COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	0	1	6	6	4	1	1

Company Name

iPEOPLE, iNC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

3rd Floor, Grepalife Building,
219 Sen. Gil J. Puyat Avenue,
Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
N/A	815-9636	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
2,078	July 3	September 30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Jose Ma. G. Castillo III	jmgc3@hoi.com.ph	815-9636	N/A

Contact Person's Address

3rd Floor, Grepalife Building, 219 Sen. Gil J. Puyat Avenue, Makati City

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

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17 – Q

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

1. For the quarterly period ended September 30, 2015

2. SEC Identification Number 166411

3. BIR Tax Identification No. 000-187-926-000

4. Exact name of registrant as specified in its charter: iPeople, Inc.

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

6. Industry Classification Code: /____/ (SEC Use Only)

7. 3rd Floor, Grepalife Building, 219 Sen. Gil J. Puyat Avenue, Makati City 1200
   Address of issuer's principal office Postal Code

8. +63 (2) 815-9636; +63 (2) 891-0989
   Issuer's telephone number, including area code

9. Securities registered pursuant to Sections 8 and 12 of the Code, or Section 4 and 8

Title of Each Class	Number of Shares of Common Stock Outstanding Shares
Common Stock, P1.00 par value	748,933,221

   Amount of debt as of September 30, 2015 P1.305 billion

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

    Yes (X) No ( )

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange / Common Shares

11. Check whether the registrant:

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

    Yes (X) No ( )

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

    Yes (X) No ( )

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The interim consolidated financial statements of iPeople, Inc. and Subsidiaries as of September 30, 2015 with comparative figures for the periods ended September 30, 2014 and December 31, 2014 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 liquidity depend on the dividend declaration of MCI.

(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 this year.

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 middle of Q3 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.

While it is not anticipated to have an immediate impact on our schools this year, Malayan Colleges Inc., Malayan Colleges Laguna, and Malayan High School of Science are preparing for the implementation of the Department of Education's (DepEd) K Plus 12 program.

Under the DepEd K Plus 12 program, the government will add two more years of secondary education. Filipino students will now have to complete 12 years of basic education before they enter studies at the university level.

The current implementation plan 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 near 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 September 2015, IPO showed a consolidated net income after tax of P581.99 million against P541.77 million last year. Growth of 7% is attributable to steady stream of revenues from Mapua group.

Total revenues were up by 5%, from P1,683.81 million to P1,774.80 million this year. This was primarily driven by the strong results from school operations.

Revenues from school operations went up from P1,536.01 million to P1,658.14 million, due to continuous increase in the number of enrollees and number of units taken by the students.

Sale of goods was lower by P25.05 million, from P123.63 million of same quarter last year to P98.58 million this year. This pertains to reselling business of Pan Pacific Computer Center Inc. (PPCC), the IT Company of the Group. Last year was higher because of bulk orders on personal computers, laptops and servers from a related party.

Sale of services has significantly dropped from P24.17 million to P18.08 million. Last year includes income of PPCC from software implementation which was not present this year.

Cost of sales and services went up by 9% because of higher cost of school and related operations which went up by 14%. Increase was attributable to higher (a.) personnel expenses due to increase in number of teaching personnel; (b.) student-related expenses because of higher scholarship grants; (c.) depreciation cost due to completed renovation of school's gym and admission office; (d.) advertising cost as the schools intensify campaign for student enrolment; (e) periodicals relative to the preparation for accreditations during the year; and (f.) accreditation cost as the schools renew its accreditation with different accrediting agencies which give formal recognition to an educational institution.

Administrative and general expenses decreased by 13% or P25.78 million lower from same period last year primarily because last year includes costs related to construction and renovation of school buildings.

Interest income was significantly up because of higher volume of placements as of the period.

Interest expense and other charges went up primarily because of increase in loan interest rate from 2.6816% in 2014 to 3.7485% for the quarter.

Other income pertains to income from investment in UITF of MCI and commission income of PPCC. It is lower than last year because of conversion of investment in UITF to money market placements.

Balance Sheet Variances

Total consolidated assets stood at P5.66 billion as of the quarter ending September 30, 2015 compared to P5.33 billion as of December 2014.

Cash and cash equivalents decreased by 2% or P25.62 million lower than last year due to special dividends paid to its stockholders.

Receivables mainly pertain to school-related fees, which is 10% higher from December 2014 because of the timing of enrollment period.

Receivables from related parties dropped to P1.74 million because of collection of receivables from rental of office space in Makati campus.

Prepaid expense and other current assets pertains mainly to unutilized input tax and creditable withholding taxes, unamortized local business taxes, Fund for Engineering Development and Institution (FEDIL) and scholarships grants. The increase is attributable to increased FEDIL.

Financial assets at fair value through profit and loss pertains to investment of MCI in UITF (Unit Investment Trust Fund) in RCBC.

Property and equipment increased by 7%, representing capitalized costs related to renovation of school buildings. Other noncurrent assets pertain to computer software cost, at net of amortization, retirement asset and security deposits.

Total consolidated liabilities were lower by 8%, primarily because of settlement of obligation due to related parties, payment of dividends due to stockholders and accelerated payment of long-term debt.

Accounts payable and accrued expenses pertain to outstanding obligations of MCI and MCL to its respective contractors relative to the renovation and construction of school buildings, and of PPCC to its suppliers. It also includes taxes payable to several government agencies.

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 on November 29, 2015. Unearned tuition fees is significantly higher because of the timing of enrolment for second term of SY 2015-2016.

Dividends payable ending December 31, 2014 was settled in January 2015. The balance of P54.60M pertains to current dividend declaration, which is due on November 5, 2015.

Long term debt represents remaining loan of MCI to RCBC.

Total consolidated equity increased from P3.91 billion to P4.35 billion this quarter. Equity attributable to Parent is at P4.07 billion, from P3.67 billion last December 2014.

(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 September 30, 2015 compared to December 31, 2014 are as follows:

Financial ratios		**2015**	2014
Current ratio *Indicates the Group's ability to pay short-term obligation*	Current Assets / Current Liabilities	**1.52:1**	1.67:1
Solvency Ratio *Shows how likely a company will be to continue meeting its debt obligations*	Net Income+Depreciation / Total Liabilities	**0.54:1**	0.63:1
Debt-to-equity ratio *Measures the Group's leverage*	Total Debt / Equity	**0.30:1**	0.36:1
Asset to Equity Ratio *Shows how the company's leverage (debt) was used to finance the firm*	Total Assets / Equity	**1.30:1**	1.36:1
Interest Rate Coverage *Shows how easily a company can pay interest on outstanding debt*	EBIT / Interest Expense	**46.77:1**	43.36:1
Return on Average Stockholders' Equity *Reflects how much the Group's has earned on the funds invested by the stockholders*	Net Income / Average Equity	**14.08%**	20.57%
Return on Assets *Measure the ability to utilize the Group's assets to create profits*	Net Income / Total Assets	**10.29%**	13.98%
Net Profit Margin *Shows how much profit is made for every peso of revenue*	Net Income / Total Revenues	**32.79%**	32.29%
Asset Turnover *Shows efficiency of asset used in operations*	Total Revenues / Total Assets	**31x**	43x
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	**13.37%**	19.05%

- The current ratio decreased to 1.52 as of September 2015 from 1.67 as of December 31, 2014. Current liabilities increased significantly as of the period because of the timing of enrollment for second term of SY 2015-2016.
- Solvency ratio is at 0.54 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 0.36 as at December 2014 to 0.30 this quarter as the Group continues to pay down its loan.
- Asset to equity ratio improved from 1.36 as at December 2014 to 1.30 this quarter. The group was able to finance its business requirements through internally generated funds.
- Interest rate coverage ratio improved from 43 times in 2014 to 47 times this quarter as the Group accelerated payment of its principal loan balance.
- Return on average stockholders' equity is at 14.08% this quarter. The Group is optimistic that this will improve in the last quarter of the year.
- Return on asset is at 10.29% against 13.98% last year. The group is optimistic that this will improve in the last quarter of the year. As of this period, revenues from school operations has grown by 8% as the number of students increased by the same rate from last year.
- Net profit margin is at 32.79% this period against 32.29% of full year last year.
- Asset turnover is 31 times as of the period against 43 times as of December 2014.
- Return on equity is at 13.37% 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: 3Q 2015 DEVELOPMENTS
Significant developments during the third quarter of 2015 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

