August 13, 2014

Securites and Exchange Commission
SEC Building, EDSA, Mandaluyong

Attention: **Director Vicente Graciano P. Felizmenio, Jr.**
Markets and Securities Regulation Division

Ms. Lourvic Pacis
SEC Examiner

Philippine Stock Exchange
Ayala Avenue, Makati City

Attention: **Ms. Janet Encarnacion**
Head, Disclosure Department

Subject: SEC 17-Q as of June 30, 2014

GENTLEMEN:

Please see attached SEC 17-Q for the 2nd Quarter CY 2014 of Cosco Capital, Inc. and its subsidiaries.

Thank you.

Very truly yours,

Atty. Candy H. Dacanay-Datuon
Assistant Corporate Secretary

Head Office: 2/F Tabacalera Building, 900 Romualdez St., Paco, Manila, 1007, Philippines • Phone: (632) 524-9236 Telefax: (632) 523-3055

COVER SHEET

0 0 0 0 1 4 7 6 6 9

SEC Registration Number

COSCO CAPITAL, INC.

(Company's Full Name)

2ND FLOOR, TABACALERA BUILDING 2, NO. 900 ROMUALDEZ ST., PACO, MANILA

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

ATTY. CANDY DACANAY-DATUON

(Contact Person)

(02) 523-3055

(Company Telephone Number)

1 2	3 1	SEC FORM 17-Q	0 6	2 7
Month	Day	(Form Type)	Month	Day

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowing

Total No. of Stockholders

Domestic

Foreign

SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please sure BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
2014 2nd Quarter Report

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

1. For the quarterly period ended: June 30, 2014

2. Commission identification number: 147669

3. BIR Tax Identification No. : 000-432-378

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

COSCO CAPITAL, INC.
(Formerly Alcorn Gold Resources Corporation)

5. Province, country or other jurisdiction of incorporation or organization:

Republic of the Philippines

6. Industry Classification Code: ☐ (SEC Use Only)

7. Address of registrant's principal office:

2nd FloorTabacaleraBldg 2, 900 D. Romualdez Sr. St.,
Paco, Manila Postal Code: 1007

8. Registrant's telephone number, including area code:

(632) 524-9236 or 38

9. Former name, former address and former fiscal year, if changed since last report:

ALCORN GOLD RESOURCES, CORPORATION

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Class	Number of Shares of Common Stock Outstanding with P1.00 par value (Listed & Not Listed)
Common	7,405,263,564

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

Yes [/] No [ ]

The 5,687,406,421 common shares of stock of the company are listed in Philippine Stock Exchange (PSE).

12. Indicate by check mark whether the registrant:

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

Yes[/] No [ ]

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

Yes [/] No [ ]

I. FINANCIAL INFORMATION

Item 1. Financial Statements

Financial Statements and, if applicable, Pro-Forma Financial Statements meeting the requirements of SRC Rule 68 and 68.1, Form and Content of Financial Statements, shall be furnished as specified therein.

1. Please see **SECTION A** for the financial statements
2. Please see **SECTION B** for the pro-forma statements of income statements and segment reporting
3. Please see **SECTION C** for the performance indicators schedule

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with the accompanying interim financial statements and notes thereto which form part of this Report. The interim financial statements and notes thereto have been prepared in accordance with the Philippine Accounting Standard (PAS) 34 from International Financial Reporting Interpretations Committee (IFRIC), issued by the Financial Reporting Standards Council (FRSC).

II. KEY PERFORMANCE INDICATORS

The Management considers the following as key performance indicators of the Group:

- Return on investment (Net income/ Ave. stockholders' equity) - measures the profitability of stockholders' investment
- Profit margin (Net income/ Net revenue) - measures the net income produced for each peso of sales
- EBITDA to interest expense (EBITDA/ Interest expense) – measures the ability of the Group to pay interest of its outstanding debts
- Current ratio (Current asset/ Current liabilities) - measures the short-term debt-paying ability of the Group
- Asset turnover (Net revenue/ Average total assets) - measures how efficiently assets are used to generate revenues
- Asset to equity ratio (Assets/ Shareholders' equity) - indicates the Group's leverage used to finance the firm
- Debt to equity ratio (Liabilities/ Shareholders' Equity) -measure of a Group's financial leverage

The table below shows the key performance indicators for the past three interim periods:

Performance Indicators	2014	2013	2012
Return on investment	4%	5%	0.15%
Profit margin	6%	8%	56.67%
EBITDA to interest expense	46.85x	53.69x	n/a
Current ratio	2.49:1	2:1	341:1
Asset turnover	0.52x	0.48x	0.003x
Asset to equity	1.42:1	1.37:1	1:1
Debt to equity ratio	0.15:1	0.15:1	Debt free

The figures above presents Cosco as a group composed of 14 companies in 2014 whereas 2013 presents Cosco as a mining company from January to May and as a group in the month of June only while 2012 as solely mining company.

III. RESULTS OF OPERATION

Comparison of results of operations between June 30, 2014 and June 30, 2013

Table 1: Consolidated Income Statements

Cosco Capital, Inc. and subsidiaries (the "Group") realized revenue of ₱40.6 billion for the six-month period ended June 30, 2014. This is higher compared to last year's revenue for the same period of ₱6.3 billion. In the same period, the Group posted a net income of ₱2.3 billion which is higher compared to last year's ₱488 million. This out-of-range fluctuation is because the Group's results of operations included revenues from 14 companies in 2014 whereas 2013 presents Cosco as a mining company from January to May and as a group in the month of June only.

The table below shows the result of operations of the Group for the period ended June 30, 2014 and 2013:

	2014		2013		Inc/ (Dec)	%
REVENUES	**40,590**	100%	6,257	100%	34,334	549%
COST OF SALES *(excluding depreciation and amortization)*	**33,470**	82%	4,981	80%	28,489	572%
GROSS PROFIT *(before depreciation and amortization)*	**7,120**	18%	1,276	20%	5,845	458%
OTHER OPERATING INCOME	**1,277**	3%	200	3%	1,077	538%
	8,397	21%	1,476	24%	6,921	469%
OPERATING EXPENSES *(excluding depreciation and amortization)*	**4,617**	11%	683	11%	3,934	576%
INCOME FROM OPERATIONS	**3,780**	9%	792	13%	2,987	377%
OTHER INCOME (CHARGES) – net	**93**	0%	25	0%	68	275%
INCOME BEFORE DEPRECIATION AND AMORTIZATION AND INCOME TAX	**3,873**	10%	817	13%	3,056	374%
DEPRECIATION AND AMORTIZATION EXPENSE	**682**	2%	93	1%	588	632%
INCOME BEFORE INCOME TAX	**3,191**	8%	724	12%	2,467	341%
INCOME TAX EXPENSE	**878**	2%	236	4%	642	272%
NET INCOME FOR THE PERIOD	**2,313**	5.7%	488	7.8%	1,825	374%
Net Income Attributable to:						
Equity holders of the Parent Company	**1,502**	4%	311	5%	1,190	383%
Non-controlling interests	**812**	2%	177	3%	634	358%
	2,313	6%	488	8%	1,825	374%

Table 2 – Pro-forma Income Statement

For comparability and analysis purposes, a pro-forma financial statements is presented in Section B. Below is the management discussion and analysis:

	2014		2013		Inc/ (Dec)	%
REVENUES	**40,590**	100%	35,074	100%	5,516	16%
COST OF SALES *(excluding depreciation and amortization)*	**33,470**	82%	28,469	81%	5,001	18%
GROSS PROFIT *(before depreciation and amortization)*	**7,120**	18%	6,605	19%	515	8%
OTHER OPERATING INCOME	**1,277**	3%	1,004	3%	273	27%
	8,397	21%	7,609	22%	788	10%
OPERATING EXPENSES *(excluding depreciation and amortization)*	**4,617**	11%	3,948	11%	669	17%
INCOME FROM OPERATIONS	**3,780**	9%	3,661	10%	118	3%
OTHER INCOME (CHARGES) – net	**93**	0%	106	0%	-12	-12%
INCOME BEFORE DEPRECIATION AND AMORTIZATION AND INCOME TAX	**3,873**	10%	3,767	11%	106	3%
DEPRECIATION AND AMORTIZATION EXPENSE	**682**	2%	530	2%	152	29%
INCOME BEFORE INCOME TAX	**3,191**	8%	3,237	9%	-46	-1%
INCOME TAX EXPENSE	**878**	2%	870	2%	8	1%
NET INCOME FOR THE PERIOD	**2,313**	6%	**2,367**	7%	-54	-2%
Net Income Attributable to:						
Equity holders of the Parent Company	**1,502**	4%	1,499	4%	3	0.19%
Non-controlling interests	**812**	2%	868	2%	-57	-7%
	2,313	6%	2,367	**7%**	-54	**-2%**

In a pro-forma basis wherein the figures presented has been prepared to give effect as if the share-swapping transaction described above had been completed since January 1, 2012 and thus already effective in the first half of 2013, the Group posted a revenue of ₱40.6 billion in the six-month period ended June 30, 2014. This is a 16% increase from last year's ₱35 billion of the same period brought about by growth in various business segments. Increase in revenue for the retail segment was about ₱5.7 billion; real estate, ₱53 million, liquor, ₱115 million while holding, oil storage and mining decreased by ₱65 million. The increase was generally attributable to newly opened stores and acquisitions for retail, sales volume growth for liquor and newly completed properties for lease and addition of NE Pacific Mall for real estate.

Income from operations before depreciation and amortization increased to ₱3.9 billion from last year's ₱3.8 billion or by ₱106 million which represents a growth of 3%. Consolidated net income attributable to equity holders of the Parent Company for the six-month period of 2014 amounted to ₱1,502 million having approximately .19% increase from last year's ₱1,499 million consolidated net income after deducting the share of minority interest of. Retail segment accounts for 56% of the profit after tax and minority interest (PATMI); real estate, 26%; liquor distribution, 13% and holding, oil storage and mining, 4%. The results of operations were contributed by all business segments which factors are further discussed in their respective discussion and analysis portion hereunder.

RETAIL

For the six-month period ended June 30, 2014, the Retail segment posted a consolidated net income of ₱1,656 million at 4.3% net margin or a decrease of 6.6% from ₱1,772 million in 2013 of the same period. This was due to the absence of one-time interest income recognized in previous year of the same period generated from the short-term investment of the proceeds from the P5 billion corporate bonds. The same notes were pre-terminated and paid in full in April of 2013 due to the changes in the applicable taxation rules. Without the effect of interest income on this investment, net income after tax would have increased by ₱15 million or 0.9% at 4.3% and 5.0% net margin for the six-month period ended June 30, 2014 and 2013, respectively. Operating income, increased by 1.4% from ₱2,334 million to ₱2,366 million for the six-month period ended June 30, 2013 and 2014, respectively.

For the six-month period ended June 30, 2014, the Retail segment posted a consolidated net sales of ₱38.5 billion for an increase of ₱5.5 billion or 16.8% compared to ₱33 billion in the same period of 2013. New stores put up in 2013 were fully operating in 2014 increasing consolidated net sales for the six-month period ended June 2014. Consolidated like for like sales performance indicators of the segment for the six-month period ended June 30 are as follows:

	2014	2013
Net Sales	**3.1%**	4.5%
Net Ticket	**4.4%**	5.4%
Traffic	**-1.2%**	-0.8%

The segment realized an increase of 10.0% in consolidated gross profit for the six-month period ended June 30 from ₱5.8 billion in 2013 to ₱6.4 billion in 2014 of the same period, driven by sales growth from new and old stores and suppliers' granting rebates and conditional discounts during the period, in support of the segment's strategic store expansion program. Consolidated gross profit margin was posted at 16.5% and 17.5% for the six-month period ended June 2014 and 2013, respectively. The decline in the gross margin was due to the lower sales volume generated from non-food items, which became expensive to the mass market due to the effect of the sin-tax law.

Other operating income increased by ₱273 million or 27.2% from ₱1 billion in the six-month period ended June 2013 to ₱1.3 billion in 2014 of the same period. This was due to increase in concessionaire income, commissions due from renting of product display locations in store aisles to suppliers, renting of booths to third party retailers and increase in membership income coming from new and old stores.

Operating expenses increased by ₱818 million or 18.4% from ₱4.4 billion in the six-month period ended June 2013 to ₱5.3 billion in 2014 of the same period. Majority of the increase is attributable to manpower cost of the segment's new stores, as well as rent expenses relative to new lease contracts, utilities expense, depreciation expense and taxes, all related to acquisitions and opening of new stores.

Other income net of other expenses decreased by ₱1 million or 85.5% compared to the six-month period ended June 2013. This was due to increase in bank charges for the six month period ended June 30, 2014.

Interest income was only at P11 million as of June 30, 2014 from ₱141 million in the same six-month period in 2013. This was due to the absence of interest income recognized in previous year of the same period, coming from the short-term investment of the proceeds from

the ₱5 billion corporate notes. The same notes were pre-terminated and paid in full in April of 2013 due to the changes in applicable taxation rules.

REAL ESTATE

Real Estate segment posted ₱927 million revenue in the six-month period ended June 30, 2014 or a 6% increase from ₱874 million in the previous year. The addition of NE Pacific Shopping Centers Corporation and the opening of Fairview Terraces contributed in the increase of the segments' revenue.

Income from operations before depreciation increased by ₱3 million from ₱545 million of the six-month period ended June 30, 2013.

Real Estate segment's net income for the period resulted to ₱389 million or a 23% increase from last year's ₱316 million brought about by growth in revenue and decrease in operating expenses and interest expenses.

LIQUOR DISTRIBUTION

Revenue for the Liquor Distribution increased to ₱1,517 million or an 8% growth from last year's ₱1,402 million for the six-month period ended June 30, 2014.

Income from operations increased to ₱271 million or 5% higher from last year's ₱259 million.

Net income for the period increased by ₱28 million from 173 million in 2013 to 201 million in 2014 or a 16% growth. For the first half of 2014, profit margin is at 13% as compared to 2013's 12%.

SPECIALTY RETAIL

The Group's specialty retail segment pertains to Office Warehouse that was included with the Group starting May 1, 2014. For the months of May and June, this segment generated ₱121 million revenue with a net income margin of 2% or equivalent to ₱3 million.

