COVER SHEET

7	7	4	8	7						

S.E.C. Registration Number

J	O	L	L	I	B	E	E		F	O	O	D	S		C	O	R	P	O	R	A	T	I	O	N				

(Company's Full Name)

10/F	J	O	L	L	I	B	E	E		P	L	A	Z	A		B	U	I	L	D	I	N	G					
10		F.		O	R	T	I	G	A	S		J	R	.		A	V	E	N	U	E							
O	R	T	I	G	A	S		C	E	N	T	E	R	,		P	A	S	I	G		C	I	T	Y			

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

Atty. Angeline L. Chong

Contact Person

(632) 688-7817

Company Telephone Number

31-Dec

Month Day Year

Fiscal Year

Any Day in June

Month Day Year

Annual Meeting

Definitive Information Statement

20-IS

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total no. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = please use **black ink** for scanning purposes

Jollibee®

COVER SHEET

JOLLIBEE FOODS CORPORATION
(Company's Full Name)

10/F Jollibee Plaza Building
10 F. Ortigas Jr. Avenue,
Ortigas Center, Pasig City
(Company's Address)

(632) 634-1111
Telephone Number

December 31	**Any day in the month of June**
(Fiscal Year Ending)	(Annual Meeting)

SEC Form 20-IS
Definitive Information Statement
(Form Type)

_____
Amendment Designation (If applicable)

Registered and Listed
(Secondary License Type and File Number)

Cashier	LCU
	DTU
	77487 S.E.C REG. No.
Central Receiving Unit	File Number
	Document I.D.



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the annual meeting of the stockholders of Jollibee Foods Corporation (the "Corporation") will be held on July 22, 2016 at 2:00pm. at the PSE Auditorium, PSE Building, Exchange Drive, Ortigas Center, Pasig City.

The Agenda for the meeting shall be as follows:

1. Call to Order;
2. Certification by the Corporate Secretary on Notice and Quorum;
3. Reading and approval of the minutes of the last Annual Stockholders' Meeting (June 26, 2015) and Special Stockholders' Meeting (November 23, 2015);
4. Management's Report;
5. Approval of the 2015 Audited Financial Statements and Annual Report;
6. Ratification of Actions by the Board of Directors and Officers of the Corporation;
7. Election of Directors;
8. Appointment of External Auditors;
9. Other matters; and
10. Adjournment.

Registration begins at 1:00pm. Only stockholders of record as of May 27, 2016 are entitled to vote and be voted for during the meeting. For your convenience in registering your attendance, please bring any form of government-issued identification such as passport, SSS identification or driver's license.

All nominations to the Board of Directors must be received by the Corporate Secretary not later than June 30, 2016. Nominations received after this date shall not be recognized for the meeting.

We are not soliciting your proxy. However, you may attend the meeting by submitting a duly-accomplished proxy substantially in the form attached hereto or as may be downloaded in www.jollibee.com.ph which must be received by the Corporate Secretary not later than ten (10) days before the meeting or on July 12, 2016 ("Cut-Off Date"). Proxies received after Cut-Off Date shall not be recognized for the meeting. Proxies duly received by the Corporate Secretary on or before Cut-Off Date shall be recognized for the meeting unless revoked by personal appearance of the stockholder or by a later proxy received on or before Cut-Off Date.

WILLIAM TAN UNTIONG
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
Information Statement Pursuant to Section 20 of The Securities Regulations Code

1. Check the appropriate box:
   _____ Preliminary Information Statement
   ___✓___ Definitive Information Statement

2. Name of Company as specified in its charter:
   JOLLIBEE FOODS CORPORATION

3. Province, country or other jurisdiction of incorporation or organization:
   MANILA, PHILIPPINES

4. SEC Identification Number: **77487**

5. BIR Tax Identification Code: **000-388-771**

6. Address of principal office:
   10/F JOLLIBEE PLAZA BLDG., 10 F. ORTIGAS JR. AVE., ORTIGAS CENTER, PASIG CITY

7. Company's telephone number, including area code: **(632) 634-1111**

8. Date, time and place of the meeting of security holders:
   JULY 22, 2016 AT 2:00 PM, PSE AUDITORIUM, PSE BUILDING, EXCHANGE DRIVE, ORTIGAS CENTER, PASIG CITY