September 30, 2015 and 2014 (Unaudited)
and
December 31, 2014 (Audited)

iPeople, inc. and Subsidiaries

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited	Audited
	30-Sep-2015	31-Dec-2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 14)	**₱1,130,871,537**	₱1,156,486,981
Receivables (Note 7)	**201,048,534**	183,188,125
Receivables from related parties (Note 14)	**1,740,079**	2,485,905
Prepaid expenses and other current assets (Note 8)	**123,273,064**	67,846,896
Financial Assets at fair value through profit and loss (FVPL)	**8,021,630**	8,021,630
Total Current Assets	**1,464,954,844**	1,418,029,537
Noncurrent Assets		
Available-for-sale (AFS) financial assets	**15,828,640**	16,993,519
Property and equipment (Notes 9 and 10)	**4,026,398,430**	3,746,668,297
Goodwill (Note 11)	**137,853,345**	137,853,345
Deferred tax assets – net	**10,149,738**	10,149,738
Other noncurrent assets (Note 12)	**2,441,370**	5,183,864
Total Noncurrent Assets	**4,192,671,523**	3,916,848,763
	₱5,657,626,367	₱5,334,878,300
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 13)	**₱630,008,196**	₱578,498,809
Payable to related parties (Note 14)	**13,023,906**	21,198,102
Income tax payable	**35,053,892**	19,894,538
Unearned tuition fees	**132,820,843**	10,157,488
Dividends payable (Note 18)	**54,597,771**	123,813,181
Current portion of long-term debt (Notes 14 and 15)	**100,020,466**	96,250,715
Total Current Liabilities	**965,525,074**	849,812,833
Noncurrent Liabilities		
Pension liability - net	**61,610,329**	58,324,960
Long-term debt - net of current portion (Notes 14 and 15)	**194,000,000**	430,000,000
Deferred tax liabilities - net	**83,422,613**	83,682,319
Total Noncurrent Liabilities	**339,032,942**	572,007,279
Total Liabilities	**₱1,304,558,016**	₱1,421,820,112

(Forward)

iPeople, inc. and Subsidiaries

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited	Audited
	30-Sep-2015	31-Dec-2014
Equity		
Common stock (Note 17)	**₱748,933,221**	₱748,933,221
Additional paid-in capital	**1,438,827**	1,438,827
Other comprehensive income/(loss)		
Unrealized gain AFS financial assets	**(2,533,604)**	4,633,824
Revaluation increment on land (Note 10)	**448,763,360**	448,763,360
Remeasurement losses on defined benefit plans	**36,051,315**	36,051,315
Retained earnings (Note 16)	**2,838,714,033**	2,432,843,210
	4,071,367,152	3,672,663,757
Less: Treasury stock (Note 16)	**209**	209
	4,071,366,943	3,672,663,548
Noncontrolling interest in consolidated subsidiaries	**281,701,408**	240,394,640
Total Equity	**4,353,068,351**	3,913,058,188
	₱5,657,626,367	₱5,334,878,300

See accompanying Notes to Consolidated Financial Statements.

iPeople, inc. and Subsidiaries

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	July 1 to September 30		
	2015	2014	2013
REVENUES			
School and related operations	**₱665,572,495**	₱634,448,563	₱590,101,143
Sale of goods	**31,116,256**	51,399,102	21,477,135
Sale of services	**8,731,560**	6,856,651	7,833,335
	705,420,311	692,704,316	619,411,613
COSTS AND EXPENSES			
Cost of school and related operations	**290,696,742**	272,486,449	236,185,310
Cost of goods sold	**22,072,526**	45,069,428	19,940,462
Cost of services	**7,163,168**	5,850,535	1,581,419
	319,932,436	323,406,412	257,707,191
GROSS PROFIT	**385,487,875**	369,297,904	361,704,422
GENERAL AND ADMINISTRATIVE EXPENSES	**(59,877,820)**	(51,654,025)	(63,783,906)
INTEREST EXPENSE AND OTHER FINANCE CHARGES	**(4,183,094)**	(4,125,845)	(4,338,911)
INTEREST INCOME	**2,685,929**	1,574,196	3,922,461
OTHER INCOME (LOSS)	**32,166**	(9,516,877)	–
INCOME BEFORE INCOME TAX	**324,145,056**	305,575,353	297,504,066
PROVISION FOR INCOME TAX	**31,243,845**	30,112,877	29,166,046
NET INCOME	**292,901,211**	275,462,476	268,338,020
Net income attributable to:			
Equity holders of the parent	**₱272,176,079**	₱256,174,148	₱248,920,966
Non-controlling interest in consolidated subsidiaries	**20,725,132**	19,288,328	19,417,054
NET INCOME	**₱292,901,211**	₱275,462,476	₱268,338,020

iPeople, inc. and Subsidiaries
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	January 1 to September 30		
	2015	2014	2013
REVENUES (Note 24)			
School and related operations (Note 19)	**₱1,658,141,764**	₱1,536,011,310	₱1,396,519,020
Sale of goods	**98,582,283**	123,632,152	69,048,672
Sale of services	**18,075,858**	24,166,790	27,358,766
	1,774,799,905	1,683,810,252	1,492,926,458
COSTS AND EXPENSES			
Cost of school and related operations (Note 20)	**853,929,723**	746,529,555	701,902,725
Cost of goods sold	**88,235,023**	109,908,407	56,050,455
Cost of services	**14,254,042**	17,065,957	15,900,929
	956,418,788	873,503,919	773,854,109
GROSS PROFIT	**818,381,117**	810,306,333	719,072,349
GENERAL AND ADMINISTRATIVE EXPENSES (Note 21)	**(167,069,168)**	(192,846,108)	(176,581,071)
INTEREST EXPENSE AND OTHER FINANCE CHARGES (Notes 15 and 22)	**(14,121,489)**	(12,240,120)	(12,867,547)
INTEREST INCOME (Notes 6, 7, 14 and 22)	**8,327,961**	4,326,850	13,594,580
OTHER INCOME (LOSS)	**778,359**	(7,525,512)	–
INCOME BEFORE INCOME TAX	**646,296,780**	602,021,443	543,218,311
PROVISION FOR INCOME TAX	**64,311,209**	60,248,397	56,228,744
NET INCOME	**581,985,571**	541,773,046	486,989,567
Net income attributable to:			
Equity holders of the parent	**₱540,678,803**	₱503,547,096	₱451,122,686
Non-controlling interest in consolidated subsidiaries (Note 23)	**41,306,768**	38,225,950	35,866,881
NET INCOME	**₱581,985,571**	₱541,773,046	₱486,989,567

See accompanying Notes to Consolidated Financial Statements.