IV. FINANCIAL CONDITION

Table 3: Consolidated Statements of Financial Position

The table below shows the financial condition of Cosco Capital, Inc:

	June 30, 2014	December 31, 2013	Mov.	%
ASSETS				
Current Assets				
Cash and cash equivalents	**16,427**	14,744	1,683	11%
Receivables – net	**2,240**	2,497	-257	-10%
Available-for-sale financial assets	**59**	40	19	47%
Short-term investments		500	-500	-100%
Inventories	**11,549**	10,355	1,194	12%
Prepayments and other current assets	**2,216**	1,703	513	30%
	32,490	29,839	2,651	9%
NONCURRENT ASSETS				
Noncurrent Assets				
Property and equipment – net	**13,693**	13,481	212	2%
Investment properties – net	**12,248**	11,672	576	5%
Intangible assets	**19,786**	18,001	1,785	10%
Investments	**790**	440	350	80%
Deferred oil and mineral exploration costs	**119**	119		0%
Deferred tax assets – net	**9**	53	-44	-83%
Others	**1,871**	1,518	353	23%
	48,516	45,283	3,232	7%
TOTAL ASSETS	**81,006**	75,122	5,884	8%
LIABILITIES AND EQUITY				
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	**8,371**	11,611	-3,240	-28%
Income tax payable	**430**	735	-305	-42%
Loans payable - short term	**2,958**	1,212	1,746	144%
Current maturities of long-term debt, net of debt issue costs	**962**		962	100%
Trust receipts payable		17	-17	-100%
Others	**352**	414	-62	-15%
	13,072	13,988	-916	-7%
Noncurrent Liabilities				
Retirement benefit cost	**297**	293	1	0%
Deferred tax liabilities	**834**	939	-105	-11%
Long term debts - net of current portion	**7,492**	3,452	4,040	117%
Others	**2,171**	1,619	554	34%
	10,794	6,303	4,490	71%
Total Liabilities	**23,866**	20,291	3,574	18%

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Equity				
Capital stock	**7,161**	7,161		0%
Deposit for future stock subscription				
Additional paid-in capital	**9,635**	9,635		0%
Reserve for retirement plan - net of tax	**-3**	-3		0%
Cumulative unrealized gain on AFS financial assets	**1**	5	-4	-80%
Retained earnings	**24,541**	23,040	1,502	7%
Total Equity Attributable to Equity Holders of Parent Company	**41,335**	39,837	1,498	4%
Non-controlling interest	**15,805**	14,994	812	5%
	57,140	54,831	2,309	4%
TOTAL LIABILITIES AND EQUITY	**81,006**	75,122	5,884	8%

Current Assets

Cash and cash equivalents amounted to ₱16.4 billion as at June 30, 2014 with an increase of ₱1.7 billion from December 31, 2013 balance or an 11% increase due basically to the net effect of the receipt of the holding company's P5 billion corporate notes and significant decrease in cash of the retail segment used in settling their trade liabilities, payment of cash dividends and capital expenditure for new stores expansion and acquisition.

Receivables decreased by 10% from December 31, 2013 balance of ₱2.5 billion to this period's balance of ₱2.2 billion due significantly to the seasonal effect of retail and liquor division where there is normally higher revenue, including credit sales, in the 4th quarter of the year.

Inventories increased by 12% from 2013 balance of ₱10.4 billion to this period's balance of ₱11.5 billion due to the increasing size of the retail segment and stocking requirement for the 2nd half of the year. Bulk of the inventory pertains to the merchandise of the retail segment amounting to ₱10 billion.

Prepayments and other current assets increased by P513 million or 30% at the end of June 2014, due primarily to rent, insurance, taxes, permits and licenses and input taxes in relatioin to opening of new stores and advances made to suppliers.

Noncurrent Assets

As at June 30, 2014 and December 31, 2013, total noncurrent assets amounted to ₱48.5 billion or 60% of total assets, and ₱45.3 billion or 60% of total assets, respectively, for an increase of ₱3.2 billion or 7%.

Property and equipment pertains to the buildings and equipment mostly owned by the Retail segment. Book values of property and equipment increased by ₱212 million from ₱13.48 billion in December 2013 to ₱13.7 billion in June 2014. This was due principally to additional capital expenditures incurred for the development and establishment of new stores during the current period.

Investment properties pertains to the land, buildings and equipment owned by the Real Estate segment. Book values of property and equipment increased by ₱576 million or 5% from ₱11.7 billion in December 2013 to ₱12.2 billion in June 2014.

Intangible assets increased by P1.8 billion as effect of the goodwill from the acquisition of NE Pacific and Office Warehouse.

Investments increased by ₱350 million or 79.6% from P440 million in December 2013 to P790 million in June 2014. This was due to investment made by the Retail segment in June 12, 2014, wherein the Parent Company entered into a joint venture agreement with Lawson Asia Pacific Holdings PTE. LTD. and Lawson, Inc. and agreed to establish a joint venture company which will be jointly owned by the Parties and administered and managed on the terms and conditions of the agreement.

Other noncurrent assets increased by ₱353 million from ₱1.5 billion in December 2013 to ₱1.9 billion in June 2014. About 61% of these assets were contributed by the Retail segment and the increase was primarily due to increase in security deposits in relation to new leases acquired for new stores development.

Current Liabilities

As at June 30, 2014 and December 31, 2013, total current liabilities amounted to ₱13 billion and ₱14 billion respectively, for a decrease of ₱916 million or 7%.

About 84% of accounts payable and accrued expenses pertains to the trade payable to suppliers by the Retail segment and the balance mostly to the contractors and suppliers of the Real Estate segment and suppliers of Liquor Distribution. The decrease by ₱3.2 billion or 28% was primarily due to net settlement of trade liabilities and payment of cash dividend to stockholders by retail segment.

Significant part of the income tax payable pertains to that of the Retail segment. The decrease by ₱305 million from ₱735 million in December 2013 to ₱430 million in June due to settlement of tax liabilities incurred from the last quarter of 2013 and in the 1st quarter of 2014.

Trust receipts payable decreased by P17 million due to settlement made on all outstanding liabilities for purchases made for goods covered under the trust receipts agreement by the retail segment.

Current maturities of long term loans net of debt issue cost increased by P962 million due to reclassification of long-term loans that falls due within 1 year.

Other current liabilities decreased by 15% from P414 million in December 2013 to P352 million in June 2014 relatively due to payments during the period to various suppliers and application of promo funds realized during the period from various suppliers.

Noncurrent Liabilities

As at June 30, 2014 and December 31, 2013, total noncurrent liabilities amounted to ₱10.8 billion and ₱6.3 billion, respectively, for an increase of ₱4.5 billion or 71% significantly caused by the corporate notes acquired in 2014.

Retirement benefits liability pertains mostly to the Retail segment which is about 96% of this account and the rest to other businesses. The increase was due to recognition of obligation incurred based on the latest independent actuarial report in accordance with PAS 19 – *Employee Benefits*.

The movement of long-term debt pertains to the availment of P5 billion corporate notes decreased by the reclassification of P1 billion loan of Retail segment to current liabilities.

Other noncurrent liabilities, which is primarily composed of noncurrent accrued rent, increased by ₱554 million or 34% from ₱1.6 billion in December 2013 to ₱2.2 billion in June 2014 due to recognition of rent expense for lease contracts entered into by the Group and its subsidiaries in compliance with PAS 17 – *Leases*.

V. SOURCES AND USES OF CASH

A brief summary of cash flow movements is shown below:

	For the six-month period ended June 30	
	2014	2013
Net cash flows used in operating activities	**(1,980,327,792)**	(15,499,274)
Net cash flows used investing activities	**(3,000,958,177)**	(39,809,443)
Net cash flows provided by financing activities	**6,663,892,051**	-
Net increase in cash and cash equivalents	**1,682,606,082**	(55,281,951)

Net cash used in operations for the period basically refers to the income earned for the period adjusted by changes in current assets and current liabilities.

The bulk of the net cash flow provided by investing activities covers the cash obtained due to the consolidation reduced by the disbursements made for the acquisition of buildings and other properties and equipment.

Cash inflows from financing activities are from loan borrowings and reduced by payment of finance costs.

Management believes that the current levels of internally generated funds and from financing activities can meet the Group's immediate future cash needs and current work program commitments.

VI. MATERIAL EVENTS AND UNCERTAINTIES

Below is the discussion and analysis of material events and uncertainties known to management that would address the past and would have an impact on future operations:

(i) Seasonal aspects that had a material effect on the financial condition or results of the Group's operations includes retail and liquor business which sales tend to peak during the gift-giving Christmas season;

(ii) There are no unusual transactions during the year. However, there are material changes in the financial statements caused by the consolidation of 12 companies as effect of the subscription agreement entered on April 16, 2013. Details of changes are discussed as follows;

On April 12, 2013, Lucio L. Co Group and Alcorn Gold Resources Corporation (now Cosco Capital, Inc.) executed a Deed of Assignment in Payment for the Subscription wherein the Lucio L. Co Group shall subscribe to the unissued unauthorized capital stock of the Cosco, Capital, Inc. from the increase of its authorized capital stock at a subscription price of ₱15 per share for a total of 4,987,406,421 new shares at an aggregate subscription price of ₱74,811,096,315 worth of shares in Puregold Price Club, Inc. and Subsidiaries, Ellimac Prime Holdings, Inc. and Subsidiaries, Go Fay & Co., Incorporada, SVF Corporation, Nation Realty, Inc., 118 Holdings, Inc. and Subsidiary, Patagonia Holdings Corp., Fertuna Holdings Corp., Premier Wine and Spirits, Inc., Montosco Inc., Meritus Prime Distributions, Inc., and Pure Petroleum Corp. (collectively, the "Acquirees"), and the corresponding payment thereof by way of assignment of the shares owned by Lucio L. Co Group in the Acquirees, under the terms and conditions to be determined by the Corporation's BOD.

In addition, 1,142,857,143 shares were subscribed and issued to subscribers for ₱10.50 per share for a total consideration of ₱12,000,000,001.50 after meeting all the closing conditions.

For the purpose of this Deed, Listing Date of the Swap Shares shall mean the day that the Swap Share are listed in, and can commence trading at the PSE.

As the above transaction is effective as of May 30, 2013 or the date of the listing as provided in the Subscription Agreement dated April 12, 2013, the company as a conglomerate with a consolidation of the results of operations from 12 companies took effect only on June 1, 2013.

In addition, the following significant events had transpired in 2014:

On February 11, 2014, the Board of Directors approved the acquisition of NE Pacific Shopping Centers Corporation. Ownership was transferred on February 28, 2014.

Cosco Capital, Inc. finalized the acquisition of the outstanding shares of Office Warehouse, Inc. pursuant to agreement to purchase signed on February 18, 2014. Office Warehouse, Inc. is a retailer of office and school supplies with 47 stores.

On May 16, 2014, Cosco Capital, Inc. entered into a Five Billion Corporate Notes Facility Agreement with syndicate of institutional lenders composed of banks and insurance companies. The facility consists of seven (7) year and ten (10) year notes. The funds will be used for strategic acquisition and general corporate notes.

On June 11, 2014, Cosco Capital, Inc. and its subsidiary, Alcorn Petroleum and Mining Corporation entered into Deed of Assignment of rights and interest over Service Contracts including transfer of assets, privilege duties and obligations.

(iii) There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years;

(iv) There are no dividends paid during the year;

(v) There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period;

(vi) There are no contingent liabilities or assets since the last statement of financial position period;

(vii) Sources of liquidity – Funding will be sourced from internally generated cash flow, cash recently received from the sale of shares to the equity market and from debt market;

(viii) There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation;

(ix) There are no material commitments for capital expenditures other than those performed in the ordinary course of trade or business;

(x) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the revenues or income from continuing operations;

(xi) There are no significant elements of income not arising from continuing operations;

(xii) Due to the Group's sound financial condition, there are no foreseeable trends or events that may have material impact on its short-term or long-term liquidity.

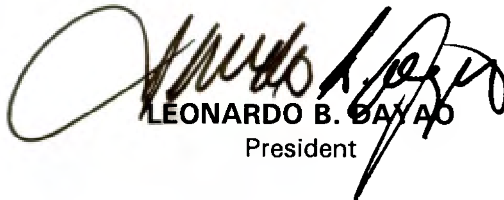
PART II--OTHER INFORMATION

Disclosure not made under SEC Form 17-C - None

SIGNATURES

Issuer: **COSCO CAPITAL, INC. (Formerly Alcorn Gold Resources Corporation)**

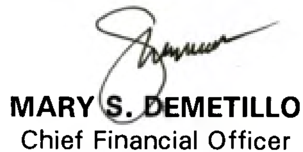
Duly Authorized Representative of the Issuer
Signature and Title:



LEONARDO B. DAYAO
President

Date: August 14, 2014

Duly Authorized Representative of the Issuer
Signature and Title:



MARY S. DEMETILLO
Chief Financial Officer

Date: August 14, 2014

SECTION A

COSCO CAPITAL ,INC.
UNAUDITED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Contents

Statements of Financial Position
As at June 30, 2014 and December 31, 2013
Statements of Income
For the Period Ended June 30, 2014 and 2013
For the Period Ended June 30, 2014 and 2013
Statements of Changes in Stockholders' Equity
For the Period Ended June 30, 2014 and 2013

Statements of Cash Flows
For the Period Ended June 30, 2014 and 2013

Notes to Financial Statements

COSCO CAPITAL, INC. AND SUBSIDIARIES

(Formerly Alcorn Gold Resources Corporation)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at June 30, 2014 and December 31, 2013

(In Philippine Peso)

	Notes	2014	2013
ASSETS			
Current Assets			
Cash and cash equivalents	6	**16,426,756,069**	14,744,149,987
Receivables - net	7	**2,239,547,503**	2,496,631,261
Available-for-sale financial assets	8	**59,429,597**	40,325,856
Short-term investments			500,000,000
Inventories	9	**11,548,512,439**	10,354,718,168
Prepayments and other current assets	10	**2,215,922,970**	1,702,982,309
		32,490,168,578	29,838,807,581
NONCURRENT ASSETS			
Noncurrent Assets			
Property and equipment - net	11	**13,692,774,113**	13,480,715,044
Investment properties - net	12	**12,248,356,042**	11,672,008,123
Intangible assets	13	**19,786,299,235**	18,000,887,819
Investments	14	**789,775,237**	439,775,237
Deferred oil and mineral exploration costs	15	**118,829,183**	118,829,183
Deferred tax assets - net		**8,754,336**	52,941,791
Others	16	**1,871,006,151**	1,518,331,385
		48,515,794,297	45,283,488,582
TOTAL ASSETS		**81,005,962,875**	75,122,296,163