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **JUNE 30, 2016**

10. In case of Proxy Solicitations:

    Name of Person Filing the Statement/Solicitor: **N/A**
    Address and Telephone Number: **N/A**

11. Securities registered pursuant to Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of each Class	Number of shares of common stock & warrants outstanding
Common	**1,072,214,551**
Treasury Shares:	**16,447,340**

Note: Total common outstanding share of 1,072,214,551 is inclusive of 6,000 MSOP shares subject for listing and 2,314,645 shares entrusted with Deutsche Regis Partners, Inc. with the following details:

MSOP Shares:	
Beginning balance (per SEC Form 17-C dated June 9, 2016)	1,332,967
Shares applied for listing	(20,334)
Ending balance, as of June 21, 2016	1,312,633
ESOP Shares:	
Beginning Balance (per SEC Form 17-C dated June 9, 2016)	1,072,012
Shares applied for listing	(70,000)
Ending balance, as of June 21, 2016	1,002,012
TOTAL	2,314,645

12. Are any or all of Company's securities listed in the Philippine Stock Exchange?

Yes ✓ No _____

GENERAL INFORMATION

NO SOLICITATION SHALL BE CONDUCTED AND NO PROXIES SHALL BE SOLICITED FOR PURPOSES OF THE COMPANY'S REGULAR STOCKHOLDERS' MEETING TO BE HELD ON JULY 22, 2016.

DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

The Annual Stockholders' Meeting of Jollibee Foods Corporation (the "Company") will be held on July 22, 2016 at 2:00 p.m. at the PSE Auditorium, Pasig City (the "Meeting"). This Information Statement shall be first distributed to the stockholders of record as of May 27, 2016 on or before June 30, 2016.

The Company's mailing address is at the 10/F Jollibee Plaza Building, 10 F. Ortigas Jr., Avenue, Ortigas Center, Pasig City, Metro Manila.

DISSENTERS' RIGHT OF APPRAISAL

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in Title **X** of the Corporation Code. In any event, the Company shall observe the procedure set forth in Title X of the Corporation Code with respect to a dissenters' right of appraisal.[1]

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[1] *Section 82. How right is exercised. – The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value his shares: Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.*

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made; Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: and Provided, further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

INTERESTS OF PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

None of the directors or officers of the Company, or any nominee to the Board of Directors, or any associate of the foregoing persons have substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the Meeting. Likewise, there are no persons who have substantial interest, directly or indirectly, in any matter to be acted upon, other than elections to office.

There is no director who has informed the Company in writing that he or she intends to oppose any action to be taken by the Company at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

(a) The Company has, as of May 10, 2016, 1,071,847,218 outstanding common shares of stock and each share is entitled to one vote.

(b) Pursuant to the Resolution of the Board of Directors at a meeting held on May 12, 2016 the Board fixed May 27, 2016 as the record date for purposes of determining stockholders entitled to notice of and to vote at the Meeting.

(c) Pursuant to Article III, Section 2 of the Company's by-laws, a stockholder may vote during the Meeting either in person or by proxy.

Applying Section 24 of the Corporation Code, each stockholder may vote in any of the following manner:

1) He/she may vote such number of shares for as many persons as there are directors to be elected;

2) He/she may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by his shares; or

3) He/she may distribute them on the same principle among as many candidates as he shall see fit.

In any of the foregoing instances, the total number of votes cast by the shareholder shall not exceed the number of shares owned by him/her as shown in the books of the Company multiplied by the whole number of directors to be elected.