iPeople, inc. and Subsidiaries

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	January 1 to September 30		
	2015	2014	2013
NET INCOME	**₱581,985,571**	₱541,773,046	₱486,989,567
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Unrealized gain (loss) on AFS financial assets	**(7,167,428)**	4,330,607	(328,907)
TOTAL COMPREHENSIVE INCOME	**₱574,818,143**	₱546,103,653	₱486,660,660
Total comprehensive income attributable to:			
Equity holders of the parent	**₱533,511,375**	₱507,877,703	₱450,793,779
Non-controlling interest (Note 23)	**41,306,768**	38,225,950	35,866,881
TOTAL COMPREHENSIVE INCOME	**₱574,818,143**	₱546,103,653	₱ 486,660,660

iPeople, inc. and Subsidiaries

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Attributable to Equity Holders of the Parent Company									
	Common Stock (Note 17)	**Additional Paid-in Capital**	**Unrealized Gain on Available for Sale Financial Assets**	**Revaluation Increment On Land-net of tax** (Note 10)	**Remeasurement Losses on Net Pension Liability**	**Treasury Stock** (Note 16)	**Retained Earnings** (Note16)	**Total**	**Non-controlling Interest** (Note 23	**Total**
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	**-**	**-**	**-**	**-**	**-**	**-**	**540,678,803**	**540,678,803**	**41,306,768**	**581,985,571**
Other comprehensive income	**-**	**-**	**(7,167,428)**	**-**	**-**	**-**	**-**	**(7,167,428)**	**-**	**(7,167,428)**
Total comprehensive income (loss)	**-**	**-**	**(7,167,428)**	**-**	**-**	**-**	**540,678,803**	**533,511,375**	**41,306,768**	**574,818,143**
Dividends declared	**-**	**-**	**-**	**-**		**-**	**(134,807,980)**	**(134,807,980)**	**-**	**(134,807,980)**
Balances as at September 30, 2015	**₱748,933,221**	**₱1,438,827**	**(₱2,533,604)**	**₱448,763,360**	**₱36,051,315**	**(₱209)**	**₱2,838,714,033**	**₱4,071,366,943**	**₱281,701,408**	**₱4,353,068,351**
2014										
Balances as at January 1, 2014	₱748,933,221	₱1,438,827	₱2,495,929	₱366,127,520	₱ 36,162,717	(₱209)	₱1,979,535,008	₱3,134,693,013	₱201,151,025	₱3,335,844,038
Net income for the year	-	-	-	-	-	-	503,547,096	503,547,096	38,225,950	541,773,046
Other Comprehensive Income	-	-	4,330,607	-	-	-	-	4,330,607	-	4,330,607
Total comprehensive income (loss)	-	-	4,330,607	-	-	-	503,547,096	507,877,703	38,225,950	546,103,653
Dividends declared	-	-	-	-	-	-	(134,807,980)	(134,807,980)	-	(134,807,980)
Balances as at September 30, 2014	₱748,933,221	₱1,438,827	₱6,826,536	₱366,127,520	₱36,162,717	(₱209)	₱2,348,274,124	₱3,507,762,736	₱239,376,975	₱3,747,139,711
2013										
Balances as at January 1, 2013	₱748,933,221	₱1,438,827	₱4,359,735	₱306,911,195	₱-	(₱209)	₱1,574,810,874	₱2,636,453,643	₱166,994,946	₱2,803,448,589
Net income for the year	-	-	-	-	-	-	451,122,686	451,122,686	35,866,881	486,989,567
Other comprehensive income	-	-	(328,907)	-	-	-	-	(328,907)	-	(328,907)
Total comprehensive income	-	-	(328,907)	-	-	-	451,122,686	450,793,779	35,866,881	486,660,660
Dividends declared	-	-	-	-	-	-	(134,807,980)	(134,807,980)	-	(134,807,980)
Balances as at September 30, 2013	₱748,933,221	₱1,438,827	₱ 4,030,828	₱306,911,195	₱-	(₱209)	₱1,891,125,580	₱2,952,439,442	202,861,827	3,155,301,269

iPeople, inc. and Subsidiaries

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	January 1 to September 30		
(Php '000)	**2015**	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱646,297**	₱602,021	₱543,218
Adjustments for:			
Depreciation and amortization (Notes 9, 12, 20 and 21)	**122,712**	103,207	108,999
Interest expense and other finance charges (Note 22)	**14,121**	12,240	12,868
Interest income (Notes 6, 7, 14 and 22)	**(8,328)**	(4,327)	(13,457)
Realized loss on disposal of financial asset at FVPL	**–**	–	–
Unrealized market gain on financial asset at FVPL	**(94)**	–	–
Unrealized foreign exchange loss	**(205)**	–	17
Operating income before working capital changes	**774,503**	713,141	651,645
Decrease (increase) in:			
Accounts receivable	**(17,928)**	(97,886)	(111,068)
Prepaid expenses and other current assets	**(55,426)**	(30,763)	(11,079)
Increase (decrease) in:			
Movement in net retirement asset and liability	**3,285**	4,485	(17,092)
Accounts payable and accrued expenses	**50,918**	10,508	227,681
Unearned tuition fees	**122,663**	109,671	35,609
Net cash generated from operations	**878,015**	709,156	775,696
Interest received	**8,396**	4,327	13,457
Interest paid	**(13,530)**	(12,240)	(12,868)
Income taxes paid	**(49,152)**	(51,774)	(46,180)
Net cash flows provided by operating activities	**823,729**	649,469	730,105
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at FVPL	–	–	–
Acquisitions of:			
Property and equipment	**(402,702)**	(390,318)	(100,759)
Financial assets at FVPL	**94**	271,715	–
AFS Investments	**(6,003)**	–	–
Computer software	**2,743**	3,672	(1,083)
Payments made on lease liability	**–**	–	(1,027)
Decrease (increase) in amounts receivable from related parties	**746**	710	2,209
Net cash flows used in investing activities	**(405,122)**	(114,221)	(100,660)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of long-term debt	**(232,230)**	30,739	(120,576)
Dividends paid to stockholders	**(204,023)**	(148,166)	(145,000)
Increase (decrease) in amounts payables to related parties	**(8,174)**	(6,637)	(4,374)
Net cash flows used in financing activities	**(444,427)**	(124,064)	(269,950)

(Forward)

	January 1 to September 30		
	2015	2014	2013
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**₱205**	₱–	(₱17)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(25,615)**	411,184	359,478
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,156,487**	739,344	738,827
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱1,130,872**	₱1,150,528	₱1,098,305

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 nine wholly-owned subsidiaries, namely: Pan Pacific Computer Center, Inc. (PPCCI), Malayan Colleges, Inc. (MCI), People eServe Corporation (PEC), Malayan Colleges Laguna Inc. (MCLI), Malayan High School of Science, Inc. (MHSSI), Mapua Information Technology Center, Inc. (MITC), Mapua Techserv, Inc., Mapua Techpower, Inc., 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 (AFS) financial assets which are measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is also the Group’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 September 30, 2015 and December 31, 2014, and for each of the three quarters in the period ended September 30, 2015, 2014 and 2013.

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
People eServe Corporation	**100**	100	100
Pan Pacific Computer Center, Incorporated	**100**	100	100

All subsidiaries were incorporated in the Philippines.

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 in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year except for the following new and amended PFRSs and PAS and Philippine Interpretations which became effective beginning January 1, 2014. Except as otherwise indicated, the adoption of these new and amended standards and Philippine Interpretations did not have any impact on the consolidated financial statements.

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief. These amendments had no financial impact on the Group's consolidated financial statements.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
  These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments had no impact on the Group as it has no offsetting arrangements.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and had no impact on the Group's financial position or performance.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments had no financial impact in the Group's consolidated financial statements.

- Philippine Interpretation IFRIC 21, *Levies*
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. This interpretation has no impact on the Group as it has applied the recognition principle under PAS 37.

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

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

Standards Issued but not yet Effective
The Group has not applied the following PFRS and Philippine Interpretations which are not yet effective as of September 30, 2015. This list consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. The Group does not expect the adoption of these standards to have a significant impact in the consolidated financial statements, unless otherwise stated.

- PFRS 9, *Financial Instruments* - Classification and Measurement (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9

was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate*
  This Philippine Interpretation, which may be early applied, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Philippine Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The adoption of the interpretation will have no impact on the Group's financial position or performance as the Group is not engaged in real estate businesses.

Effective in January 1, 2015

- 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 will have no impact on the Group's consolidated financial statements.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a 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 have no impact on the Group's 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 will have no impact on the Group's 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 amendment affects disclosures only and will have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a 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 will have no impact on the Group's 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 will have no significant impact on the Group's 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 will have no significant impact on the Group's financial position or performance.

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 will have no significant impact on the Group given that the Group has not used a revenue-based methods 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 will have no significant impact on the Group's financial position or performance.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. These amendments are not expected to have any impact to the Group.