LIABILITIES AND EQUITY

LIABILITIES

	Note		
Current Liabilities			
Accounts payable and accrued expenses	17	**8,370,814,260**	11,610,615,517
Income tax payable		**429,852,782**	734,939,892
Loans payable - short term	18	**2,958,000,000**	1,212,000,000
Current maturities of long-term debt, net of debt issue costs	18	**961,707,838**	-
Trust receipts payable			16,543,219
Others		**351,787,892**	413,894,807
		13,072,162,772	13,987,993,435
Noncurrent Liabilities			
Retirement benefit cost	26	**296,706,384**	293,041,032
Deferred tax liabilities		**833,716,967**	938,849,665
Long term debts - net of current portion	18	**7,492,166,923**	3,451,714,933
Others	19	**2,170,966,634**	1,619,876,113
		10,793,556,908	6,303,481,743
Total Liabilities		**23,865,719,680**	20,291,475,178
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
Equity			
Capital stock	20	**7,160,506,037**	7,160,506,037
Additional paid-in capital		**9,634,644,229**	9,634,644,229
Reserve for retirement plan - net of tax		**(2,520,490)**	(2,520,490)
assets		**916,095**	4,565,462
Retained earnings		**24,541,484,874**	23,039,953,941
Total Equity Attributable to Equity Holders of Parent Company		**41,335,030,745**	39,837,149,179
Non-controlling interest		**15,805,212,450**	14,993,671,806
		57,140,243,195	54,830,820,985
TOTAL LIABILITIES AND EQUITY		**81,005,962,875**	75,122,296,163

COSCO CAPITAL, INC. AND SUBSIDIARIES
(Formerly Alcorn Gold Resources Corporation)
CONSOLIDATED INCOME STATEMENTS
(In Philippine Peso)

		For the Six-month Period Ended June 30		For the Three-month Period April 1 - June 30	
	Notes	**2014**	2013	2014	2013
REVENUES	21	**40,590,151,588**	6,256,500,685	21,360,537,526	6,255,904,444
COST OF SALES	22	**33,469,926,642**	4,980,896,219	17,785,451,576	4,980,471,089
GROSS PROFIT		**7,120,224,946**	1,275,604,466	3,575,085,950	1,275,433,355
OTHER OPERATING INCOI	23	**1,276,537,586**	199,950,145	602,656,235	199,950,145
		8,396,762,532	1,475,554,611	4,177,742,185	1,475,383,500
OPERATING EXPENSES	24	**4,617,209,238**	683,161,564	2,448,168,027	700,362,733
INCOME FROM OPERATIONS		**3,779,553,294**	792,393,046	1,729,574,158	775,020,767
OTHER INCOME - net	25	**93,260,628**	24,879,054	34,804,453	1,881,083
INCOME BEFORE DEPRECIATION AND AMORTIZATION AND INCOME TAX		**3,872,813,921**	817,272,100	1,764,378,610	776,901,849
DEPRECIATION AND AMORTIZATION EXPENSE		**681,575,069**	93,131,417	348,945,424	93,069,716
INCOME BEFORE INCOME TAX		**3,191,238,853**	724,140,683	1,415,433,186	683,832,133
INCOME TAX EXPENSE		**878,167,277**	235,843,441	381,286,122	235,843,441
NET INCOME FOR THE PERIOD		**2,313,071,576**	488,297,242	1,034,147,064	447,988,692
Net Income Attributable to:					
Equity holders of the Parent Comp:		**1,501,530,931**	311,182,062	684,865,962	270,873,513
Non-controlling interests		**811,540,644**	177,115,180	349,281,103	177,115,180
		2,313,071,576	488,297,242	1,034,147,064	447,988,693
Earnings per share		***0.21***	*0.08*	*0.10*	*0.08*

COSCO CAPITAL, INC. AND SUBSIDIARIES

(Formerly Alcorn Gold Resources Corporation)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Period Ended June 30, 2014 and 2013

(In Philippine Peso)

	Equity Attributable to Equity Holders of Parent							
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Reserve for retirement plan	Reserve in changes of Available-for-sale Financial Assets	Total	Non-controlling Interest	Total
Balance at January 1, 2013	1,275,000,000	-	98,202,992		2,623,692	1,375,826,684	-	1,375,826,684
Issuance during the year	6,130,263,564	9,634,644,229				15,764,907,793		15,764,907,793
Acquisition of treasury stocks	(244,757,527)					(244,757,527)		(244,757,527)
Effect of business combination			20,426,715,668	(33,067,031)		20,393,648,637		20,393,648,637
Non-controlling interest from business combination						-	13,730,045,462	13,730,045,462
Comprehensive income			311,182,062		-	311,182,062	177,115,180	488,297,242
Balance at June 30, 2013	7,160,506,037	9,634,644,229	20,836,100,722	(33,067,031)	2,623,692	37,600,807,649	13,907,160,642	51,507,968,291
Balance at January 1, 2014	7,160,506,037	9,634,644,229	23,039,953,941	(2,520,490)	4,565,462	39,837,149,179	14,993,671,806	54,830,820,985
Comprehensive income			1,501,530,933				811,540,644	
Balance at June 30, 2014	7,160,506,037	9,634,644,229	24,541,484,874	(2,520,490)	916,095	41,335,030,745	15,805,212,450	57,140,243,195

(See Notes to Financial Statements)

COSCO CAPITAL, INC. AND SUBSIDIARIES

(Formerly Alcorn Gold Resources Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six-month Period ended June 30, 2014 and 2013

(In Philippine Peso)

	NOTES	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**3,191,238,854**	724,140,683
Adjustments for:			
Depreciation		**681,575,069**	93,131,417
Finance cost	24	**84,267,777**	15,222,704
Retirement benefit expense	25		3,400,695
Unrealized foreign exchange loss (gain)		**(60,990)**	(206,676)
Dividend income		**(9,034,631)**	
Finance income	6,25	**(114,504,406)**	(14,760,326)
Operating cash flows before changes in working capital		**3,833,481,673**	820,928,497
Decrease (increase) in operating assets:			
Receivables		**257,144,748**	533,896,810
Inventories		**(1,193,794,271)**	76,723,644
Prepayments and other current assets		**(512,924,676)**	203,586,629
Other non-current assets		**(352,674,766)**	3,389,138
Accounts payable, accrued expenses and other liab		**(3,239,801,257)**	(1,354,032,785)
Trust receipts payable		**(16,543,219)**	(6,293,430)
Other current liabilities		**(62,106,915)**	(87,427,609)
Other noncurrent liabilities		**551,090,521**	(70,010,990)
Cash generated from (used in) operations		**(736,128,162)**	120,759,904
Benefits paid		-	
Income taxes paid		**(1,244,199,629)**	(148,932,633)
Net cash used in operating activities		**(1,980,327,791)**	(28,172,729)

	Notes		
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received		**114,504,406**	14,760,326
Dividends received		**9,034,631**	
Increase in investment in trading securities		**(19,103,741)**	
Proceeds from short-term investment		**500,000,000**	
Payments for investments		**(350,000,000)**	
Cash proceeds from business combination		**-**	2,809,549,499
Proceeds on sale of financial assets		**-**	36,711,126
Payments for intangible assets		**(1,785,411,416)**	5,637
Payments in oil and mineral exploration		**-**	(729,652)
Payments for property and equipment		**(893,634,138)**	(573,326,018)
Payments for investment properties		**(576,347,919)**	(48,383,348)
Payments for deposit for future stock subscription		**-**	(300,000,000)
Net cash from investing activities		**(3,000,958,177)**	1,938,587,570
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital stock	17	**-**	12,000,000,001
Finance costs paid		**(84,267,777)**	(15,222,704)
Payments for share issue cost	17	**-**	(852,844,867)
Net availments of loan borowwings		**6,748,159,828**	1,884,331,786
Net cash from financing activities		**6,663,892,051**	13,016,264,216
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**-**	206,676
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,682,606,082**	14,926,885,733
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**14,744,149,987**	998,705,399
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**16,426,756,069**	15,925,591,132

(See Notes to Financial Statements)

COSCO CAPITAL, INC. AND SUBSIDIARIES
(Formerly Alcorn Gold Resources Corporation)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Cosco Capital, Inc. (formerly Alcorn Gold Resources Corporation) (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 19, 1988 with the primary purpose of engaging in exploration, development and production of oil and gas and metallic and nonmetallic reserves in partnership with other companies or in its individual capacity. The Company's shares of stock are traded in the Philippine Stock Exchange (PSE) since September 26, 1988, the same date the Company attained its status of being a public company.

On October 8, 1999, the stockholders approved the amendment of the Parent Company's primary purpose from an oil and mineral exploration and development corporation into a holding company so that it may pursue other businesses as opportunity comes. The original primary purpose is now included as one of the secondary purposes of the Parent Company. The SEC approved the amendment on January 13, 2000. The Parent Company, as a holding company, may engage in any business that may add to its shareholders' worth. It is currently conducting studies in various industries that have high potential return such as in minerals, agriculture and power generation and distribution.

On July 5, 2013, SEC approved the registration of Alcorn Petroleum and Minerals Corporation, a wholly-owned subsidiary of Cosco Capital, Inc.

On January 29, 2014, the entire assets and liabilities of Go Fay & Co., Incorporada, SVF Corporation and 999 Shopping Mall, Inc. were transferred to and absorbed by Nation Realty, Inc.

On February 11, 2014, the Board of Directors approved the acquisition of NE Pacific Shopping Centers Corporation. Transfer of ownership was made on February 28, 2014.

On February 17, 2014, Cosco Capital, Inc. signed an Agreement to Purchase 100% of the share capital of Office Warehouse, Inc., a retailer of office and school products with 47 stores.

The Parent Company's registered office, which is also its principal place of business, is at 2nd Floor, Tabacalera Building #2, 900 D. Romualdez Sr. Street, Paco, Manila.

The Parent Company's current major shareholders consist of individual and corporate Filipino investors.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.01 Statement of Compliance

The consolidated financial statements have been prepared in conformity with PFRS and are under the historical cost convention, except for available-for-sale (AFS)financial assetswhich are measured at fair value.

2.02 Basis of Consolidation

These financial statements are the consolidated financial statements of Cosco Capital, Inc. and all of its subsidiaries (the "Group").

Subsidiaries are all entities over which the group has the power to govern thefinancial and operating policies so as to obtain benefit from their activities.Subsidiaries are included from the date on which control is transferred until the datethat the control ceases.

The Parent Companyassesses control in consolidating a subsidiary. The parent has control over a subsidiary when it is exposed, or has rights, tovariable returns from its involvement with the investee and has theability to affect those returns through its power over the investee.

The Parent Company and the acquired subsidiaries are eitherfrom the same group or entities controlled by the same individual shareholder. The acquisition of the subsidiaries is a result of a restructuringto insert a new parent at the top of the group. The Group applies the pooling of interest methodin the consolidation of financial statements under common control. The application of this method is applied prospectively from the transaction date or from the date control is obtained.

Under the pooling of interest method, the assets and liabilities of the subsidiaries are recorded at book value not at fair value and no goodwill is recorded. The difference between the acquisition cost (par value of the shares issued) against the net book value of net assets acquired is presented as part of pre-acquisition retained. Any expenses of the combination, except share issue cost, are recognized immediately in the consolidated statements of comprehensive income.

Intra-group transactions, balances and unrealized gains and losses on transactionsbetween group companies are eliminated.

Non-controlling interests in subsidiaries are presented separately from the equityattributable to equity owners of the Parent Company. Non-controllingshareholders' interest is initially measured atthe non-controlling interests' proportionate share of the book value of the acquiree'snet assets. Subsequent to acquisition, the carrying amount of non-controllinginterests is the amount of those interests at initial recognition plus the non-controllinginterests' share of subsequent changes in equity. Total comprehensive income isattributed to non-controlling interests even if this results in the non-controllinginterests having a deficit balance.

Acquisitions or disposals of non-controlling interests which do not affect the ParentCompany's control of the subsidiary are accounted for as transactions with equityholders. Any difference between the amount paid or received and the change in non-controllinginterests is recognized directly in equity.

The followingare the subsidiaries of the Parent Company:

	Percentage of Ownership	
	2014	2013
Puregold Price Club, Inc.	51%	51%
Montosco, Inc.	100%	100%
Meritus Prime Distributions, Inc.	100%	100%
Premier Wine and Spirits, Inc.	100%	100%
Nation Realty, Inc.	100%	100%
118 Holdings	100%	100%
Patagonia Holdings Corp.	100%	100%
Ellimac Prime Holdings, Inc.	100%	100%
Fertuna Holdings Corp.	100%	100%
Pure Petroleum Corp.	100%	100%
Alcorn Petroleum and Minerals Corporation	100%	100%
NE Pacific Shopping Centers Corporation	100%	-
Office Warehouse	100%	-

Puregold Price Club, Inc. (PPCI)

Incorporated and registered with the SEC on September 8, 1998 to engage in business of trading goods such as consumer products (canned goods, housewares, toiletries, dry goods, food products, etc.) on a wholesale and retail basis.

The consolidated financial statements also include the following indirect subsidiaries owned through Puregold Price Club, Inc.

	Percentage of Ownership	
Subsidiaries	**2013**	2012
Kareila Management Corporation	**100%**	100%
PPCI Subic, Inc.	**100%**	100%
Company E Corporation	**100%**	-

Montosco, Inc.

Incorporated and registered with SEC on August 13, 2008 to engage in the business of trading consumer goods on wholesale or retail basis.

Meritus Prime Distributions, Inc.

Incorporated and registered with SEC on February 17, 2010 to engage primarily in buying, selling, importing, exporting, manufacturing, repackaging, preparing, bottling, and distributing on wholesale of all kinds of wines, spirits, liquors, beers and other alcoholic and non-alcoholic beverages and drinks.

Premier Wine and Spirits, Inc.