(d) Security Ownership of Certain Record and Beneficial Owner and Management

Security Ownership of Certain Record and Beneficial Owners (as of May 10, 2016):

Title of Class	Name and Address of Record Owner	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	**Hyper Dynamic Corporation** 6th Floor Jollibee Center San Miguel Ave., Pasig City	*Majority of the shares in Hyper Dynamic Corporation are owned or controlled by Tony Tan Caktiong and certain relatives within the second degree of consanguinity or affinity.*	Filipino	273,218,750	25.49%
Common	**PCD Nominee Corporation** G/F Makati Stock Exchange 6767 Ayala Ave., Makati City	*Approximately 646,528 scripless shares lodged with Deutsche Regis Partners Inc. are owned by Queenbee Resources Corporation, a special purpose vehicle which is the issuer of warrants over such shares.*	Non-Filipino	310,584,489[2]	28.98%
Common	**Honeysea Corporation** 6th Floor Jollibee Center San Miguel Ave., Pasig City	*Majority of the shares in Honeysea Corporation are owned or controlled by Tony Tan Caktiong and certain relatives within the second degree of consanguinity or affinity.*	Filipino	127,743,747	11.92%
Common	**PCD Nominee Corporation** G/F Makati Stock Exchange 6767 Ayala Ave., Makati City		Filipino	99,136,270[3]	9.25%
Common	**Winall Holding Corporation** 6th Floor Jollibee Center San Miguel Ave., Pasig City	*Majority of the shares in Winall Holding Corporation are owned or controlled by certain relatives within the fourth degree of consanguinity or affinity of Mr. Tony Tan Caktiong.*	Filipino	54,140,736	5.05%

[2]Net of indirect shares of JFC directors and officers.
[3]Net of indirect shares of JFC directors and officers.

Security Ownership of Directors (as of May 10, 2016):

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
Tony Tan Caktiong *Director, Chairman*	Filipino	Direct -	8,254,565	Total: 0.79%
		Indirect (through Deutsche)	240,000	
Ernesto Tanmantiong *Director, President and Chief Executive Officer*	Filipino	Direct	4,743,951	Total: 0.49%
		Indirect (through Deutsche)	457,019	
William Tan Untiong *Director, Corporate Secretary and Chief Real Estate Executive*	Filipino	Direct	7,396,722	Total: 0.72%
		Indirect (through Deutsche)	279,667	
Joseph C. Tanbuntiong *Director, Treasurer and President, Jollibee Philippines*	Filipino	Direct	64,630	Total: 0.01%
		Indirect	-	
Ang Cho Sit *Director*	Filipino	Direct	11	Total: 0.00%
		Indirect (through Deutsche)	-	
Antonio Chua Poe Eng *Director*	Filipino	Direct	1	Total: 3.74%
		Direct (through Honeyworth)[4]	38,857,446	
		(Indirect through Honeyworth)[5]	1,208,037	
C.J. Artemio V. Panganiban *Director*	Filipino	Direct	1	Total: 0.00%
		Indirect (through Deutsche)	11,000	
Monico V. Jacob *Independent Director*	Filipino	Direct	100	Total: 0.00%
		Indirect (through Deutsche)	-	

[4]As disclosed in Antonio Chua Poe Eng's SEC Form 23-B.
[5]As disclosed in Antonio Chua Poe Eng's SEC Form 23-B.

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
Cezar P. Consing *Independent Director*	Filipino	Direct	1	Total: 0.00%
		Indirect (through Deutsche)	-	

Security Ownership of Corporate Officers (as of May 10, 2016):

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
Ysmael V. Baysa *Chief Financial Officer, Vice President for Corporate Finance*	Filipino	Direct	511,667	Total: 0.05%
		Indirect (through Deutsche)	-	
Daniel Rafael Ramon Gomez III *Chief Marketing Officer*	Filipino	Direct	-	Total: 0.00%
		Indirect (through Deutsche)	-	
Valerie F. Amante *Assistant Corporate Secretary; Vice President and Head of Corporate Legal*	Filipino	Direct	-	Total: 0.00%
		Indirect (through Deutsche)	-	

Security Ownership of Heads of Local Units (as of May 10, 2016):