- 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. These amendments will have no significant impact on the Group's 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 consolidated 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 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. The amendment will have no significant impact on the Group's financial position or performance.

- 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 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 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. The amendment will have no significant impact on the Group's financial position or performance.

Effective January 1, 2018

- PFRS 9*, Financial Instruments* - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA. The adoption of PFRS 9 is not expected to have any significant impact on the Group's financial statements.

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, Financial Instruments, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not

compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of PFRS 9 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 following new standard issued by the IASB has not yet been adopted by the FRSC

IFRS 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is 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, 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

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 less and that are subject to an insignificant risk of changes in value.

Financial Assets
Financial assets within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*, are classified as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, AFS financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every financial reporting date.

Financial assets are recognized initially at fair value plus transaction costs directly attributable to their acquisition, in the case of all financial assets not carried at FVPL.

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

Assets under this category are classified as current assets if maturity is within twelve (12) months from the financial reporting date and as noncurrent assets if maturity date is more than a year from the financial reporting date.

a. *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.

The Group's financial assets at FVPL amounted to ₱8.02 million as of September 30, 2015 and December 31, 2014. This consists of peso-denominated investments in unit investment trust funds (UITFs) in Rizal Commercial Banking Corporation (RCBC). The mark to market loss and gain on these assets amounted to ₱0.09 million in 2015 and ₱1.99 million in 2014. In 2014, the Group disposed a significant portion of its financial assets at FVPL realizing a loss amounting ₱7.13 million.

b. *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 AFS or as financial assets at FVPL. After initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognized in the consolidated statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

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

c. *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 AFS 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 September 30, 2015 and December 31, 2014.

d. *AFS financial assets.* AFS financial assets are those non derivative financial assets that are designated as AFS or are not classified in any of the three preceding categories. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognized in the consolidated statement of comprehensive income.

   The Group's AFS financial assets consist of investments in quoted common shares which amounted to ₱15.83 million and ₱16.99 million as at September 30, 2015 and December 31, 2014, respectively. The unrealized gain/(loss) on AFS amounted to (₱2.53) million and ₱4.63 million as of September 30, 2015 and December 31, 2014, respectively.

e. *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 September 30, 2015 and December 31, 2014.

Financial Liabilities

Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVPL and other financial liabilities, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

a. *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 September 30, 2015 and December 31, 2014.

b. *Other financial liabilities* - Other financial liabilities are nonderivative financial liabilities with fixed or determinable payments that are not quoted in an active market. These liabilities are carried at amortized cost in the consolidated statement of financial position. Amortization is determined using the effective interest method. Gains and losses are recognized in the consolidated statement of comprehensive income, when the liabilities are derecognized as well as through the amortization process.

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

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
Financial assets at FVPL include 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. Changes in fair value relating to the held for trading positions are recognized in "Other income (loss)" account in the consolidated statement of comprehensive income. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded when the right to receive payment has been established.

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; or

- 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.

As of September 30, 2015 and December 31, 2014, the Group holds its quoted equity securities for trading purposes and classifies them as financial assets at FVPL.

AFS financial assets
AFS financial assets are those which are designated as such or do not qualify to be classified or designated as financial assets at FVPL, HTM investments or loans and receivables.

Financial assets may be designated at initial recognition as AFS if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. These include government securities, equity investments and other debt instruments.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously recognized in equity is recognized in “Other income (loss)” account in the consolidated statement of comprehensive income. 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 AFS debt investments are reported as interest income using the EIR. Dividends earned on holding AFS equity investments are recognized in the consolidated statement of comprehensive income as “Other income” account when the right to receive payment has been established. The losses arising from impairment of such investments are recognized as “Provisions on impairment losses” under operating expenses in the consolidated statement of comprehensive income.

Investments in unquoted equity securities are carried at cost net of impairment losses, if any. The Company’s AFS financial assets pertain to unquoted equity securities included under “Available-for-sale (AFS) financial assets” account in the statement of financial position.

This accounting policy relates to the statement of financial position caption “Available-for-sale financial assets”. The Company’s AFS financial assets include its investments in equity securities.

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.

This accounting policy relates to the net payable to PTC amounting ₱14.02 million and ₱10.25 million as of September 30, 2015 and December 31, 2014, respectively, and included under “Current portion of long-term debt” 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.

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.

Assets carried at amortized cost
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, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss 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 (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the consolidated statement of comprehensive income. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery. 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 the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

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.

AFS financial assets
In case of equity instruments classified as AFS, impairment would include significant or prolonged decline in the fair value of investments below its cost. If an AFS security is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the consolidated statement of comprehensive income, is transferred from other comprehensive income to the consolidated statement of income. Reversals in respect of equity instruments classified as AFS are not recognized in the consolidated statement of comprehensive income but as a separate item in the consolidated statement of comprehensive income. Reversals of impairment losses on debt instruments are reversed to operations if the increase in fair value of the instrument can be

objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of comprehensive income.

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.

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.

If at the end of any taxable month, the output VAT exceeds the input VAT, the outstanding balance is included under "Accounts payables and accrued expenses" account. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding months and included under "Prepaid expenses and other current assets" account.

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 to 20
Office furniture and equipment	5 to 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 based on the latest appraisal conducted by an independent firm of appraisers. The appraisal increment resulting from the revaluation is recorded in other comprehensive income and treated as a separate component in the Group's 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 September 30, 2015 and December 31, 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.

Business Combination and Goodwill
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.

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 any excess remaining after reassessment in the consolidated statement of comprehensive income.

The goodwill recognized in the consolidated statement of financial position pertains to the acquisition of MCI. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. Before recognizing a gain on a bargain purchase, the Group assesses whether it has correctly identified all of the assets acquired an all of the liabilities assumed, and recognize any additional assets or liabilities that are identified in that review.

Goodwill is measured at cost less accumulated impairment losses, if any.

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.

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 school and related operations 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 are recognized as income when examination has been granted by the school and related services have been provided to the students.
- 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.
- Interest income is recognized as it accrues taking into account the effective yield on the asset.
- Rental income is recognized as revenue on a straight-line basis over the lease term.
- Maintenance, service and commission income are recognized when services are rendered.

Costs and Expenses

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 school and related operations

Cost of school and related operations 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 school and related operations 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.

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 the 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.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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.

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 ₱749.24 million and ₱889.21 million as at September 30, 2015 and December 31, 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.

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 September 30, 2015 and December 31, 2014, the Group has no potential dilutive common shares.

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 24 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:

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.

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.

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 collectibility 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 ₱67.62 million and ₱61.94 million as of September 30, 2015 and December 31, 2014, respectively (Note 7). The carrying value of receivables as at September 30, 2015 and December 31, 2014 amounted to ₱201.05 million and

₱183.19 million, respectively (Note 7). The carrying value of receivables from related parties as at September 30, 2015 and December 31, 2014 amounted to ₱1.74 million and ₱2.48 million, respectively (Note 14).

Impairment of AFS financial assets
The Group treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below 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 AFS financial assets carried at fair value amounted to ₱15.83 million and ₱16.99 million as at September 30, 2015 and December 31, 2014, respectively. As at September 30, 2015 no impairment loss was recognized pertaining to the Group's AFS 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 September 30, 2015 and December 31, 2014, net book value of depreciable property and equipment amounted to ₱1,482.00 million and ₱1,202.27 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 statements 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 and a discount rate of 8.94% in 2014 and 2013. 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 2014, 2013, and 2012.

In 2014 and 2013, there are continuing indications of impairment in the property and equipment of MHSSI due to continuing losses of the school. Management assessed that the level of impairment is at the same level with 2009. In 2009, an impairment loss of ₱52.00 million was recognized to write-down certain assets of MHSSI. No additional impairment loss was recognized in 2015, 2014 and 2013.

As at September 30, 2015 and December 31, 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 ₱4,026.40 million and 1.32 million, respectively as at September 30, 2015; and ₱3,746.67 million and ₱4.07 million, respectively as of December 31, 2014 (Notes 9 and 12).