Incorporated and registered with SEC on July 19, 1996 with a primary purpose to engage in the business of buying, selling, distributing and marketing on a wholesale basis, any and all kinds of beverages, spirits and liquors and to deal in any materials, articles or things required in connection with or incidental to the importation, exportation, manufacturing, marketing or distribution of such products.

Nation Realty, Inc.

Incorporated and registered with SEC on March 27, 1969 to acquire by purchase or lease, or otherwise, land and interest therein, and to own, hold improve, develop, and manage any real estate acquired and to erect or cause to be erect or cause to be erected on any lands owned, hold or occupied by the corporation, building or other structures with their appurtenances, and to acquire, own, lease or otherwise possess, rebuild, enlarge or improve any buildings or structures now or hereafter erected on any lands, and to mortgage, sell, lease or otherwise dispose of any lands and buildings or other structures at any time owned or held by the corporation.

118 Holdings

Incorporated and registered with SEC on November 11, 2008 to invest, purchase, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose real and personal property or every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities, contracts, or obligations of corporations, associations, domestic or foreign, for whatever lawful purpose may have been organized, and to pay therefore in whole and in part in cash or by exchanging therefore stocks, bonds, or other corporation, and while the owner or holder of any such real or personal property, stocks, blinds, debentures, notes, evidences of indebtedness or other securities, contracts, obligations, to receive, collect and dispose interest, dividends and income arising from such property and to possess and exercise in respect thereof, all the rights, stocks so owned.

Patagonia Holdings Corp.

Incorporated and registered with SEC on March 12, 2008 to invest in purchase, subscribe for or otherwise acquire and own, hold, use, develop, sell, assign, pledge, transfer, mortgage, exchange or otherwise dispose real and personal property of every kind description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities, contracts or obligations of any corporation, or any other entities among others.

Ellimac Prime Holdings, Inc.

Incorporated and registered with SEC on December 10, 2001. It is principally involved in real estate leasing.

Fertuna Holdings Corp.

Incorporated and registered with SEC on August 24, 2009 to invest in purchase, subscribe for or otherwise acquire and own, hold, use, develop, sell, assign, pledge, transfer, mortgage, exchange, or otherwise dispose real and personal property and every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities, contracts and obligation of any corporation, or any other entities among others.

Pure Petroleum Corp.

Incorporated and registered with SEC on July 9, 2009 with primary purpose to engage in the business of buying and selling of goods such as, but not limited to, diesel, used oil and other related product as may be permitted by law, in wholesale and retail basis.

The financial statements of the subsidiaries are prepared for the same reporting year as the ParentCompany, using consistent accounting policies.

Alcorn Petroleum and Minerals Corporation

Incorporated and registered with SEC on July 9, 2009 with primary purpose tocarry on in the Philippines or elsewhere the business of exploration, discovery, developmentand exploitation of mineral oils, petroleum and in its natural state, rock or carbon oils, naturalgas and all kinds of ores, metals, minerals and natural resources and the products and byproductsthereof; to process, manufacture, refine, prepare for market, buy, sell, exchange,lease, "'acquire thru Service Contracts, Participating Agreements and all other forms ofcontracts or concessions dealing in lands, mines and mineral rights and claims, and toconduct all business appertaining thereto; to purchase, lease, acquire, or otherwise, to own,hold and maintain, and to mortgage, pledge, lease, acquire, or otherwise, to own, hold andmaintain, and to mortgage, pledge, lease, sell or otherwise dispose of petroleum, gas and oillands, concessions, leases, royalties, and permits, lands and real estate of all kinds and the oil,gas and mineral rights and interest therein, to develop such lands, concessions, lease, rightsand interests by and to enter into, acquire, carry out and execute contracts for drilling wellsand installation of rigs, platforms, machinery and equipment; to construct, erect, and build, topurchase, lease or otherwise acquire, to own, manage, or in any manner dispose of orencumber, pipelines, plants, refineries, stations, systems, tank cars, vessels, appliances,machinery, structures, equipment and facilities of all kinds for manufacturing, treating,processing, concentrating, distilling, and in any manner dealing in gas, petroleum and otheroils, minerals, and volatile substances, asphalt, bitumen and bituminous substances and othersimilar products of every kinds and character for any and all purposes whatsoever; to carry onand conduct the general business of mining, to acquire and perform all powers conferred by law on said mining business, within and outside of the Philippines and forthe carrying of all activities incidental thereto.

NE Pacific Shopping Centers Corporation

NE Pacific Shopping Centers Corporation was incorporated in the Philippines on August 14, 1996 to primarily engage in the establishment and management of shopping malls.

Office Warehouse

Office Warehouse, Inc. was incorporated on August 20, 1997 to primarily engage in trading of goods such as office supplies on wholesale or retail basis.

All intracompany balances, transactions, income and expenses resulting from intracompanytransactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Companyobtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests represent the portion of profit or loss and net assets not held by the ParentCompany and are presented separately in the consolidated statements of income and withinstockholders' equity in the consolidated balance sheets, separately from equity attributable toequity holders of the parent.

2.03 Functional and Presentation Currency

Items included in the financial statements of the Group are measured using Philippine Peso (₱), the currency of the primary economic environment in which the Group operates (the "functional currency"). All values are rounded to the nearest peso, except when otherwise indicated.

2.04 Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except forthe following amended PFRS and PAS which the Company has adopted during the year:

- PFRS 7 (Amended), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

  The amendment requires disclosing information that will enable users to evaluate the effect or potential effect of netting arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. An entity shall provide the disclosures required by those amendments retrospectively.

- PFRS 10, *Consolidated Financial Statements*

  The Standard establishes the principles for the presentationand preparation of consolidated financial statements when an entitycontrols one or more other entities.

  The Standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. This PFRS will supersede PAS 27, *Consolidated Financial Statements and Separate Financial Statements* and SIC 12, *Consolidation –Special Purpose Entities.*

  PFRS 10 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

- PFRS 12, *Disclosure of Interests in Other Entities*

  The Standard applies to entities that have an interest in a subsidiary, a joint arrangement, and an associate or an unconsolidated structured entity. It benefits the users by identifying the profit or loss and cash flows available to the reporting entity and determining the value of current or future investment in the reporting entity.

  PFRS 12 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

- PFRS 13, *Fair Value Measurement*

  The Standard explains how to measure fair value for financial reporting. It defines fair value as 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. It emphasizes that fair value is market-based not an entity-specific measurement; hence an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value. It was developed to eliminate inconsistencies of fair value measurements dispersed in various existing PFRS. It clarifies the definition of fair value, provides a single framework for measuring fair value and enhances fair value disclosures.

  In accordance with the transitional provisions of PFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures.

  PFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

- PAS 1 *Presentation of Items of Other Comprehensive Income*

  To improve the presentation of items of OCI, amended PAS 1 require entities to group items presented in the OCI on the basis whether they would be reclassified to (recycled to) profit or loss subsequently.

  The amendments did not address which items should be presented in the OCI and did not change the option to present OCI items either before or net of tax.

  As a result of the amendments to PAS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated interim statement of profit or loss and other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

  Those amendments are effective for annual periods beginning on or after July 1, 2012. Earlier application is permitted.

- PAS 19 (Amended) *Employee Benefits*

  Significant changes to this standard include removal of corridor approach; immediate recognition of past service costs; presentation of remeasurements on defined benefit plans in other comprehensive income; new recognition criteria on termination benefits; and improved disclosure requirements.

  The amended standard comes into effect for accounting periods beginning on or after January 1, 2013. Earlier application is permitted.

- PAS 28 (Revised), *Investment in Associates*

  The amendments to PAS 28 are result of the completion and issuance of a new standard on joint arrangements, the PFRS 11Joint Arrangements. As a result, PAS 28 will now be titled as Investment in Associates and Joint Venturesincorporating requirements for joint ventures.

  The amended standard is applicable to annual periods beginning on or after January 1, 2013. Earlier application is permitted.

- *Improvements to PFRS (2011)* – Effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

  PAS 1, *Presentation of Financial Statements*–The improvements in this PFRS clarifies that when an entity changes an accounting policy, or makes a retrospective restatement or reclassifications it shall present:

  a) the opening statement of financial position should be presented as at thebeginning of the required comparative period; and

  b) related notes are not required to accompany this opening statement offinancial position.

  The objective of financial reporting was also updated to reflect the conceptual framework.

  PAS16, *Property, Plant and Equipment*–It clarifies that servicing equipment should be classified as property, plant and equipment when it is used during more than one period and as inventory otherwise.

  PAS32, *Financial instruments: Presentation*–It clarifies that income tax relating to distributions to holders of an equity instrument andincome tax relating to transaction costs of an equity transaction should beaccounted for in accordance with PAS 12,*Income Taxes*.

PAS34*, Interim Financial Reporting*–It clarifies that the requirements in PAS 34 relating to segment information for total assets for each reportable segment inorder to enhance consistency with the requirements in PFRS 8,*Operating Segments.*The amendment clarifies that total assets for a particular reportablesegment need to be disclosed only when the amounts are regularly provided tothe chief operating decision maker and there has been a material change in thetotal assets for that segment from the amount disclosed in the last annualfinancial statements.

The standards that have been adopted are deemed to have no material impact on the consolidatedfinancial statements of the Group.

2.05 Future Changes in Accounting Policies

The Group did not early adopt the following standards and Philippine Interpretations that havebeen approved but are not yet effective. The Company will adopt these standards andinterpretations on their effective dates.

- PFRS 9, *Financial Instruments: Classification and Measurement*

  PFRS 9,*Financial Instruments,* issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

  PFRS 9 requires all recognised financial assets that are within the scope of PAS 39,*Financial Instruments: Recognition and Measurement,* to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

  The most significant effect of PFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under PFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under PAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognized in profit or loss.

  PFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

- PAS 32 (Amended), *Financial Instruments: Presentation – Offsetting of Financial Assets and Liabilities*

  The amendment provided additional application guidance for offsetting in accordance with PAS 32. The amendments clarified the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. These amendments are effective for

annual periods beginning on or after January 1, 2014 and should be applied retrospectively. Earlier application is permitted.

- PAS 36 (Amended), *Impairment of Assets*

  The amendment requires to disclose the recoverable amount of of impaired assets. It clarifies that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

  The amendmentis to be applied retrospectively for annual periods beginning on or after January 1, 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13.

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

  The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of PAS 11, *Construction Contracts,* or PAS 18, *Revenue,* and when revenue from the construction of real estate should be recognized. The requirements have not affected the accounting for the Group's construction activities. Effectivity of this interpretation has been deferred until the the final Revenue standard is issued by International Accounting Standards Board (IASB), andan evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group applies the same accounting policies and methods of computation in its interim consolidated financial statements as in its previous year's annual financial statements. None of the new standards, interpretations and amendments, effective for the first time from 1 January 2013 have a material effect on the financial statements.

3.01 Financial Assets

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

*Day 1 Difference.*Where the transaction price in a non-active market is different from the fairvalue based on other observable current market transactions in the same instrument or based on avaluation technique whose variables include only data from observable market, the Grouprecognizes the difference between the transaction price and fair value (a 'Day 1' difference) in theconsolidated statements of income unless it qualifies for recognition as some other type of asset.In cases where unobservable data is used, the difference between the transaction price and modelvalue is only recognized in the consolidated statements of income only when the inputs becomeobservable or when the instrument is derecognized. For each transaction, the Groupdetermines the appropriate method of recognizing the 'Day 1' difference amount.

Financial assets that are subsequently measured at cost or at amortized cost ,and where the purchase or sale are under a contract whose terms require delivery of such within the timeframe established by the market concerned are initially recognized on the trade date.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), 'available-for-sale' (AFS) financial assets, held-to-maturity investments and loans and receivables. The classification depends on

the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Group's financial assets include cash and cash equivalents, receivables, available-for-sale financial assets, advances to related parties and deposit for future stock subscription.

Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Amortized Cost

Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of effective interest rate.

Financial Assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss subsequently. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the consolidated income statements.

Available-for-sale Financial Assets

Listed shares held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but are also classified as AFS financial assets and stated at fair value, because the directors consider that fair value can be reliably measured. Fair value is determined in the manner described in Note 27. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses. Unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. The Group also has investments in unlisted shares that are not traded in an active market and are stated at acquisition cost and reduced at each reporting period by any impairment in value.

Non-derivative available-for-sale financial asset may be reclassified to loans and receivable category that would have met the definition of loans and receivables if there is an intention and ability to hold that financial asset for the foreseeable future or until maturity.

Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'.Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the lender would not otherwise consider; or
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including (i) adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments or an increased number of credit card borrowers who have reached their credit limit and are paying the minimum monthly amount); or (ii) national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, a decrease in oil prices for loan assets to oil producers, or adverse changes in industry conditions that affect the borrowers in the group).

Other factors may also be evidence of impairment, including significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

Derecognition of Financial Assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

3.02 Business Combinations

Business combinations are accounted for using the pooling of interest method. Theconsideration for acquisition is measured at book values of assets given, liabilitiesincurred or assumed, and par value equity instruments issued by the Company in order toobtain control of the acquiree (at the date of exchange). Costs incurred in

connectionwith the acquisition are recognized in profit or loss as incurred, except share issue cost. The costs of integrating andreorganizing acquired businesses are charged to the post acquisition profit or loss.

If the initial accounting is incomplete at the reporting date, provisional amounts arerecorded. These amounts are subsequently adjusted during the measurement period,or additional assets or liabilities are recognized when new information about itsexistence is obtained during this period

3.03 Acquisition of Non-controlling Interests

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control areaccounted for as equity transactions (i.e., transactions with owners in their capacity as owners). Insuch circumstances, the carrying amounts of the controlling and non-controlling interests shall beadjusted to reflect the changes in their relative interests in the subsidiary. Any difference betweenthe amount by which the non-controlling interests are adjusted and the fair value of theconsideration paid shall be recognized directly in stockholders' equity and included under"Additional paid-in capital - net" account in the stockholders' equity section of the consolidatedbalance sheets.

3.04 Inventory

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are determined using the moving average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the consolidated income statements. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

3.05 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and impairment loss.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use.

Land is not depreciated. Construction-in-progress is carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete and the property is ready for occupancy.

