint Ventures			√
PAS 29	Financial Reporting in Hyperinflationary Economies			√
PAS 31	Interests in Joint Ventures	√		
PAS 32	Financial Instruments: Disclosure and Presentation	√		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			√
	Amendment to PAS 32: Classification of Rights Issues			√
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	√		
PAS 33	Earnings per Share	√		
PAS 34	Interim Financial Reporting			√
PAS 36	Impairment of Assets	√		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	√		
PAS 38	Intangible Assets	√		
PAS 39	Financial Instruments: Recognition and Measurement			√
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			√
	Amendments to PAS 39: Cash Flow Hedge Accounting of			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2016		Adopted	Not Adopted	Not Applicable
	Forecast Intragroup Transactions			
	Amendments to PAS 39: The Fair Value Option			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			√
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			√
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			√
	Amendment to PAS 39: Eligible Hedged Items			√
PAS 40	Investment Property			√
PAS 41	Agriculture			√
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			√
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			√
IFRIC 4	Determining Whether an Arrangement Contains a Lease	√		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			√
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			√
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			√
IFRIC 8	Scope of PFRS 2			√
IFRIC 9	Reassessment of Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			√
IFRIC 10	*Interim Financial Reporting and Impairment*			√
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	√		
IFRIC 12	Service Concession Arrangements			√
IFRIC 13	Customer Loyalty Programmes			√
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			√
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			√
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			√
IFRIC 17	Distributions of Non-cash Assets to Owners			√
IFRIC 18	Transfers of Assets from Customers			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2016		Adopted	Not Adopted	Not Applicable
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			√
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine		√	
SIC-10	Government Assistance - No Specific Relation to Operating Activities			√
SIC-12	Consolidation - Special Purpose Entities			√
	Amendment to SIC - 12: Scope of SIC 12			√
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	√		
SIC-15	Operating Leases - Incentives			√
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			√
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			√
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			√
SIC-29	Service Concession Arrangements: Disclosures.			√
SIC-31	Revenue - Barter Transactions Involving Advertising Services			√
SIC-32	Intangible Assets - Web Site Costs			√

Standards tagged as “Not applicable” have been adopted by the Group but have no significant covered transactions for the year ended March 31, 2016.

Standards tagged as “Not adopted” are standards issued but not yet effective as of March 31, 2016. The Group will adopt the Standards and Interpretations when these become effective.

iPeople, inc. and Subsidiaries

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

Items	Amount
Unappropriated Retained Earnings, beginning	**₱963,111,729**
Adjustments:	
(see adjustments in previous year's reconciliation)	–
Unappropriated retained earnings, as adjusted, beginning	**963,111,729**
Net income(loss) based on the face of available-for-sale	**(1,262,114)**
Less: Non-actual/unrealized Income net of tax	
Equity in net income of associate/joint venture	–
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	–
Unrealized actuarial gain	–
Fair value adjustment (M2M gains)	–
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	–
Adjustments due to deviation from PFRS/GAAP - loss	–
Net Income(Loss) Actual/Realized	**(1,262,114)**
Dividends declaration during the year	**(44,935,993)**
Treasury stock	**(209)**
Unappropriated Retained Earnings, as adjusted, ending	**₱916,913,413**

iPeople, inc. and Subsidiaries
Aging of Accounts Receivable
For the quarter ended March 31, 2016

	No. of days due			
	0-30	**31-60**	**Over 61 days**	**Total**
Education	**₱88,453,970**	**₱12,203,805**	**₱72,071,986**	**₱172,729,761**
Information technology	**26,893,441**	**5,364,660**	**20,868,483**	**53,126,584**
Parent and others	**8,665,712**	**9,284,265**	**15,423,445**	**33,373,422**
Total	**124,013,123**	**26,852,730**	**108,363,914**	**259,229,767**
Less: Allowance for doubtful accounts	**–**	**–**	**(67,235,674)**	**(67,235,674)**
	₱124,013,123	**₱26,852,730**	**₱41,128,240**	**₱191,994,093**

SIGNATURES

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

Issuer	**: iPeople, inc.**
Signature and Title	**: JOSE MARI G. CASTILLO III** SVP Finance, Treasurer & Compliance Officer
Signature and Title	**: MARIA TERESA T. BAUTISTA** AVP – Finance and Corporate Controller
Date	**: May 16, 2016**