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
Jose Ma. A. Minana, Jr. *Group President*	Filipino	Direct	191,648	Total: 0.03%
		Indirect (through Deutsche)	114,000	
Rowel Vijandre *President, Chowking Philippines*	Filipino	Direct	-	Total: 0.00%
		Indirect (through Deutsche)	-	
Albert C. Cuadrante *General Manager, Greenwich Business*	Filipino	Direct	-	Total: 0.00%
		Indirect (through Deutsche)	-	

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
Zinnia Carmencita S. Rivera *General Manager, Red Ribbon Business Philippines*	Filipino	Direct	-	Total: 0.00%
		Indirect (through Deutsche)	1,050	
Justo S. Alano III *President, Mang Inasal*	Filipino	Direct	-	Total: 0.00%
		Indirect (through Deutsche)	-	
Joan K. Aquino *General Manager, Burger King Business Philippines*	Filipino	Direct	-	Total: 0.00%
		Indirect (through Deutsche)	7,000	

Security Ownership of Heads of Corporate Units (as of May 10, 2016):

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
Fernando S. Yu, Jr. *Chief Operations Support Officer*	Filipino	Direct	-	Total: 0.00%
		Indirect (through Deutsche)	-	
Susana K. Tanmantiong *Chief Procurement Officer*	Filipino	Direct	681,857	Total: 0.08%
		Indirect (through Deutsche)	138,000	
Roberto San Juan *Vice President – Corporate Information Management*	Filipino	Direct	-	Total: 0.00%
		Indirect (through Deutsche)	-	
Anastacia S. Masancay *Vice President –Special Projects*	Filipino	Direct	300,000	Total: 0.07%
		Indirect (through Deutsche)	446,000	
Lorna D. Atun *Assistant Vice President - Corporate Audit*	Filipino	Direct	-	Total: 0.00%
		Indirect (through Deutsche)	-	

Name and Position	Citizenship	Nature of Beneficial Ownership	Number of Shares	Percent of Class
Liwayway Mateo *Vice President - Corporate Quality Management*	Filipino	Direct	13,000	Total: 0.00%
		Indirect (through Deutsche)	-	
Erlinda F. Castro *Head of Finance and Accounting and Human Resources Shared Services*	Filipino	Direct	-	Total: 0.00%
		Indirect (through Deutsche)	-	

The aggregate number of shares directly owned by all officers and directors as a group as of May 10, 2016 is 30,883,089 shares or approximately 2.84% of Company's outstanding capital stock (net of treasury shares).

There is no voting trust agreement or any similar agreement for persons holding more than 5% of a class.

There are no arrangements which may result in a change in control of the Company.

(e) There has been no change in control of the Company since the beginning of its last fiscal year.

DIRECTORS AND EXECUTIVE OFFICERS

(a) Directors and Executive Officers

The Company's directors are:

Tony Tan Caktiong

Mr. Tan Caktiong, born in 1953, 63, Filipino, is the Chairman of the Board of Directors of the Company. He has been a member of the Board since 1978, and was President and Chief Executive Officer of the Company until July 1, 2014, after which he continued to serve as Chairman of the Board. Mr. Tan Caktiong is also a member of the Executive, Nomination and Compensation Committees of the Board of Directors.

Other directorships and trusteeships are:

Listed Companies

Executive Director	DoubleDragon Properties Corp.
Independent Director	First Gen Corporation
Non-executive Director	Philippine Long Distance Telephone Company