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

Buildings	10-25
Land improvements	25-50

Investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3.06 Property and Equipment

Property and equipment are initially measured at cost.The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Wells, platforms and other facilities comprising oil and gas property represents the Group's share in the SC 14's total capitalized exploration and development expenditures. They are amortized using the unit-of-production method based upon estimates of proved developed reserves that are reasonably certain to be produced and sold during the remaining period of existing production licenses and agreements. The effect of revisions of previous estimates of proved developed reserves is taken up prospectively in the unit of production calculation.

Estimates of decommissioning and abandonment costs, which are accrued based on a unit-of-production rate, which depends on approved budget and reserve estimates, are also included in the wells, platforms and other facilities account as these costs are treated as recoverable cost to be deducted from oil sales proceeds prior to remittance of government share as indicated in the agreement among Consortium members under the SC.

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

Building	15-30
Storage tanks	25
Machinery equipment	3-25
Furniture and fixtures	2-20
Office equipment	2-10
Computer software	5-10
Transportation equipment	3-5
Others	3

Leasehold improvements are depreciated over the shorter between the improvements' useful life of 3 to 20 years or the lease term.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy.Depreciation of

these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property and equipment is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or losswhen the asset is derecognized.

3.07 Intangible Assets

Goodwill

Goodwill represents the book value amounts recognized in the consolidated financial statements of the subsidiary and is carried in the books of the Group's consolidated financial statements as a result of the pooling of interest method. Goodwill is subsequently measured at cost less accumulated impairment losses. In respect of equity accounted investees, if any, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

Intangible Assets Acquired Separately

Intangible assets acquired separately are initially carried at cost. Subsequently, intangible assets with definite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite life are not amortized. However, such assets are reviewed annually to ensure the carrying amount does not exceed the recoverable amount regardless of whether an indicator of impairment is present. The Group assessed the useful life of trademark and customer relationship to be indefinite. Based on the analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Group.

Derecognition of intangible assets

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. 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 profit or loss.

3.08 Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that any assets other than inventories, deferred tax assets andfinancial assets that are within the scope of PAS 39 Financial Instruments may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

Except for goodwill, when an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

3.09 Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.10 Financial Liabilities and Equity Instruments

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Groupare recognized at the proceeds received, net of direct issue costs.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The cost of acquiring the Group's own shares are shown as a deduction from equity until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

The Group's financial liabilities include accounts payable, accrued expenses and other liabilities, loans payable and long-term debts.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value inclusive of directly attributable transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Derecognition of Financial Liabilities

The Group derecognizes financial liabilities when, and only when, the obligations are discharged, cancelled or expired.When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.11 Offsetting of Financial Instruments

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

3.12 Employee Benefits

Short-term Benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions,short-term compensated absences andnon-monetary benefits.

Post-employment Benefits

The Group has an unfunded defined benefit retirement plan. This benefit defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the Projected Unit Credit Method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.Post-employment expenses include current service cost, past service cost, and net interest on defined benefit asset/liability. Remeasurements which include cumulative actuarial gains and losses, return on plan assets, and changes in the effects of asset ceiling are recognized directly in other comprehensive income and is also presented under equity in the statements of financial position.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

The liability recognized in the statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated

future cash outflows using interest rates of market rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

3.13 Provisions

Provisions are recognized when the Group has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.14 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 measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of Goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. Revenue from rendering of services is recognized when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Finance Income

Finance income is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Finance income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental Income

The Group's policy for recognition of revenue from operating leases is described in Note 3.16.

3.15 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the entity.

The Group recognizes expenses in the consolidated statement of income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

3.16 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group as Lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is

recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.17 Foreign Currency Transactions

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency, are recognized at the rates of exchange prevailing at the dates of the transactions.

3.18 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Group that is preparing its financial statements. A person or a close member of that person's family is related to Group if that person has control or joint control over the Group, has significant influence over the Group, or is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- The entity is controlled or jointly controlled by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner;children of that person's spouse or domestic partner; anddependants of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Transactions between related parties are accounted for at arm's-length prices or on terms similarly offered to non-related entities in an economically comparable market.

3.19 Jointly Controlled Operation

A jointly controlled operation is a joint venture carried on by each venture using its own assets in pursuit of the joint operation. The financial statements include assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

3.20 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it 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 that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxationauthority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case the tax is also recognized outside profit or loss.

3.21 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.22 Earnings Per Share

The Group computes its basic earnings per share by dividing net income or loss attributable to ordinary holders of the Group by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss attributable to ordinary equity holders of the Group, and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

3.23 Events after the Reporting Period

The Group identifies subsequent events as events that occurred after the reporting period but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Group's position at the reporting period, adjusting events, are reflected in the financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to financial statements when material.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.01 Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Distinction Between Property and Equipment and Investment Properties

The Group determines whether a property qualifies as investment property. In making its judgments, the Group considers whether the property generates cash flows largely independent of the other assets held by the entity.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production of supply of goods and services or for administrative purposes.

The Group classified some of its land and building as investment properties. The carrying amounts of investment properties amounted to ₱12,248,356,042 and P11,672,008,123 as at June 30, 2014 and December 31, 2013, respectively while the carrying amounts of property and equipment as at June 30, 2014 and December 31, 2013 are ₱13,692,774,113 and ₱13,480,715,044, respectively.

Application of Pooling of Interest Method

Business combinations under common control are outside the scope of PFRS 3, *Business Combinations*, and PFRSs has no other specific guidance in accounting for such transaction. Accordingly, the Management has used judgment in developing an accounting policy that is relevant and reliable. In line with this, the Management has also considered the most recent pronouncement of the Philippine Interpretations Committee (PIC) on the application of pooling of interest.

The Management has chosen the pooling of interest method in accounting for business combinations of entities under common control. However, the Management further decided not to restate the prior year balances in applying this method. Thus, the pooling of interest method was applied prospectively from acquisition date. Management believes that the elected policy is appropriate, given the circumstances, and will present fairly the consolidated financial statements of the Group.

Assessment of Control

The Group determines whether an entity qualifies as a subsidiary when it has control over an entity. The Group controls an entity when it has the three elements of control as disclosed in Note 2.2. In making its judgments, The Groupconsiders all facts and circumstance when assessing control over an investee. A reassessment of control is conducted when there are changes to one or more of the three elements of control. Any changes from at least one of the elements would result to lose or gain of control over an entity.

As at June 30, 2014, the Management assessed that there were no changes in the elements of control in each subsidiary.

4.02 Key Sources of Estimation Uncertainty

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the previous period. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estimating Useful Lives of Property and Equipment and Investment Property

The useful lives of the Group's property and equipment and investment property are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Group's assets are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of an asset, the Group considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Group's assets. In addition, the estimation of the useful lives is based on Group's collective assessment

of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

Management assessed that there were no significant changes from the previous estimate. The carrying amounts of investment property amounted to ₱12,248,356,042 and ₱11,672,008,123 at June 30, 2014 and December 31, 2013, respectively, while the carrying amounts of property and equipment as at June 30, 2014 and December 31, 2013 amounted to ₱13,692,774,113 and ₱13,480,715,044, respectively.

Impairment of Trademarks and Customer Relationships with Indefinite Lives

The Group determines whether trademarks and customer relationships are impaired at least annually. This requires the estimation of the value in use of the trademarks and customer relationships. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash generating unit and from the trademarks and customer relationships and to choose a suitable discount rate to calculate the present value of those cash flows.

The aggregate carrying amounts of trademarks and customer relationships with indefinite useful lives amounted to ₱4,599,113,528 as at June 30, 2014 and December 31, 2013.

Asset Impairment

The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of property and equipment, investments and intangible assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Group to conclude that property and equipment, investments and intangible assets associated with an acquired business is impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

As at June 30, 2014 and December 31, 2013, the aggregate carrying amount of non-financial assets is as follows:

	June 30, 2014	December 31, 2013
Property and equipment	₱ **13,692,774,113**	₱ 13,480,715,044
Investment property	**12,248,356,042**	11,672,008,123
Intangible asset	**19,786,299,235**	18,000,887,819

Estimating Realizability of Deferred Tax Assets

The Group reviews the carrying amounts at each balance sheet date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the projected taxable income in the succeeding periods.

Deferred tax assets amounted to ₱8,754,336 and ₱52,941,791 as at June 30, 2014 and December 31, 2013, respectively.

Estimating Allowances for Doubtful Accounts

The Group estimates the allowance for doubtful accounts related to its trade receivables based on assessment of specific accounts where the Group has information that certain customers are unable to meet their financial obligations. In these cases judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the customer and the customer's current credit status based on third party credit reports and known market factors. The Group used judgment to record specific reserves for customers against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

The allowance for impairment losses on receivables amounted to ₱20,581,380 and ₱17,240,832 as at June 30, 2014 and December 31, 2013, respectively.

Estimation of reserves

Oil and mineral reserves are key elements in the Group's investment decision making process. They are also an important element in the Group's impairment testing. Changes in proved oil and mineral reserve will affect the standardized measure of discounted cash flows and the unit-of-production depletion charges to profit or loss.

Proven oil reserves are the estimated quantities of crude oil which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimates are made. Proved developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

Proven mineral reserves are the economically mineable part of a measured mineral resource. It includes diluting materials and allowance for losses which may occur when the material is mined. Appropriate assessment, which includes a pre-feasibility study, at the minimum, have been carried out, and include consideration of, and modification of, realistically assumed mining, metallurgical, economic, marketing, legal environment, social and government factors. Theses assessments demonstrate that extraction could reasonably be adjusted at the reporting date.

Estimates of oil and mineral reserves are inherently imprecise, require the application of judgment and are subject to future revision. Accordingly, financial and accounting measures (such as the standardized measure of discounted cash flows, depletion, and decommissioning provisions) that are based on proved developed reserves are also subject to change.

Proved developed oil reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other production reservoirs. Proved developed reserve estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. Furthermore, estimated proved developed

reserves only include volumes for which access to market is assured with reasonable certainty. All proved developed reserve estimates are subject to revision, either upward or downward, based on new information, such as from development t drilling and production activities of from changes in economic factors, including product prices, contract terms or development plans.

In general, estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life that estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the estimated amount of proven reserves will be subject to future revisions once additional information becomes available through, for example, the drilling of additional wells or the observation of long term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions in estimates.

Estimating Net Realizable Value (NRV) of Merchandise Inventory

The Group carries merchandise inventory at NRV whenever the utility of it becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The estimate of the NRV is reviewed regularly.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating events occurring after reporting date to the extent that such events confirm conditions existing at reporting date. The allowance account is reviewed periodically to reflect the accurate valuation in the financial records.

The carrying amount of inventory amounted to ₱11,548,512,439 and ₱10,354,718,168 as at June 30, 2014 and December 31, 2013, respectively.

5. SEGMENT INFORMATION

Products and Services from which Reportable Segments Derive their Revenues

Segment information reported externally was analyzed on the basis of the types of goods supplied and services provided by the Groups's operating divisions. However, information reported to the Groups's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focussed on the types of goods or services delivered or provided. The Group's reportable segments under PFRS 8 are therefore as follows:

Retail	Includes selling of purchased goods to a retail market
Real estate	Includes real estate activities such as selling and leasing of real properties
Liquor distribution	Includes selling of purchased goods based on a distributorship channel to a wholesale market
Oil storage	Includes buying and selling of petroleum products
Mining	Includes exploration, development and production of oil, gas, metallic and nonmetallic reserves

The following segment information does not include any amounts for discontinued operations.

Information regarding the Group's reportable segments is presented hereunder:

Segment Revenue and Results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment Revenues		Segment Profit	
	2014	2013	**2014**	2013
Retail	**₱ 38,548,886,460**	₱ 5,864,368,590	**₱ 1,656,205,396**	₱ 564,677,906
Real estate	**927,146,090**	148,409,417	**389,283,610**	82,700,310
Liquor distribution	**1,516,778,543**	291,314,329	**201,036,015**	48,370,487
Holding, oil storage and mining	**37,746,865**	19,123,635	**63,818,042**	9,623,843
Specialty Retail	**120,907,639**	₱ 5,864,368,590	**₱ 2,728,514**	₱ 564,677,906
Total	**41,151,465,596**	6,323,215,971	**2,313,071,576**	705,372,545

Revenue reported above represents revenue generated from external customers and inter-segment sales broken down as follows:

	2014	2013
Retail		
From external customers	**₱ 38,548,886,460**	₱ 5,864,368,590
From inter-segment sales		-
	38,548,886,460	5,864,368,590
Real estate		
From external customers	**622,581,307**	102,465,717
From inter-segment sales	**304,564,783**	45,943,700
	927,146,090	148,409,417
Liquor distribution		
From external customers	**1,260,029,318**	270,542,743
From inter-segment sales	**256,749,225**	20,771,586
	1,516,778,543	291,314,329
Holding, oil storage and mining		
From external customers	**37,746,865**	19,123,635
From inter-segment sales	-	-
	37,746,865	19,123,635
Specialty retail		
From external customers	**120,907,639**	
From inter-segment sales	-	-
	120,907,639	19,123,635
Total revenue from external customers	**₱ 40,590,151,588**	₱ 6,256,500,685

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

No single customer contributed 10% or more to the Group's revenue for the periods ended June 30, 2014 and 2013.

Segment Assets and Liabilities

Below is an analysis of the Group's segment assets and liabilities:

	June 30, 2014	December 31, 2013
Segment Assets		
Retail	₱ 47,079,504,437	₱ 49,625,644,062
Real estate	17,204,861,076	16,845,555,757
Liquor	3,009,934,525	2,488,629,137
Holding, oil storage and mining	94,460,907,567	89,063,042,282
Specialty retail	336,337,718	
Total segment assets	162,091,545,323	158,022,871,238
Intercompany assets	81,085,582,448	82,900,575,075
Total assets	81,005,962,875	75,122,296,163
Segment Liabilities		
Retail	14,836,999,040	19,039,344,061
Real estate	5,197,883,442	5,722,409,033
Liquor	1,308,533,824	972,982,017
Holding, oil storage and mining	5,708,778,832	368,136,987
Specialty retail	134,441,118	
Total segment liabilities	27,186,636,256	26,102,872,098
Intercompany liabilities	3,320,916,578	5,811,396,920
Total liabilities	₱ 23,865,719,678	₱ 20,291,475,178

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than investments in associates, financial assets, and tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments; and
- All liabilities are allocated to reportable segments other than financial liabilities, current and deferred tax liabilities and other liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other Segment Information

Details about other segment information are as follows:

	Depreciation and Amortization	
	2014	2013
Retail	₱ 581,551,528	₱ 79,086,679
Real estate	85,892,695	11,738,904
Liquor	2,667,370	471,211
Holding, oil storage and mining	10,775,133	1,834,624
Specialty Retail	688,343	₱ 79,086,679
	₱ 681,575,069	₱ 93,131,418

Geographical Information

The group operates only in its domicile country or in a single geographical area. Revenue from external costumers amounted to ₱40,590,151,588 and ₱6,256,500,685 for the periods ended June 30, 2014 and 2013, respectively.

6. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents include cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the consolidatedstatements of financial positionas follows:

	June 30, 2014	December 31, 2013
Cash on hand	₱ **437,392,739**	₱ 720,101,890
Cash in banks	**2,098,506,953**	2,349,103,633
Cash equivalents	**13,890,856,376**	11,674,944,464
	₱ **16,426,756,069**	₱ 14,744,149,987

Cash in banks earn interest at the respective bank deposit rates. Money market placements are highly liquid investments that are readily convertible into cash and are subject to insignificant risk of changes in value. Finance income amounted to ₱114,504,406 and ₱33,990,843 for the periods ended June 30,2014 and 2013 respectively, as disclosed in Note 25.

7. RECEIVABLES – net

The Group'strade and other receivables consist of:

	June 30, 2014	December 31, 2013
Trade receivables	₱ **1,672,176,681**	₱ 1,843,552,590
Non-trade receivables	**587,952,202**	670,319,503
	2,260,128,883	2,513,872,093
Allowance for doubtful accounts	**20,581,380**	17,240,832
	₱ **2,239,547,503**	₱ 2,496,631,261

Majority of trade receivables pertain to credit card transactions which are due within 30 days or its normal credit period. The Group partners only with reputable credit card companies affiliated with major banks.

Non-trade receivables represent amount due from suppliers for rentals, display, concession, demo sampling, interest, receivables from SC14, advances to suppliers and others.

No interest is charged on trade receivables.Trade receivables disclosed above include amounts which are past due at the end of the reporting period but against which the

Group has not recognized an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful accounts are individually impaired trade receivables. The Group does not hold any collateral over these balances.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group'savailable-for-sale financial assets consist of:

		June 30, 2014		December 31, 2013
Investment in shares of stock	₱	**53,511,262**	₱	32,670,051
Investment in debt securities		**5,918,335**		7,655,805
	₱	**59,429,597**	₱	40,325,856

The listed equity securities above represent opportunities for return through dividend income and trading gains.Debt securities classified as available-for-sale represent investment in retail treasury bonds issued and guaranteed by the Republic of the Philippines time deposits.

9. INVENTORIES

This account consists of wines and spirits, groceries and other consumer products, such as canned goods, housewares, toiletries, dry goods, food products, wines, and others, held for sale in the ordinary course of business on wholesale and retail bases. Inventory cost as at comparative periods is lower than net realizable value.

The Groups merchandise inventory as at June 30, 2014 and December 31, 2013 amounted to ₱11,548,512,439 and ₱10,354,718,168, respectively.

Inventories amounting to ₱33,147,064,716 and ₱4,947,124,702 were recognized as expense for the three months period ended June 30, 2014 and 2013, respectively, as disclosed in Note 22.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	June 30, 2014	December 31, 2013
Input value added tax (VAT)	₱ 1,170,476,086	₱ 1,269,561,495
Creditable withholding tax	13,943,997	10,476,421
Prepayments and others	1,031,502,887	422,944,393
	₱ 2,215,922,970	₱ 1,702,982,309

Input VAT represents accumulated input taxes from purchases of goods and services for business operation and purchases of materials and services for the building and leasehold construction which can be applied against future output VAT.

11. PROPERTY AND EQUIPMENT

The carrying amounts of the Group's property and equipment are as follows:

	Building	Furniture and fixtures	Office and store equipment	Leasehold improvement	Land	Construction-in-progress	Machinery and transportation equipment	Office and store equipment	Wells, platforms and storage tanks	TOTAL
COST										
Balance as at December 31, 2012	-	-	1,973,000	206,115	-	-	3,939,859	1,973,000	204,955,281	211,074,255
Additions/Effect of business combination	3,133,702,847	1,001,139,292	2,106,566,562	2,940,732,175	378,478,578	1,366,514,574	272,453,474	3,107,705,854	520,352,787	11,719,940,289
Transfer in	(2,313)	9,545,134	28,783,723	18,443,731	-	-	-	38,328,857	-	56,770,275
Reclassifications	446,413,051	112,948	(546,902)	991,484,454	-	(1,437,463,550)	(223,441)	(433,955)	-	(223,441)
Additions	321,524,224	240,536,452	805,899,854	378,402,736	8,127,241	441,028,813	1,396,366	1,046,436,305	-	2,261,107,450
Adjustments	1,463	16,428,194	(17,555,499)	24,720	-	-	-	(1,127,305)	-	(1,101,121)
Disposals	-	(17,545)	(2,289,593)	-	-	-	-	(2,307,138)	-	(2,307,138)
Balance as at December 31, 2013	**3,901,586,397**	**1,267,744,474**	**2,922,831,145**	**4,329,293,931**	**386,605,819**	**370,079,836**	**277,566,258**	**4,190,575,619**	**725,308,068**	**14,181,068,804**
Additions	33,299,749	149,628,349	157,072,506	208,950,711	-	274,821,567	6,592,218	306,700,855	-	766,173,336
Reclassifications	194,155,214	251,398	(254,937)	55,258,674	-	(249,410,349)	-	(3,539)	-	-
Disposals	-	(35,211)	-	-	-	-	(3,942,857)	(35,211)	-	(3,978,068)
Balance as at June 30, 2014	**4,129,094,235**	**1,417,589,010**	**3,079,648,714**	**4,593,503,316**	**386,605,819**	**395,491,054**	**280,215,619**	**4,497,237,724**	**725,308,068**	**15,007,455,836**
ACCUMULATED DEPRECIATION										
Balance as at December 31, 2012	-	-	1,933,315	206,115	-	-	3,638,901	1,933,315	44,917,503	50,695,834
Transfer in	(2,313)	1,856,062	6,372,105	8,768,792	-	-	-	8,228,167	-	16,994,646
Adjustment	2,311	4,183,280	(4,404,336)	(58,222)	-	-	-	(221,056)	-	(276,967)
Depreciation and amortization	78,082,428	78,908,670	330,937,920	115,126,656	-	-	19,456,052	409,846,590	12,410,458	634,922,184
Reclassification	-	(27,527)	11,497	-	-	-	-	(16,030)	-	(16,030)
Disposals/Retirements	-	(3,743)	(1,962,165)	-	-	-	-	(1,965,908)	-	(1,965,908)
Balance as at December 31, 2013	**78,082,426**	**84,916,742**	**332,888,337**	**124,043,340**	-	-	**23,094,953**	**417,805,079**	**57,327,961**	**700,353,760**

Depreciation and amortization	74,133,087	77,216,052	317,283,906	120,115,133	-	-	14,807,256	394,499,957	10,637,536	614,192,970
Disposals/Retirements	-	(26,918)	-	-	-	-	161,911	(26,918)	-	134,993
Balance as at June 30, 2014	152,215,513	162,105,875	650,172,242	244,158,474	-	-	38,064,121	812,278,118	67,965,497	1,314,681,723
Net book value as at:										
December 31, 2013	3,823,503,971	1,182,827,732	2,589,942,808	4,205,250,591	386,605,819	370,079,836	254,471,304	3,772,770,540	667,980,107	13,480,715,044
June 30, 2014	**3,976,878,721**	**1,255,483,134**	**2,429,476,472**	**4,349,344,843**	**386,605,819**	**395,491,054**	**242,151,498**	**3,684,959,606**	**657,342,571**	**13,692,774,113**

12. INVESTMENT PROPERTIES

The carrying amounts of the Group's investment properties are as follows:

	Building	Land	Construction-in-progress	TOTAL
COST				
Balance as at December 31, 2012	-	-	-	-
Additions/Effect of business combination	4,704,268,005	6,742,811,023	54,471,693	11,501,550,721
Reclassifications	938,253	(18,427,500)	(6,470,985)	(23,960,233)
Additions	39,753,238	-	212,807,322	252,560,560
Balance as at December 31, 2013	**4,744,959,496**	**6,724,383,523**	**260,808,029**	**11,730,151,049**
Additions	332,234,647	239,917,124	63,649,803	635,801,574
Balance as at December 31, 2014	**5,077,194,143**	**6,964,300,646**	**324,457,833**	**12,365,952,622**
ACCUMULATED DEPRECIATION				
Balance as at December 31, 2012	-	-	-	-
Depreciation and amortization	58,166,358	-	-	58,166,358
Reclassification	-	(23,432)	-	(23,432)
Balance as at December 31, 2013	**58,166,358**	**(23,432)**	-	**58,142,926**
Depreciation and amortization	59,453,655	-	-	59,453,655
Balance as at June 30, 2014	**117,620,012**	**(23,432)**	-	**117,596,581**
Net book value as at:				
December 31, 2013	4,686,793,139	6,724,406,955	260,808,029	11,672,008,123
June 30, 2014	**4,959,574,131**	**6,964,324,078**	**324,457,833**	**12,248,356,042**

The investment properties are either leased to outside parties to earn rentals or held for capital appreciation the fair value of which cannot be ascertained as of reporting date since the market for comparable properties is inactive and alternative reliable measurement of fair value are not available. Management believes that carrying amounts approximates fair value.

Property rental income earned by the Group from its investment properties, all is leased out under operating leases, amounted to ₱927,146,090 and ₱148,409,417 for the periods ended June 30, 2014 and 2013, respectively.

13. INTANGIBLE ASSETS – net

The carrying amounts of the Group's intangible assets follow:

		June 30, 2014		December 31, 2013
Goodwill	₱	**14,977,503,022**	₱	13,191,340,917
Trademark		**3,709,660,547**		3,709,660,547
Customer relationship		**889,452,981**		889,452,981
Leasehold rights		**135,962,388**		136,713,077
Computer software - net		**73,720,297**		73,720,297
	₱	**19,786,299,235**	₱	18,000,887,819

14. INVESTMENTS AND ACQUISITIONS OF SUBSIDIARIES

The details of investments and acquisitions of subsidiaries are as follows:

Investments

	Note	June 2014	December 2013
AFS financial assets	*a*	**379,775,237**	379,775,237
Investment in a joint venture	*b*	**410,000,000**	60,000,000
		789,775,237	439,775,237

a. *AFS Financial Assets*

- On December 4, 2013, the PPCI in relation to Entenso acquired 49.34% equity interest, without voting rights, of San Roque Supermarkets (SRS) for a total cost of P371,896,077. Of the total cost, P249,896,077 was paid in cash and P122,000,000 was paid by the Parent Company which was subsequently applied as deduction to the subscription receivable of Entenso. SRS is a local entity currently engaged in the business of trading goods on a wholesale and retail basis.

  The PPCI accounted its investment in SRS at cost due to the absence of its significant influence mentioned in paragraphs 5-6 of PAS 28, *Investments in Associate* asdiscussed in Note 2.

- AFS financial assets also include PLDT and Meralco preferred shares amounted to P7,879,160 acquired in connection with the installation of telephone lines and electrical systems for the different stores and offices of the Parent Company.

  The above AFS Financial assets are carried at cost since there are no observable market data on these related assets (see Note 29).

b. *Investment in a Joint Venture*
On July 8, 2013, PPCI in relation to Entenso entered into a joint venture agreement with Varejo Corp., an entity engaged in operations of small convenience stores, to incorporate a new company for the investment in and operation of mid-market supermarkets and to pursue other investment opportunities in the Philippine retail sector as both parties may agree. The joint venture is expected to start its operations in 2014. No subsequent transactions occurred after the date of its

acquisition.

Both parties subscribed to 6,000,000 common shares and 54,000,000 redeemable preferred shares each with a par value of P1.00 for a total investment of P60,000,000.

The redeemable preferred shares shall have the following features:

(a) Voting rights;

(b) Participating in dividends declaration for common shares and may be entitled to such dividends as may be determined and approved by the Board of Directors;

(c) Entitled to receive out of the assets of the joint venture available for distribution to the parties, before any distribution of assets is made to holders of common shares, distributions in the amount of the issue value per outstanding redeemable preferred share, plus declared and unpaid dividends to the date of distribution; and

(d) Redeemable at the option of the joint venture.

On June 12, 2014, the Retail segment entered into a joint venture agreement with Lawson Asia Pacific Holdings PTE. LTD. and Lawson, Inc. (Lawson), both engaged in operation of convenience stores in Japan and other Asian countries, to establish a Joint Venture Company that will operate a convenience store in the Philippines.

The Retail segment subscribed to a total of 3,500,000 common shares at P100.00 par value for a total investment of P350.00 million while Lawson subscribed to a total of 1,500,000 common shares at P100.00 par value for a total investment of P150.00 million .

Acquisitions of Subsidiaries

The following are the developments relating to the PPCI's investments in subsidiaries:

Entenso Equities, Incorporated

On July 3, 2013, the Parent Company's BOD approved the acquisition of Entenso's outstanding capital stock. On the same day, the BOD approved the increase in authorized capital stock from P5.00 million divided into 50,000 shares at P100 par value to P1.00 billion divided into 10,000,000 shares at P100 par value.

Company E Corporation

On January 14, 2013, the PPCI's BOD approved the acquisition of Company E Corporation (the company behind the EunilaineFoodmart and Grocer E Supermart chains). PPCI acquired 290,000 common shares of Company E representing its total outstanding shares at P1,137.93 per share through cash. Company E has seven supermarkets within Metro Manila, six in Rizal province and two in the province of Cavite. All these fifteen (15) chains will operate the same store as the Parent Company.

Kareila Management Corporation

On May 28, 2012, the PPCI issued 766,406,250 new common shares, with P1 par value, from its own authorized but unissued capital in exchange for 1,703,125

common shares, with P100 par value per share of Kareila representing 100% of its outstanding capital stock. The fair market value of the PPCI's shares based on the observable market price as at the date of acquisition is P21.50 per share or P16,477.73 million.