6. Cash and Cash Equivalents

This account consists of:

	Unaudited September 2015	Audited December 2014
Cash on hand	**₱956,134**	₱889,100
Cash in banks	**195,602,829**	173,122,676
Cash equivalents	**934,312,574**	982,475,205
	₱1,130,871,537	₱1,156,486,981

Cash in banks earn interest at the prevailing bank deposit rates. Short-term investments have terms with varying periods of up to three 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 cash equivalents amounted to ₱6.22 million, ₱4.28 million and ₱12.37 million in September 2015, 2014 and 2013, respectively (Note 22).

There is no restriction on the Group's cash balances as at September 30, 2015 and December 31, 2014.

7. Receivables

This account consists of:

	Unaudited September 2015	Audited December 2014
Tuition and other fees	**₱188,682,290**	₱144,735,135
Other receivables		
Trade	**50,254,270**	65,905,314
Advances to officers and employees	**9,682,023**	10,354,357
Others	**20,049,134**	24,133,132
	268,667,717	245,127,938
Less allowance for impairment	**(67,619,183)**	(61,939,813)
	₱201,048,534	₱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.

Advances to officers and employees represent receivables for the employees' share in car plan agreements. There were no amounts written-off during the year. Interest income from advances to officers and employees amounted to ₱2.10 million, ₱0.05 million and ₱1.23 million in September 2015, 2014 and 2013, respectively (Note 22).

Other receivables include rent receivable, interest receivable, receivable from trainings and technology-oriented programs, receivables from resigned employees 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.

The changes in collectively assessed allowance for doubtful accounts as at September 30 follow:

	September 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 21)	**5,679,370**	**–**	**–**	**5,679,370**
Balances at end of year	**₱54,860,333**	**₱5,754,719**	**₱7,004,131**	**₱67,619,183**

	December 2014			
	Tuition and other fees	Advances to officers and employees	Others	Total
Balances at beginning of year	₱43,681,678	₱5,754,719	₱3,541,720	₱52,978,117
Provisions for the year	5,499,285	–	3,462,411	8,961,696
Balances at end of year	₱49,180,963	₱5,754,719	₱7,004,131	₱61,939,813

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

Trade receivables are noninterest-bearing and are generally on forty five (45)-day term.

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

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

8. Prepaid Expenses and Other Current Assets

	Unaudited September 2015	Audited December 2014
Prepaid expenses	**₱40,676,521**	₱25,443,934
Fund for Engineering Development and Institutional Linkages (FEDIL)	**33,370,477**	14,294,289
Input value added tax	**28,564,355**	22,556,140
Refundable deposits	**1,751,186**	1,264,202
Creditable withholding tax	**1,047,400**	223,776
Office supplies	**982,457**	823,214
Others	**16,880,668**	3,241,341
	₱123,273,064	₱67,846,896

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

FEDIL is restricted deposit 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.

Refundable deposits pertain to advances on rentals.

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

Others relate to books inventory, deferred charges and other supplies.

9. Property and Equipment

The rollforward analysis of this account follows:

	September 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	**292,686,738**	**104,059,258**	**855,341**	**1,568,816**	**399,170,153**
Reclassifications and adjustments	**392,578,458**	**(861,689)**	**–**	**(392,556,137)**	**(839,368)**
Balance at end of year	**1,808,572,888**	**1,116,728,332**	**23,797,039**	**20,339,039**	**2,969,437,298**
Accumulated depreciation and amortization					
Balance at beginning of year	**645,331,401**	**709,004,656**	**14,499,978**	**–**	**1,368,836,035**
Depreciation	**44,370,231**	**75,842,746**	**(339,447)**	**–**	**119,873,530**
Reclassifications and adjustments	**(912,423)**	**70,431**	**(430,886)**	**–**	**(1,272,878)**
Balance at end of year	**688,789,209**	**784,917,833**	**13,729,645**	**–**	**1,487,436,687**
Net book value	**1,119,783,679**	**331,810,499**	**10,067,394**	**20,339,039**	**1,482,000,611**
Land at revalued amounts (Note 10)	**–**	**–**	**–**	**–**	**2,544,397,819**
Total	**₱1,119,783,679**	**₱331,810,499**	**₱10,067,394**	**₱20,339,039**	**₱4,026,398,430**

	December 2014				
	Buildings and Improvements	Office Furniture and Equipment	Transportation Equipment	Construction In Progress	Total
Cost					
Balance at beginning of year	₱1,064,570,459	₱847,761,101	₱21,166,829	₱45,261,293	₱1,978,759,682
Acquisitions	14,629,484	166,606,905	1,774,869	410,172,816	593,184,074
Reclassifications and adjustments	44,107,749	(837,243)	–	(44,107,749)	(837,243)
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 and amortization					
Balance at beginning of year	603,749,894	614,323,225	12,004,965	–	1,230,078,084
Depreciation (Notes 20 and 21)	41,581,507	93,844,190	2,495,013	–	137,920,710
Reclassification and adjustments	–	837,241	–	–	837,241
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 completed in January 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 September 2015. The building will be equipped with state-of-the-art facilities and interactive learning environment to aid the students in their advanced engineering studies.

As at December 31, 2014, the gym was transferred from construction in progress account to buildings and improvements account. The research and administration facilities, including the engineering building, were transferred to buildings and improvement account last January 2015 and September 2015, respectively.

Depreciation and amortization in September 2015, 2014 and 2013, amounting ₱108.85 million, ₱87.64 million and ₱66.00 million, respectively, are included under cost of school and related operations (Note 20). While depreciation and amortization charged to general and administrative expenses amounted to ₱13.87 million, ₱15.57 million and ₱42.99 million in September 2015, 2014 and 2013, respectively (Note 21).

10. Land at Revalued Amounts

This account consists of:

	Unaudited September 2015	Audited December 2014
Balance at beginning of year	**₱2,544,397,819**	₱2,444,685,837
Capitalizable costs	**–**	983,380
Appraisal increase	**–**	98,728,602
Balance at end of year	**₱2,544,397,819**	₱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 ₱2.39 billion as at September 30, 2015 and December 31, 2014, respectively. Capitalizable costs include taxes paid for the purchase of land.

Fair value is determined through records of sales and offerings of similar parcels of land with similar location, size, shape, characteristics of the lots and present and prospective use.

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 acquired by MCI in 1999.

The Group performed its annual impairment test on its goodwill with indefinite useful lives as of December 31, 2014. 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 are no impairment loss recognized on goodwill in 2015, 2014 and 2013.

12. **Other Noncurrent Assets**

This account consists of:

	Unaudited September 2015	Audited December 2014
Computer software	**₱1,323,062**	₱4,065,556
Retirement asset	**732,228**	732,228
Miscellaneous deposits	**386,080**	386,080
	₱2,441,370	₱5,183,864

Computer software is amortized over a period of three years. Amortization of computer software charged to operations in September 2015, 2014 and 2013 amounted to ₱2.84 million ₱4.13 million, and ₱3.99 million, respectively (Notes 20 and 21). There was no impairment recognized for computer software during the year and in prior periods.

The rollforward analysis of computer software are as follows:

	Unaudited September 2015	Audited December 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 20 and 21)	**2,838,078**	5,489,881
Balance at the end of the year	**28,609,881**	25,771,803
Net Book Value	**₱1,323,062**	₱4,065,556

Amortization charged to cost of school and related operations amounted to ₱0.66 million, ₱0.88 million and ₱0.86 million in September 2015, 2014 and 2013, respectively (Note 20). While amortization charged to general and administrative expenses amounted to ₱2.18 million, ₱3.25 million and ₱3.13 million in September 2015, 2014 and 2013, respectively (Note 21).