Non-listed Companies

Director	Fresh N' Famous Foods, Inc.
Director	Mang Inasal Phils. Inc.
Director	Coffeetap Corporation[6]
Director	BK Titans, Inc.
Director	PFN Holdings Corporation
Director	Perf Restaurants, Inc.
Director	PerfTrinoma, Inc.
Director	Perf MOA Pasay, Inc.
Director	RRB Holdings, Inc.
Director	Red Ribbon Bakeshop, Inc.
Director	Honeystar Holdings Corporation
Director	Chanceux, Inc.
Director	Honeybee Foods Corp.
Director	Red Ribbon Bakeshop Inc. (USA)
Director	Chowking Food Corporation (USA)
Director	Jollibee Worldwide Pte. Ltd.
Director	Belmont Enterprises Ventures Ltd.
Director	Jollibee International (BVI) Ltd.
Director	WJ Investments Limited
Director	JSF Investments Pte. Ltd.
Director	Golden Cup Pte. Ltd.
Director	Golden Plate Pte. Ltd.
Director	Golden Beeworks Pte. Ltd.
Director	SF Vung Tau Joint Stock Company
Director	Blue Sky Holdings Ltd.
Director	Southsea Binaries Limited
Director	Happy Bee Foods Processing Pte. Ltd.
Director	Jollibee (China) Food & Beverage Management Co. Ltd.
Director	Guangxi San Pin Wang Food & Beverage Co. Ltd.
Director	Beijing New Hongzhuangyuan Food & Beverage Management Co. Ltd.
Director	Hangzhou Yonghe Food and Beverage Co. Ltd.
Director	Hangzhou Yongtong Food and Beverage Co. Ltd.
Director	Tianjin Yong He King Food & Beverage Co. Ltd.
Director	Beijing Yong He King Food and Beverage Co. Ltd.
Director	Shenzhen Yong He King Food and Beverage Co. Ltd.
Director	Wuhan Yong He King Food and Beverage Co. Ltd.
Director	Happy Bee Foods Processing (Anhui) Co. Ltd.
Director	12 Sabu (Shanghai) Food & Beverage Management Co. Ltd.
Director	Yong He Holdings Co. Ltd.
Director	Centenary Ventures Limited
Director	Shanghai Belmont Enterprises Management & Adviser Co. Ltd.[7]
Director	Honeysea Corporation
Director	Hyper Dynamic Corporation
Director	Mainspring Resources Corporation
Director	Mary's Foods Corporation
Director	Winall Holding Corporation
Director	Imperial Premium Treasures, Inc.
Director	Queenbee Resources Corporation
Director	Centregold Corporation
Board Member	Temasek Foundation of Singapore

[6]Pending dissolution.
[7]Pending deregistration as of February 28, 2015.

Trustee	Jollibee Group Foundation, Inc.
Trustee	St. Luke's Medical Hospital
Trustee	Philippine Business for Education
Trustee	Philippine Academy of Sakya
Trustee	National Competitiveness Council
Trustee	Asian Institute of Management Alumni Leadership Foundation, Inc.
Member	Chief Executives' Organization, Inc. (USA)
Member	World Presidents' Organization
Member	International Advisory Board, The Philharmonic-Symphony Society of New York, Inc.

William Tan Untiong

Mr. Tan Untiong, born in 1953, 62, Filipino, has been the Corporate Secretary of the Company since 1994, and a member of the Board since 1993. He is a member of the Executive, Nomination and Audit Committees of the Board of Directors.

Mr. Tan Untiong has also been the Vice President for Real Estate since 1989. Effective January 1, 2014, Mr. Tan Untiong is the Chief Real Estate Executive Officer of JFC.

Other directorships and trusteeships are:

Listed Companies

Executive Director	DoubleDragon Properties Corp.

Non-listed Companies

Director	Fresh N' Famous Foods Inc.
Director	Mang Inasal Phils. Inc.
Director	Coffeetap Corporation[8]
Director	BK Titans, Inc.
Director	RRB Holdings, Inc.
Director	Red Ribbon Bakeshop, Inc.
Director	Grandworth Resources Corporation
Director	Zenith Foods Corporation
Director	Honeystar Holdings Corporation
Director	Chanceux, Inc.
Director	Honeybee Foods Corp.
Director	Red Ribbon Bakeshop Inc. (USA)
Director	Chowking Food Corporation (USA)
Director	Adgraphix, Inc.
Director	Belmont Enterprises Ventures Ltd. (BVI)
Director	Golden Plate Pte. Ltd.
Director	JSF Investments Pte. Ltd.
Director	Jollibee (China) Food & Beverage Management Co. Ltd.
Director	Hangzhou Yong He Food and Beverage Co. Ltd.
Director	Tianjin Yong He King Food & Beverage Co. Ltd.
Director	Beijing Yong He King Food and Beverage Co. Ltd.
Director	Shenzhen Yong He King Food and Beverage Co. Ltd.
Director	Wuhan Yong He King Food and Beverage Co. Ltd.
Director	Yong He Holdings Co. Ltd.
Director	Centenary Ventures Limited

[8]Pending dissolution.