On December 21, 2012, the BOD of Kareila approved the declaration of stock dividends amounting to P329.69 million from its unrestricted retained earnings as at December 31, 2012. The date of record and date of payment are April 15, 2013 and April 30, 2013, respectively.

The BOD of Kareila approved the declaration of dividends from its unrestricted retained earnings as follow:

December 31, 2013

Type of Dividend	Date of Dividend Declaration	Shareholders of Record as of	**Amount**
Cash	November 8, 2013	November 8, 2013	**475,000,000**
Stock	November 8, 2013	November 8, 2013	**625,000,000**
			1,100,000,000

Gant Group of Companies Incorporated (Gant)
On May 30, 2012, the PPCI acquired 519,111 shares or 100% of the outstanding capital stock of Gant, owner and operator of Parco Supermarket. The investee is engaged in the business of trading consumer products. Acquisition cost amounted to P743.84 million. The Parent Company incurred acquisition-related cost of P0.19 million.

On February 26, 2013, the SEC approved the acquired shares and the application for the merger of the Parent Company with PJSI and Gant. Upon approval by the SEC of the merger, the investment was eliminated and the corresponding goodwill was recognized.

Puregold Junior Supermarket, Inc. (PJSI)
The PPCI owns 100% equity interest in PJSI, an entity engaged in the business of trading goods such as consumer products (canned goods, housewares, toiletries, dry goods, food products, etc.) on a wholesale and retail basis. Acquisition cost amounted to P50.00 million. On April 30, 2012, the PPCI paid P550.00 million to Puregold Junior Supermarket, Inc., a subsidiary, as deposit for future stock subscription for 5,500,000 common shares. Upon approval by the SEC of the merger, the investment and deposit were eliminated and the corresponding goodwill was recognized.

PPCI Subic Inc

The PPCI invested P3.13 million in PPCI Subic Inc., an entity incorporated on May 31, 2012. The investment represents 100% of the outstanding capital stock of the investee. PPCI Subic Inc. will operate as a Puregold store within the area of the Subic Bay Economic Zone, Zambales. It started commercial operations on September 20, 2012.

15. DEFERRRED OIL AND MINERAL EXPLORATIONS

	Participating Interest	2014	2,013
Oil exploration costs:			
SC 14 21			
Block C2 (West Linapacan)	1.53%	53,595,432	53,595,432
Block B1 (North Matinloc)	13.55%	746	746
Block D	5.84%	8,011,133	8,011,133
		61,607,311	61,607,311
SC 6A			
Octon Block	0.50%	16,560,191	16,560,191
North Block	1.57%	600,419	600,419
		17,160,610	17,160,610
SC 6B (Bonita)	2.11%	6,304,904	6,304,904
SC 51	9.32%	32,815,514	32,815,514
Other oil projects		527,310	527,310
		39,647,728	39,647,728
		118,415,649	118,415,649
Mineral exploration costs:			
Anoling gold project	3%	13,817,326	13,817,326
Gold Projects	100%	12,891,933	12,891,933
Nickel project	100%	19,207,978	19,207,978
Cement project	100%	9,586,212	9,586,212
Other mineral projects		382,338	382,338
		55,885,787	55,885,787
Accumulated impairment losses for unrecoverable deferred mineral exploration costs;			
Balance at beginning of year		(56,092,352)	(23,443,955)
Impairment losses for year			(32,648,397)
Balance at end of year		(56,092,352)	(56,092,352)
		(206,565)	(206,565)
Other deferred charges		620,099	620,099
		118,829,183	118,829,183

All deferred oil and mineral exploration costs are classified as intangible assets on the basis that these costs are recognized in respect of licenses and surveys. These costs were incurred in developing an intangible asset. Oil and mineral explorations are governed by permits issued by the Philippine Government either through DOE under SC or by DENR under Exploration Permit (EP) or MPSA.

16. OTHER NONCURRENT ASSETS

This account consists of:

		June 30, 2014		December 31, 2013
Security deposits	₱	**1,131,050,593**	₱	884,090,991
Prepaid rent		**268,747,940**		311,567,064
Others		**471,207,618**		322,673,330
	₱	**1,871,006,151**	₱	1,518,331,385

17. ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES

This account consists of:

		June 30, 2014		December 31, 2013
Trade	₱	**5,015,505,772**	₱	7,743,335,583
Nontrade		**1,923,368,045**		2,462,102,452
Accrued expenses		**1,068,309,225**		893,924,511
Dividends payable		**-**		406,661,768
Construction bonds		**8,622,788**		4,267,853
Others		**355,008,430**		100,323,350
	₱	**8,370,814,260**	₱	11,610,615,517

The average credit period on purchases of certain goods from suppliers is 60 days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Nontrade payables are liabilities of the Group arising from purchase of goods and services not intended for re-selling but essential to its operations.

18. LOANS PAYABLE

This account is consist of:

a. Short-term Loans Payable

The Group entered into the following loan facilities to be used as additional working capital:

	June 2014	December 2013
Short-term note based on 2.5%	**75,000,000**	75,000,000
Short-term note based on 2.75%	**300,000,000**	300,000,000
Short-term note based on 3.75%	**508,500,000**	508,500,000
Short-term note based on 2.37%	**235,500,000**	313,500,000
Short-term note based on 2. 37%	**389,000,000**	15,000,000
Short-term note based on 4.5%	**1,450,000,000**	-
	2,958,000,000	1,212,000,000

b. Long-term Loans Payable

b.1 As at June 30 and December 31, the outstanding loans are as follows:

	June 2014	December 2013
Unsecured Peso Denominated		
Fixed rate note based on 3.5%	**₱ 1,992,166,923**	₱1,991,219,294
Fixed rate note based on 3.25%	**961,707,838**	960,495,639
Fixed rate note based on 3.5%	**500,000,000**	500,000,000
	3,453,874,761	3,451,714,933
Less current portion	**961,707,838**	-
	₱2,492,166,923	₱3,451,714,933

b.2 Corporate Notes

On May 16, 2014, the Group entered into a Five Billion (5,000,000,000) Corporate Notes Facility Agreement with syndicate of institutional lenders composed of banks and insurance companies. The facility consists of P4 billion 7-year term and P1 billion 10-year term with interest rate of 5.27% and 5.58%, respectively. The funds will be used for strategic acquisition and for general corporate purposes.

19. OTHER NONCURRENT LIABILITIES

This account consists of:

	June 30, 2014	December 31 2013
Accrued rent	**₱ 1,831,019,548**	₱ 1,596,820,732
Deposits and others	**339,947,086**	23,055,381
	₱ 2,170,966,634	₱ 1,619,876,113

20. ISSUED CAPITAL

The issued capital of the Group is as follows:

		June 30, 2014		December 31 2013
Capital stock	₱	**7,160,506,037**	₱	7,160,506,037
Additional paid-in capital		**9,634,644,229**		9,634,644,229
	₱	**16,795,150,266**	₱	16,795,150,266

Capital Stock

Shown below are the details on the movements of ordinary shares.

	2014			2013		
	Shares		**Amount**	Shares		Amount
Authorized	**10,000,000,000**	**₱**	**10,000,000,000**	10,000,000,000	₱	10,000,000,000
Issued and fully paid						
Balance, January 1	**7,160,506,037**	**₱**	**7,160,506,037**	1,275,000,000	₱	1,275,000,000
Issuances				6,130,263,564		6,130,263,564
Treasury shares				(244,757,527)		(244,757,527)
	7,160,506,037	**₱**	**7,160,506,037**	7,160,506,037	₱	7,160,506,037

On December 10, 2012, in a special meeting, the Board of Directors (BOD) resolved the following:

- Approval, ratification and confirmation of the subscription of Lucio L. Co Group to the unissued authorized capital stock of the Group from the increase of its authorized capital stock at a subscription price of ₱15 per share for a total of 4,987,560,379 new shares at an aggregate subscription price of ₱74,813,405,682 worth of shares in Puregold Price Club, Inc. and Subsidiaries, Ellimac Prime Holdings, Inc. and Subsidiaries, Go Fay & Co., Incorporada, SVF Corporation, Nation Realty, Inc., 118 Holdings, Inc. and Subsidiary, Patagonia Holdings Corp., Fertuna Holdings Corp., Premier Wine and Spirits, Inc., Montosco Inc., Meritus Prime Distributions, Inc., and Pure Petroleum Corp. (collectively, the "Acquirees"), and the corresponding payment thereof by way of assignment of the shares owned by Lucio L. Co Group in the Acquirees, under the terms and conditions to be determined by the Corporation's BOD.
- That the Chairman and the President are authorized to represent the Group to implement and approve any matter related to the Transaction and directed to execute any and all agreements and documents relating to the Transaction, to negotiate, adjust, revise or change relevant conditions, implementation priority and all other relevant matters of the Transaction and sign and file documents which may be required by the SEC, PSE, and other government agencies and to do all actions necessary to comply with the provisions of the Corporation

Code, Securities Regulation Code, and all other rules and regulations relating to the subject matter of this resolution.

- That the Group is authorized to register, if necessary, additional shares with the SEC and to list additional shares with the PSE.

On April 22, 2013, upon approval by the SEC on the increase in the Company's authorized capital stock, SEC confirmed the value of the shares transferred or consideration paid amounting to ₱74,811,096,315. Out of the increase in the authorized capital stock, 4,987,406,421 have been subscribed.

On December 11, 2012, in a special meeting, the stockholders resolved to approve the amendment of the Company's articles of incorporation to increase its authorized capital stock and par value from ₱3 billion divided into 300 billion common shares at a par value of ₱0.01 per share to ₱10 billion divided into 10 billion common shares at a par value of ₱1 per share. On the same meeting, the stockholders resolved to change the name of the Company to Cosco Capital, Inc. The SEC approved the increase in authorized capital stock and the change in the Company's name on April 22, 2013.

In addition, 1,142,857,143 shares were subscribed and issued to subscribers for ₱10.50 per share for a total consideration of ₱12,000,000,001.50 after meeting all the closing conditions.

21. REVENUES

An analysis of the Group's revenue for the period is as follows:

	2014	2013
Sale of goods	**₱ 39,929,823,416**	₱ 6,134,911,333
Rendering of services	**659,722,790**	120,628,717
Production lifting	**605,382**	960,635
	₱ 40,590,151,588	₱ 6,256,500,685

22. COST OF SALES

The Group's cost of sales is composed of the following:

	2014	2013
Cost of sales	**₱ 33,147,064,716**	₱ 4,947,124,702
Cost of services	**322,861,926**	33,771,517
	₱ 33,469,926,642	₱ 4,980,896,219

Cost of Sales

An analysis of the Group's cost of sales is as follows:

	2014	2013
Inventory, January 1	**₱ 10,354,718,168**	₱ -
Net purchases	**34,340,858,987**	13,592,818,029
Cost of goods available for sale	**44,695,577,155**	13,592,818,029
Inventory, June 30 (Note 9)	**11,548,512,439**	8,645,693,327
	₱ 33,147,064,716	₱ 4,947,124,702

Cost of services

An analysis of the Group's cost of services is as follows:

		2014	2013
Utilities	₱	**200,537,726**	₱ 26,112,221
Taxes and licenses		**29,368,580**	4,312,142
Management fees		**15,308,470**	1,046,385
Security services		**29,231,530**	644,231
Repairs and maintenance		**7,813,938**	-
Janitorial services		**21,053,510**	548,788
Rentals		**15,082,667**	-
Others		**4,465,505**	1,107,750
	₱	**322,861,926**	₱ 33,771,517

23. OTHER OPERATING INCOME

An analysis of the Group's other operating income is as follows:

		2014	2013
Concession income	₱	**614,963,148**	₱ 102,545,630
Rent income		**165,240,982**	-
Display allowance		**256,784,861**	70,881,232
Listing fee		**15,636,620**	-
Membership fee		**113,447,014**	14,212,834
Miscellaneous		**110,464,960**	12,310,449
	₱	**1,276,537,586**	₱ 199,950,145

Concession income pertains to the fixed percentage income from sales of concessionaire suppliers' goods sold inside the store.

Display allowance refers to the income received from the suppliers for the additional space for display of the items in the selling area such as end cap modules and mass display.

Rent income relates to the income earned for the store spaces occupied by the tenants.

Membership income pertains to fees from members of PPCI wherein such fees permit only membership, and all other services or products are paid for separately.

Merchandising support income is the amount granted for PPCI's promotion and advertising activities in partnership with suppliers.

Demo/sampling income pertains to the fee paid by the suppliers for the privilege granted by PPCI in allowing a representative of the supplier to conduct a demo or give away samples of their products inside the selling area of the stores.

Miscellaneous account consists of amounts collected from the customers for delivering their purchases, cashiers' overages, sale of used packaging materials and others.

24. OPERATING EXPENSES

		2014		2013
Manpower-Agency served	₱	**780,856,232**	₱	121,704,752
Utilities		**808,912,277**		127,889,996
Salaries, wages and allowances		**597,742,393**		86,744,705
Outside services		**519,308,844**		68,811,859
Rent expense		**734,588,770**		147,257,522
Taxes, permits and licenses		**220,380,708**		23,634,790
Supplies		**181,492,024**		18,668,367
Repairs and maintenance		**118,024,125**		17,911,112
Insurance		**64,588,721**		7,988,993
Advertising and promotion		**74,170,901**		3,540,113
Selling expenses		**52,458,106**		7,426,960
SSS, Medicare and HDMF		**41,195,675**		5,885,419
Representation and entertainment		**44,601,851**		350,452
Disallowed input VAT		**32,155,421**		4,209,858
Transportation and travel		**27,271,609**		3,833,189
Fuel and oil		**23,974,564**		3,236,735
Royalty expense		**15,379,247**		2,436,715
Concess fee		**207,020,638**		29,618,032
Miscellaneous Expenses		**73,087,132**		2,011,995
	₱	**4,617,209,238**	₱	683,161,564

25. OTHER INCOME - net

An analysis of other income (charges) is as follows:

		2014		2013
Finance income	₱	**114,504,406**	₱	33,990,843
Finance cost		**(84,267,777)**		(15,222,704)
Others		**63,023,999**		6,110,915
	₱	**93,260,628**	₱	24,879,054

26. RETIREMENT BENEFIT COST

The Group has an unfunded, noncontributory, defined benefit plan covering all of its permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using the projected unit credit method. The Group's latest actuarial valuation date is December 27, 2013. Valuations are obtained on a periodic basis.