13. **Accounts Payable and Accrued Expenses**

This account consists of:

	Unaudited September 2015	Audited December 2014
Accounts payable	**₱261,210,386**	₱276,787,116
Accrued expenses	**266,327,664**	217,056,760
Funds payables	**93,055,010**	80,588,606
Other payables	**9,415,136**	4,066,327
	₱630,008,196	₱578,498,809

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 newly constructed buildings in Malayan Colleges, Inc. and Malayan Colleges Laguna, Inc.

Accrued expenses include the Group's accrual associated with MCI'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. 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.

Accrued expenses consist of:

	Unaudited September 2015	Audited December 2014
Contingent liability (Note 25)	**₱144,835,772**	₱144,835,772
Accrued salaries and wages	**39,145,813**	4,218,239
Withholding taxes and others	**35,196,867**	25,484,427
Accrued professional fees	**14,496,290**	15,730,590
Payable to suppliers	**10,494,492**	4,817,926
Accrued utilities	**6,444,876**	2,373,995
SSS and other contributions	**3,694,581**	2,553,806
Insurance	**3,551,211**	1,921,782
Accrued interest	**1,882,483**	2,439,820
Accrued communication expense	**1,331,552**	1,791,626
Others	**5,253,727**	10,888,777
	₱266,327,664	₱217,056,760

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

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.

	September 2015			
	Amount / Volume	**Receivables from (Payables to)**	**Terms**	**Conditions**
Parent Company				
a) Receivables from related parties	₱–	₱319,454	Noninterest-bearing, due and demandable	Unsecured
Rental income	–	–		
b) Payables to related parties	–	(7,216,196)	Noninterest-bearing, due and demandable	Unsecured
Management fee and other professional fees	30,573,372	–	–	–
Entities under common control of HI				
c) Receivables from related parties	–	777,285	Noninterest-bearing, due and demandable	Unsecured, no impairment
Rental income	1,835,376	–	–	
d) Payables to related parties	–	(₱5,795,710)	Noninterest-bearing, due and demandable	Unsecured
Contracted services	31,412,347	–	–	
Entities under common control of PMMIC				
e) Cash and cash equivalents	1,129,915,403	1,129,915,403	Interest at prevailing deposit and short-term rates	Unsecured, no impairment
Interest income	6,223,946	–	–	–
f) Receivables from related parties	–	643,340	Noninterest-bearing, due and demandable	Unsecured, no impairment
Rental income	20,239,206	–	–	–
g) Payables to related parties	–	(12,000)	Noninterest-bearing, due and demandable	Unsecured
Insurance expense	2,993,893	–	–	–
h) Long-term debt	–	(194,000,000)	10-year, interest at 3-mo. PDST-F plus spread per quarter	Secured
Interest expense	14,086,489	–	–	–

	December 2014			
	Amount / Volume	Receivables from (Payables to)	Terms	Conditions
Parent Company				
i) Receivables from related parties	₱–	₱319,454	Noninterest-bearing, due and demandable	Unsecured
Rental income	2,759,583	–		
j) Payables to related parties	–	(5,287,933)	Noninterest-bearing, due and demandable	Unsecured
Management fee and other professional fees	45,879,047	–	–	–
Entities under common control of HI				
k) Receivables from related parties	–	449,077	Noninterest-bearing, due and demandable	Unsecured, no impairment
Rental income	2,482,168	–	–	
l) Payables to related parties	–	(15,898,172)	Noninterest-bearing, due and demandable	Unsecured
Contracted services	151,849,600	–	–	
Entities under common control of PMMIC				
m) 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	–	–	–
n) Receivables from related parties	–	1,717,374	Noninterest-bearing, due and demandable	Unsecured, no impairment
Rental income	24,425,101	–	–	–
o) Payables to related parties	–	(11,997)	Noninterest-bearing, due and demandable	Unsecured
Insurance expense	4,767,620	–	–	–
p) Long-term debt	–	(430,000,000)	10-year, interest at 3-mo. PDST-F plus spread per quarter	Secured

	December 2014			
	Amount / Volume	Receivables from (Payables to)	Terms	Conditions
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 September 30, 2015 and December 31, 2014, there were no provisions for doubtful receivables pertaining to related party balances.

a) *Receivables from Parent Company*
This account pertains to services provided by PPCC to HI. These are non-interest bearing and are payable on demand.

b) *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.

c) *Receivables from entities under common control of HI*
Receivables from entities under common control of HI arise from lease of canteen spaces in Makati and Intramuros properties to one of the subsidiaries of the Parent Company. The term of the lease is for one year and renewable with uniform rental payments.

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.

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

Interest income earned amounted to ₱6.22 million, ₱4.28 million and ₱12.37 million in September 2015, 2014 and 2013, respectively (Note 22).

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 and Intramuros properties. 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	**₱13,485,674**	₱13,485,674
More than 1 year but not more than 5 years	**67,428,372**	67,428,372
	₱80,914,046	₱80,914,046

g) *Payables to entities under common control of PMMIC*
The Group's 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.

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 Company's Makati and Manila properties. In 2015 and 2014, payments made in relation to the principal amount totaled ₱236.00 million and ₱86.00 million, respectively.

Interest expense recognized amounted to ₱14.09 million, ₱12.22 million and ₱12.87 million in September 2015, 2014 and 2013, respectively.

15. Long-term Debt

This account consists of:

	Unaudited September 2015	Audited December 2014
Loans from financial institutions	**₱280,000,000**	₱516,000,000
Payable to PTC - net	**14,020,466**	10,250,715
	294,020,466	526,250,715
Less current portion of long-term debt	**100,020,466**	96,250,715
	₱194,000,000	₱430,000,000

A. *Loans from financial institutions*
These include loans obtained from local banks. Details as at September 30, 2015 follow:

	Unaudited September 2015	Audited December 2014
Peso-denominated syndicated bank loan payable after 10 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 November 22, 2020.	**₱280,000,000**	₱516,000,000
Less current portion of long-term debt	**86,000,000**	86,000,000
	₱194,000,000	₱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 ₱1,400.00 million both in 2015 and 2014. Interest expense charged to operations in September 2015, 2014 and 2013 amounted to ₱ 14.09 million, ₱12.22 million and ₱12.87 million, respectively (Note 22).

B. *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 Company 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 Company 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.

As at September 30, 2015 and December 31, 2014, payable to PTC amounted to ₱14.02 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 ₱14.02 million is payable in 2015, and is recorded under current liabilities.

16. Retained Earnings

In accordance with SRC Rule No. 68, As Amended (2011), Annex 68-C, after reconciling items, the Parent Company's retained earnings available for dividend declaration as of September 30, 2015 amounted to ₱749.24 million.

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

17. Capital Stock

Capital stock consists of 2,000,000,000 authorized and 748,932,949 issued and outstanding common shares as at September 30, 2015 and December 31, 2014 with a par value of ₱1 per share.

On September 15, 1989, SEC approved the registration of the Company's entire authorized capital stock with a Certificate of Permit to Sell Securities authorizing the sale of 25 billion shares worth ₱250 million. The Company'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 Parent Company's outstanding number of shares and holders of securities as of September 30, 2015:

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	–	–
September 30, 2015	748,932,949	2,070
Add (deduct) movement	–	–
September 30, 2015	748,932,949	2,070

Note: Exclusive of 272 treasury shares.

18. **Cash Dividends**

The BOD declared cash dividends as follows:

	2015	2014	2013
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 on 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	–
December 20, 2013, 6% cash dividends (₱0.06 per share) to stockholders of record as of December 13, 2012, paid on January 17, 2014	**–**	–	44,935,993
October 10, 2013, 6% cash dividends (₱0.06 per share) to stockholders of record as of December 31, 2012, paid on November 5, 2013	**–**	–	44,935,993
July 26, 2013, 6% cash dividends (₱0.06 per share) to stockholders of record as of December 31, 2012, paid on August 16, 2013	**–**	–	44,935,993
April 16, 2013, 6% cash dividends (₱0.06 per share) to stockholders of record as of December 31, 2012, paid on May 10, 2013	**–**	–	44,935,993
	₱134,807,979	₱239,658,633	₱179,743,972

19. Revenue from School and Related Operations

This account consists of:

	2015	2014	2013
Tuition fees and other matriculation fees	**₱1,569,322,239**	₱ 1,446,200,672	₱1,314,341,341
Bookstore income	**10,476,949**	10,668,967	8,627,572
Seminar fee income	**1,921,062**	13,498,123	4,103,481
Miscellaneous	**76,421,514**	65,643,548	69,446,626
	₱1,658,141,764	₱1,536,011,310	₱1,396,519,020

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, class pictures, certification of grades, good moral and other school credentials.