It is assumed that the Group initially applied PAS 19 (Amended 2011) on January 1, 2012. The following table shows reconciliation from the opening balances to the closing balances of defined benefit liability recognized under "Retirement benefits liability" and its components.

	June 2014	December 2013
Balance at beginning of period	**P293,041,032**	(P2,144,266)
Adjustment	**2,548,066**	
	295,589,098	
Included in profit or loss		
Current service cost	-	55,248,857
Interest cost	-	14,635,590
	-	69,884,447
Included in other comprehensive income		
Remeasurements loss (gain):		
Actuarial loss (gain) arising from:		
Financial assumptions	-	(75,942,734)
Experience adjustment	-	24,909,744
	-	(51,032,990)
Effect of business combination/acquisition	**1,117,286**	276,333,841
Balance at end of period	**P296,706,384**	P293,041,032

Movements in the present value of defined benefits obligation for the years ended December 31 are as follow:

	2014	2013
Beginning of the year	**P293,041,032**	P3,694,304
Adjustment	**2,548,066**	
Effect of business combination/acquisition	**1,117,286**	276,333,841
Interest cost	-	14,635,590
Curtailment	-	2,555,142
Current service cost	-	55,248,857
Settlement	-	(8,393,712)
Actuarial (gains)/losses	-	(51,032,990)
Balance at end of year	**P296,706,384**	P293,041,032

The following were the principal actuarial assumptions at the reporting date:

	2013	2012
Discount rate	**5.32%**	5.62%
Future salary increases	**8.00%**	10.00%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 25.8 years.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

27. EARNINGS PER SHARE

The Group's basic and diluted earnings per share are presented below:

Basic/Diluted Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for the period ended are as follows:

	2014	2013
Income attributable to the equity holders of the Parent Company (a)	**1,501,530,933**	311,182,062
Adjusted weighted average number of shares outstanding (b)	**7,160,506,037**	2,259,210,594
Basic and diluted earnings per share (a/b)	**0.2097**	0.1377

28. FAIR VALUE MEASUREMENTS

Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Group's financial assets and financial liabilities as at June 30, 2014 and December 31, 2013 are presented below:

	June 30, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash in banks and cash equivalents	**P 15,989,363,330**	**P 15,989,363,330**	P 14,024,048,097	P 14,024,048,097
Receivables	**2,239,292,503**	**2,239,292,503**	2,496,631,261	2,496,631,261
Short-term investments	-	-	500,000,000	500,000,000
Security deposits	**1,131,050,593**	**1,131,050,593**	884,090,991	884,090,991
Available-for-sale financial assets	**59,429,597**	**59,429,597**	40,325,856	40,325,856
	19,419,136,023	**19,419,136,023**	17,945,096,205	17,945,096,205

Financial Liabilities				
Accounts payable, accrued expenses and other liabilities*	8,632,495,724	8,233,915,306	11,257,028,053	11,257,028,053
Trust receipts payable	-	-	16,543,219	16,543,219
Loans payable	11,411,874,761	11,411,874,761	4,663,714,933	4,663,714,933
	P 20,044,370,485	P 20,044,370,485	P 15,937,286,205	P 15,937,286,205

*Does not include statutory payables

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of available-for-sale financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- Due to short-term nature or demand feature of cash in banks and equivalents, receivables, deposit for future stock subscription, and accounts payable, accrued expenses and other liabilities, Management believes that carrying amount approximates fair value.
- Loans payable pertains to interest bearing loan arrangement, thus, carrying amount approximates fair value.

Fair Value Measurements Recognized in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Available-for-sale financial assets are measured at fair value using the level 1 criteria.

There were no transfers between Level 1 and 2 in the period.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Groupmonitors and manages the financial risks relating to the operations through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, including currency risk, fair value interest rate risk and price risk, credit risk, liquidity risk and cash flow interest rate risk.

The Group's principal financial instruments, other than derivatives, comprise of cash and cashequivalents, short-term investments, investments held for trading, accrued interest and otherreceivables, AFS investments and bank loans. The main purpose of these financial instruments isto finance the Group's operations. The Group has various other financial assets andliabilities such as rent receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's BOD and management review and agree on the policies for managing each of these risks as summarized below.

Market Risk Management

Foreign Currency Risk Management

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters through monitoring foreign currency transactions utilizing forward contracts if necessary.

As of the reporting dates, the Group has no significant exposures to foreign currency risk.

Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The carrying amount of financial assets recognized in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk, without taking into account collateral or other credit enhancements held.

	June 30, 2014	December 31, 2013
Cash in banks and cash equivalents	**₱ 15,989,363,330**	₱ 14,024,048,097
Receivables	**2,239,547,503**	2,818,808,266
Short-term investments	**-**	500,000,000
Security deposits	**1,131,050,593**	884,090,991
Available-for-sale financial assets	**59,429,597**	40,325,856
	₱ 19,419,391,023	₱ 18,267,273,210

The table below shows the credit quality by class of financial assets of the Group:

2014	Neither Past Due nor Impaired	Past Due but not Impaired 1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash in bank and cash equivalents	15,989,363,330	P -	P -	P -	P -	15,989,363,330
Receivables	1,663,390,290	208,277,666	148,073,194	199,224,972	20,581,380	2,239,547,503
AFS financial assets	59,429,597					59,429,597
Security deposits	1,131,050,593					1,131,050,593
	18,869,471,916	208,277,666	148,073,194	199,224,972	20,581,380	19,419,391,023

2013	Neither Past Due nor Impaired	Past Due but not Impaired 1 to 30 Days	31 to 60 Days	More than 60 Days	Impaired	Total
Cash in bank and cash equivalents	14,024,048,097	P -	P -	P -	P -	14,024,048,097
Receivables	1,246,043,391	331,537,784	483,954,238	417,855,016	17,240,832	2,496,631,261
Short-term investment	500,000,000					500,000,000
AFS financial assets	41,002,675					41,002,675
Security deposits	884,090,991					884,090,991
	16,712,425,986	331,537,784	483,954,238	417,855,016	17,240,832	17,945,773,024

Cash in banks and cash equivalents

The management evaluates the financial condition of the banking industry and bank deposits/investments are maintained with reputable banks only.

Receivables

Receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Liquidity Risk Management

Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements of the Group:

	Within 1 Year	More than 1 Year	Total
June 30, 2014			
Accounts payable, accrued expenses and other liabilities*	₱ 8,632,495,724	₱ -	₱ 8,370,814,260
Loans payable	3,919,707,838	7,492,166,923	11,411,874,761
	12,552,203,562	7,492,166,923	20,044,370,485
December 31, 2013			
Accounts payable, accrued expenses and other liabilities	₱ 11,257,028,053	₱ -	₱ 11,257,028,053
Trust receipts payable	16,543,219		16,543,219
Loans payable	1,212,000,000	3,451,714,933	6,171,463,908
	12,485,571,272	3,451,714,933	17,445,035,180

*Does not include statutory payables

The table hereunder details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Within 1 Year	1 – 5 Years	Total
June 30, 2014			
Cash in banks and cash equivalents	₱ 15,989,363,330	₱	₱ 15,989,363,330
Receivables	2,239,292,503	-	2,239,292,503
Short-term investments	-	-	-
Security deposits	1,131,050,593	-	1,131,050,593
Available-for-sale financial assets	59,429,597	-	59,429,597
	19,419,136,023	-	19,419,136,023
December 31, 2013			
Cash in banks and cash equivalents	₱ 14,024,048,097	₱ -	₱ 14,024,048,097
Receivables	2,496,631,261	-	2,496,631,261
Short-term investments	500,000,000	-	500,000,000
Security deposits	884,090,991	-	884,090,991
Available-for-sale financial assets	40,325,856	-	40,325,856
	₱ 17,945,096,205	₱ -	₱ 17,945,096,205

30. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group manages its capital to ensure that the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.The Group's overall strategy remains unchanged from 2013.

The BOD monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The BOD also monitors the level of dividends to shareholders.

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock, additional paid-in capital and retained earnings. The Group is not subject to externally-imposed capital requirements.

The Group's Management reviews the capital structure of the Group on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 1:1 determined as the proportion of net debt to equity.

The gearing ratio at end of the reporting period was as follows:

		June 30, 2014		December 31 2013
Debt	₱	**11,432,512,297**	₱	4,663,714,933
Cash and cash equivalents		**16,426,756,069**		14,744,149,987
Net Debt		**(4,994,243,772)**		(10,080,435,054)
Equity		**57,140,243,195**		75,122,296,163
Net debt to equity ratio		**(0.09):1**		(0.13):1

Debt is defined as long-term and short-term borrowings (excluding derivatives and financial guarantee contracts), while equity includes all capital and reserves of the Group that are managed as capital.

31. PFRS 9 RESULT OF IMPACT EVALUATION

The following discusses the quantitative and qualitative result of the impact evaluation on PFRS 9 (2009) or (2010)

The carrying amount of all financial assets that the company has as at June 30, 2014 and December 31, 2013 are as follows:

Financial Assets	Balance as at December 31, 2013 (PhP)	Balance as at June 30, 2014 (PhP)	Qualitative Description	Quantitative Impact
Cash and cash equivalents	14,744,149,987	16,426,756,069	Cash equivalents refer to short term placements in time deposits and SDA in various banks.	**Market values** Carrying amount approximates fair value primarily due to the relative short-term maturities of these assets.
Receivables-net	2,818,808,266	2,239,547,503	Receivables are from goods sold to customers.	**Liquidity risk** Liquidity ratio is 196:1 **Aging of receivables:** Based on aging,receivables amounting to₱20.6M is impaired. This has already been covered by setting-up allowance.
AFS financial assets	40,325,856	59,429,597	These refer to debt, equity securities and RTB's with interest ranging from 4.8% to 7.5%. All these securities are tradeable.	**Liquidity risk** Liquidity ratio is 196:1
Total	**17,603,284,109**	**18,725,733,169**		

SECTION B

COSCO CAPITAL , INC.
UNAUDITED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

Contents

Pro-forma Statements of Income
For the Period Ended June 30, 2014 and 2013

Segment Information

COSCO CAPITAL, INC. AND SUBSIDIARIES

(Formerly Alcorn Gold Resources Corporation)

PRO-FORMA CONSOLIDATED INCOME STATEMENTS

For the Six-month Period Ended June 30, 2014 and 2013

(In Philippine Peso)

	2014	2013
REVENUES	40,590,151,588	35,074,267,308
COST OF SALES *(excluding depreciation and amortization)*	33,469,926,642	28,469,004,376
GROSS PROFIT *(before depreciation and amortization)*	7,120,224,946	6,605,262,932
OTHER OPERATING INCOME	1,276,537,586	1,003,907,704
	8,396,762,532	7,609,170,636
OPERATING EXPENSES *(excluding depreciation and amortization)*	4,617,209,237	3,947,731,821
INCOME FROM OPERATIONS	3,779,553,295	3,661,438,815
OTHER INCOME - net	93,260,628	105,654,847
INCOME BEFORE DEPRECIATION AND AMORTIZATION AND INCOME TAX	3,872,813,923	3,767,093,662
DEPRECIATION AND AMORTIZATION EXPENSE	681,575,069	529,636,213
INCOME BEFORE INCOME TAX	3,191,238,854	3,237,457,449
INCOME TAX EXPENSE	878,167,277	870,224,000
NET INCOME FOR THE PERIOD	2,313,071,577	2,367,233,449
Net Income Attributable to:		
Equity holders of the Parent Company	1,501,530,933	1,498,740,796
Non-controlling interests	811,540,644	868,492,653
	2,313,071,577	2,367,233,449

COSCO CAPITAL, INC. AND SUBSIDIARIES
(Formerly Alcorn Gold Resources Corporation)
SEGMENT INFORMATION

(In thousand PhP)	Retail	Real Estate	Liquor Distribution	Holding , Oil and Mining	Specialty Retail	Elimination	Total
For the Period Ended June 30, 2014							
Revenue	38,548,886	927,146	1,516,779	37,747	120,908	-561,314	40,590,152
Income from operations	2,947,695	547,623	270,767	8,883	4,586		3,779,553
Depreciation and amortization and amortization	581,552	85,893	2,667	10,775	688		681,575
Finance cost	22,568	22,907	4,674	34,119			84,268
Finance income	10,841	3,536		100,128			114,504
Net income for the period	1,656,205	389,284	201,036	63,818	2,729		2,313,072
As at June 30, 2014							
Total current assets	14,406,381	4,153,851	2,995,659	15,963,732	228,482	-5,257,937	32,490,169
Total non-current assets	32,673,123	13,051,010	14,275	78,497,175	107,856	-75,827,646	48,515,794
Total current liabilities	9,467,025	4,792,640	1,298,442	700,532	134,441	-3,320,917	13,072,163
Total non-current liabilities	5,369,974	405,243	10,092	5,008,247			10,793,557
For the Period Ended June 30, 2013							
Revenue	33,017,255	874,195	1,402,178	102,599		-321,959	35,074,267
Income from operations	2,778,294	545,322	258,515	79,308			3,661,439
Depreciation and amortization expense	444,700	71,533	2,704	10,699			529,636
Finance cost	18,701	58,023	5,031				81,755
Finance income	141,488	1,079		32,367			174,934
Net income (loss) for the period	1,772,434	316,313	172,827	105,659			2,367,233
As at June 30, 2013							
Total current assets	12,613,906	2,409,103	1,761,210	12,270,516		-709,596	28,345,139
Total non-current assets	30,429,125	15,822,296	17,517	76,060,560		-78,723,931	43,605,568
Total current liabilities	8,377,058	5,088,605	622,046	349,143		-709,596	13,727,256
Total non-current liabilities	5,389,666	417,580	6,392	20,826			5,834,464

SECTION C

COSCO CAPITAL, INC. AND SUBSIDIARIES

KEY PERFORMANCE INDICATORS

June 30, 2014, 2013 and 2012

Performance Indicators	2014	2013	2012
Return on investment	4%	5%	0.15%
Profit margin	6%	8%	56.67%
EBITDA to interest expense	46.85x	53.69x	n/a
Current ratio	2.49:1	2:1	341:1
Asset turnover	0.52x	0.48x	0.003x
Asset to equity	1.42:1	1.37:1	1:1
Debt to equity ratio	0.15:1	0.15:1	Debt free