20. Cost of School and Related Operations

This account consists of:

	2015	2014	2013
Personnel expenses	**₱422,642,468**	₱379,038,099	₱ 381,130,539
Depreciation and amortization	**108,846,025**	87,635,307	66,006,762
Student-related expenses	**103,595,583**	86,187,807	83,738,667
Utilities	**67,980,370**	67,192,660	53,945,086
Management and other professional fees	**50,650,596**	51,597,540	66,593,763
Tools and library books	**20,468,035**	21,649,140	13,559,312
Advertising	**19,063,804**	6,549,459	6,149,013
Periodicals	**10,297,432**	375,302	277,152
Seminar	**10,002,234**	9,127,277	1,165,544
Accreditation cost	**7,971,684**	4,156,004	2,299,117
Repairs and maintenance	**7,116,587**	6,975,000	7,968,455
Laboratory supplies	**5,518,526**	4,671,082	3,897,807
Office supplies	**5,323,134**	3,021,445	4,402,468
Research and development	**4,046,089**	5,511,683	3,130,981
Insurance	**3,185,200**	2,167,402	3,207,008
Transportation and travel	**1,408,660**	675,376	1,539,135
Taxes and licenses	**1,339,092**	1,346,712	992,119
Rent	**1,128,641**	1,354,753	894,182
Entertainment, amusement and recreation	**258,908**	620,756	776,884
Miscellaneous	**3,086,655**	6,676,751	228,731
	₱853,929,723	₱746,529,555	₱701,902,725

Personnel expenses and professional fees went up due to increase in rates and teaching loads to support substantial increase in number of students. Depreciation and amortization increased because of additional equipments purchased and completed renovation of gymnasium. Student-related expenses went up as the number of students increased.

Utilities went up in relation to the construction of new building in MCLI and renovation in MCI. Management and other professional fees are lower this year because of completed renovations in MCI.

Advertising also increased as the schools extensively campaign for student enrolment. Increase in periodicals is due to increase in subscriptions to magazines, journals and newspapers.

Increase in office supplies and accreditation cost is attributable to accreditation requirements of PACUCOA, ABET, PTC and ISO.

Increase in transportation pertains to travel expenses of various colleges.

21. General and Administrative Expenses

This account consists of:

	2015	2014	2013
Management and other professional fees	**₱63,532,282**	₱66,372,209	₱50,318,135
Personnel expenses	**47,074,653**	61,475,024	47,241,287
Depreciation and amortization	**13,865,582**	15,571,792	42,992,183
Donations	**7,636,869**	6,837,088	6,170,931
Provision for impairment of receivables	**5,627,847**	–	–
Utilities	**4,484,372**	5,018,771	6,715,994
Taxes and licenses	**4,182,447**	3,446,254	2,734,839
Advertising	**3,726,132**	5,556,253	4,322,567
Repairs and maintenance	**2,812,332**	6,013,327	2,760,540
Entertainment, amusement and recreation	**2,089,549**	2,110,059	2,047,086
Rent	**1,761,449**	1,277,428	1,783,911
Office supplies	**1,301,767**	3,110,074	1,180,804
Transportation and travel	**1,049,710**	2,078,567	902,373
Seminar	**986,700**	2,169,930	36,935
Insurance	**782,933**	1,100,254	960,940
Accreditation cost	**653,671**	122,921	225,473
Commission	**149,229**	82,455	–
Miscellaneous	**5,351,644**	10,503,702	6,187,073
	₱167,069,168	₱192,846,108	₱176,581,071

Management and professional fees are lower compared to last year due to decrease in security and janitorial employees, management fee and legal fees. Personnel expense went down because of the decrease in non-teaching personnel.

Full depreciation of several laboratory equipments was the reason for lower depreciation and amortization. Significant dropped in advertising expenses is due to the changes in marketing plan and strategies of the group during the year.

Provision for impairment of receivables is due to the increase in back accounts of schools.

Decrease in office supplies is related to the decrease in non-teaching personnel of schools. Increase in accreditation cost pertains to certification of MCLI with PTC ACBET.

Miscellaneous expense includes dues and subscriptions, direct write-off of receivable, manual and training materials, periodicals and other contracted services.

22. **Interest Income, Interest and Other Finance Charges**

The Group's interest income consists of interest from the following sources as of September 30:

	2015	2014	2013
Cash in banks and cash equivalents (Note 6)	**₱6,223,946**	₱4,280,849	₱12,368,037
Advances to officers and employees (Note 7)	**2,104,015**	46,001	1,226,543
	₱8,327,961	₱4,326,850	₱13,594,580

The Group's interest expense consists of interest on the following:

	2015	2015	2014
Long-term debt (Note 15)	**₱14,086,489**	₱12,222,414	₱12,867,547
Loans payable	**35,000**	17,706	–
	₱14,121,489	₱12,240,120	₱12,867,547

23. **Noncontrolling Interest**

This represents shareholdings in subsidiaries not held by the Group.

24. **Operating Segment Information**

For management purposes, the Group is organized into business units based on the products and services it provides, which comprise of two main groupings as follows:

<u>Information Technology and Education</u> - primarily consists of revenues of MCI, MCLI, MITC and MHSS in education.

<u>Others</u> - 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.

The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

Segment assets and liabilities include 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.

SEGMENT REPORTING
As of September 30, 2015, 2014 and 2013
(In million pesos)

	Information Technology and Education			Others			Elimination			Consolidated		
	Sep-15	Sep-14	Sep-13	**Sep-15**	Sep-14	Sep-13	**Sep-15**	Sep-14	Sep-13	**Sep-15**	Sep-14	Sep-13
Revenues	**₱1,673.24**	₱1,549.30	₱1,424.34	**₱102.34**	₱135.05	₱70.90	**(₱0.78)**	(₱0.54)	(₱2.31)	**₱1,774.80**	₱1,683.81	₱1,492.93
Net Income	**591.58**	546.36	509.06	**(9.59)**	(4.59)	(22.07)	**-**	-	-	**581.99**	541.77	486.99
Total Assets	**6,503.68**	5,985.34	5,467.70	**1,686.63**	1,684.31	1,553.36	**(2,532.68)**	(2,385.70)	(2,346.54)	**5,657.63**	5,283.95	4,674.52
Total Liabilities	**1,614.55**	1,699.39	1,527.05	**193.05**	193.08	134.83	**(503.04)**	(355.66)	(142.66)	**1,304.56**	1,536.81	1,519.22

25. **Commitments and Contingencies**

Operating lease - Group as a lessor
RCBC entered into a lease agreement with the Group for the use of its office spaces in Makati campus. The term of the lease is for three years from July 1, 2014 to June 30, 2017 with a monthly rental of ₱2.14 million exclusive of VAT and subject to 5% escalation effective July 2015. The future minimum rental payments receivable under the aforementioned lease agreement follows:

	Unaudited September 2015	Audited December 2014
Within one (1) year	**₱13,485,674**	₱13,485,674
More than 1 year but not more than five (5) years	**67,428,372**	67,428,372
	₱80,914,046	₱80,914,046

Operating lease - Group as a lessee
The Group entered into a 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 a monthly rental of ₱29,544.

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.

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 September 30, 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.

Schedule A. Financial Assets in Equity Securities

Below is the detailed schedule of financial assets in equity securities of the Group as of September 30, 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 third quarter	Income Received and Accrued
AFS financial assets				
Quoted:				
Petro Energy Resources Corporation	4,111,335	₱15,828,640	₱3.85	(₱7,167,428)

The basis in determining the value of equity securities is the market quotation as at September 30, 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 September 30, 2015:

Name	**As of Dec. 31, 2014**	**Additions**	**Liquidations/ Collections**	**As of Sept. 30, 2015**
Apsay, Christopher	₱379,504	₱–	₱43,385	₱336,120
Arenillo, Denise Jordan	270,933	–	50,866	220,067
Balan, Ariel Kelly	363,942	–	55,050	308,892
Ballado, Alejandro Jr.		327,242	12,233	315,008
Bitor, Rolando	170,270	–	61,575	108,695
Cabanilla, Angela Celine	347,226	–	51,779	295,447
Camus, Rosette Eira	341,133	–	51,779	289,354
Cinco, Arnold	347,226	–	51,779	295,447
Francisco, Ruth C.		401,561		401,561
Geguiento, Edgardo P.	395,323	(10,245)	54,450	330,628
Hofilena, Joy	288,830	–	62,700	226,129
Kikuchi, Khristian	261,959	–	58,251	203,708
Macayan, Jonathan	264,365	–	54,807	209,557
Papas, Aileen Kate A.	360,787	61,268	66,640	355,414
Sabio, Maurice	297,558	–	62,700	234,858
Teodoro, Gloria	199,000	–	56,383	142,617
Uy, Francis Aldrine	280,146	–	56,029	224,116
	₱4,568,202	₱779,826	₱850,406	₱4,497,618

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 September 30, 2015:

Name	Volume of transactions	Receivables	Terms
Pan Pacific Computer Center, Inc.	Share in expenses	₱1,104,410	Non-interest bearing and to be settled within the year

Schedule D. Intangible Assets

As at September 30, 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	(2,838,078)	1,323,062
	₱141,918,901	₱95,584	(₱2,838,078)	₱139,176,407

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%. During the 3rd quarter of 2015, an advance payment was made by the group amounting to P171,500,000 which lessen the term from forty (40) to thirty three (33) quarterly installments starting February 2011 until March 2019.

Details as of September 30, 2015 follow:

Type of Obligation	Amount	Current	Noncurrent
Syndicated bank loan	₱280,000,000	₱86,000,000	₱194,000,000

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.

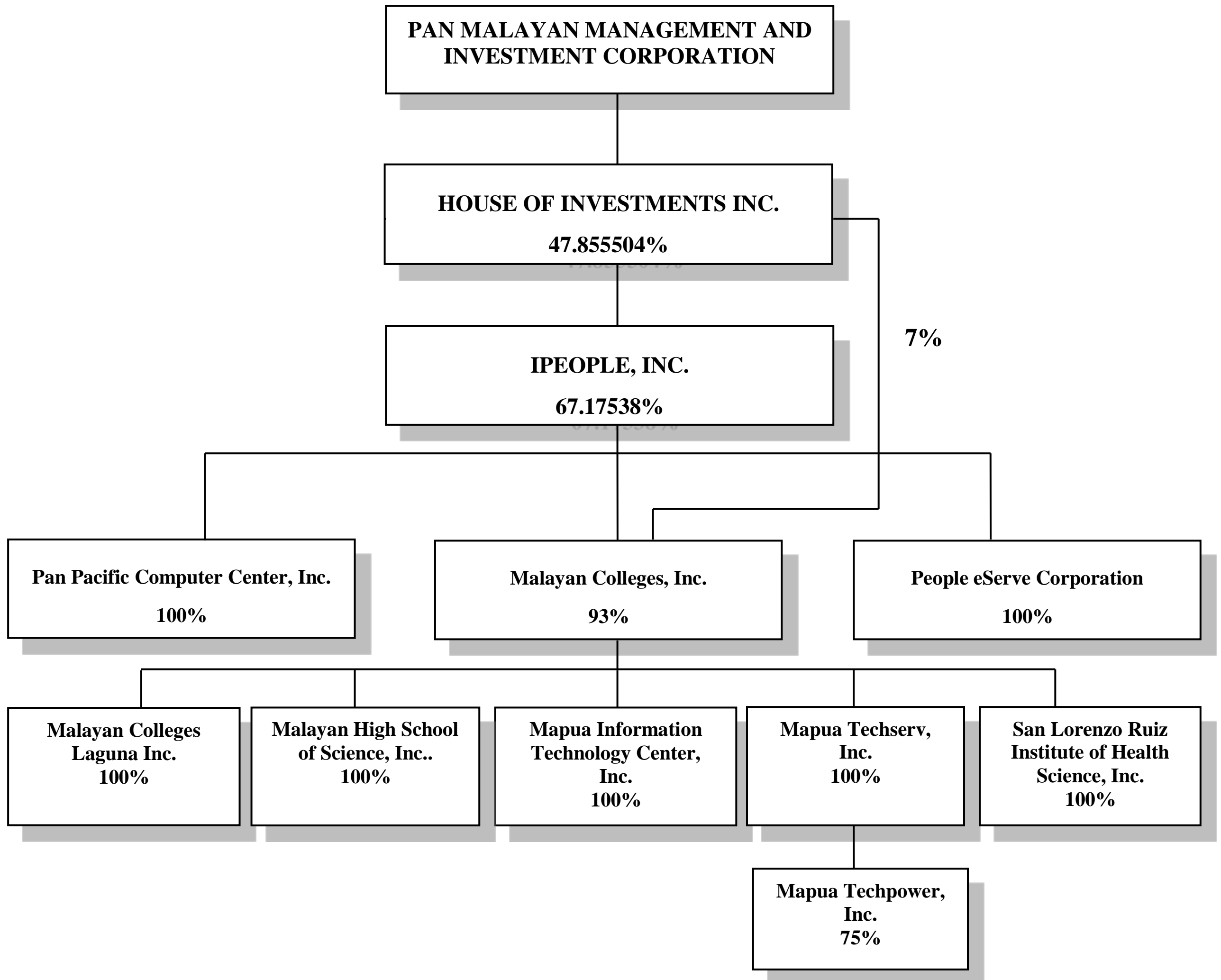
Schedule G. Guarantees of Securities of Other Issuers

As at September 30, 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	2,000,000,000	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 September 30, 2015:



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 September 30, 2015:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 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 September 30, 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		√	
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 September 30, 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 September 30, 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 September 30, 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 September 30, 2015.

Standards tagged as “Not adopted” are standards issued but not yet effective as of September 30, 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	**₱889,207,283**
Adjustments:	
(see adjustments in previous year's reconciliation)	–
Unappropriated retained earnings, as adjusted, beginning	**889,207,283**
Net income / (loss) as at the quarter	**(5,164,033)**
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	**(5,164,033)**
Dividends declaration during the year	**(134,807,980)**
Treasury stock	**(209)**
Unappropriated Retained Earnings, as adjusted, ending	**₱749,235,061**

iPeople, inc. and Subsidiaries
Aging of Accounts Receivable
For the quarter ended September 30, 2015

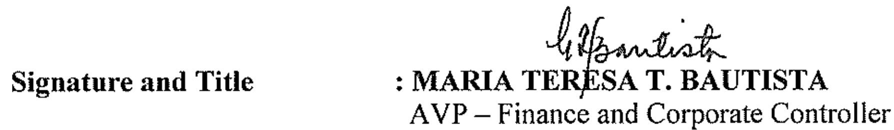
	No. of days due			
	0-30	**31-60**	**Over 61 days**	**Total**
Education	**₱110,389,248**	**₱16,085,168**	**₱62,207,874**	**₱188,682,290**
Information technology	**17,970,406**	**8,962,261**	**23,321,603**	**50,254,270**
Parent and others	**6,008,179**	**7,379,717**	**16,343,261**	**29,731,157**
Total	**134,367,833**	**32,427,146**	**101,872,738**	**268,667,717**
Less: Allowance for doubtful accounts	–	–	**(67,619,183)**	**(67,619,183)**
	₱134,367,833	**₱32,427,146**	**₱34,253,555**	**₱201,048,534**

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 : **November 16, 2015**