Director	WJ Investments Limited
Director	JC Properties & Ventures Corporation
Director	Jollimart Corporation
Director	Centregold Corporation
Director	Winall Holding Corporation
Director	Iconnect Multimedia Network, Inc.
Director	Metroguards Security Agency Corp.
Director	Honeyworth Corporation
Director	Mainspring Resources Corporation
Director	Queenbee Resources Corporation
Director	Hyper Dynamic Corporation
Director	Kingsworth Corporation
Director	Honeysea Corporation
Trustee	Jollibee Group Foundation, Inc.

Ernesto Tanmantiong

Mr. Tanmantiong, born in 1958, 57, Filipino, is the President and Chief Executive Officer of the Corporation, effective January 1, 2014. He has been a member of the Board since 1987, and previously served as the Treasurer and Chief Operating Officer of the Company. He is also a member of the Executive and Nomination Committees of the Board of Directors.

Other directorships[9] and trusteeships are:

Director	Fresh N' Famous Foods, Inc.
Director	BK Titans, Inc.
Director	Red Ribbon Bakeshop, Inc.
Director	RRB Holdings, Inc.
Director	Honeybee Foods Corp.
Director	Red Ribbon Bakeshop Inc. (USA)
Director	Chowking Food Corporation (USA)
Director	Honeystar Holding Corporation
Director	Chanceux, Inc.
Director	Adgraphix, Inc.
Director	Grandworth Resources Corp.
Director	Jollimart Corporation
Director	EST58 Corporation
Director	Jollibee Worldwide Pte. Ltd.
Director	Belmont Enterprises Ventures Ltd.
Director	Jollibee International (BVI) Ltd.
Director	Jollibee Hong Kong Ltd.
Director	Hanover Holdings Ltd.
Commissioner	P.T. Jollibee Indonesia
Director	Jollibee Vietnam Co. Ltd.
Commissioner	P.T. Chowking Indonesia
Director	Golden Cup Pte. Ltd.
Director	Golden Plate Pte. Ltd.
Director	Golden Beeworks Pte. Ltd.
Director	Happy Bee Foods Processing Pte. Ltd.
Director	Jollibee (China) Food & Beverage Management Co. Ltd.
Director	Hangzhou Yonghe Food and Beverage Co. Ltd.
Director	Tianjin Yong He King Food & Beverage Co. Ltd.

[9]Non-listed companies.

Director	Beijing Yong He King Food and Beverage Co. Ltd.
Director	Wuhan Yonghe King Food and Beverage Co. Ltd.
Director	Yong He Holdings Co. Ltd.
Director	Centenary Ventures Limited
Director	Kingsworth Corporation
Director	Tutuban Chow Foods Corporation
Director	Imperial Premium Treasures, Inc.
Director	Honeystar Holdings Corporation
Director	Hyper Dynamic Corporation
Director	Mary's Foods Corporation
Director	Centregold Corporation
Director	Honeysea Corporation
Director	Queenbee Resources Corporation
Director	Winall Holding Corporation
Director	Metroguards Security Agency Corp.
Director	Mainspring Resources Corporation
Trustee	Jollibee Group Foundation, Inc.

Joseph C. Tanbuntiong

Mr. Tanbuntiong, born in 1963, 53, Filipino, was elected to the Board in 2013. He was elected as the Company's Treasurer on June 27, 2014. He is a member of the Executive and Compensation Committees of the Board of Directors.

Mr. Tanbuntiong joined the Company in 1993 and is the President of the Jollibee Business Unit (Philippines). He was previously President of the Red Ribbon Business Unit.

Other directorships are:

Listed Companies

Executive Director	DoubleDragon Properties Corp.

Non-listed Companies

Director	Red Ribbon Bakeshop, Inc.
Director	RRB Holdings, Inc.
Director	BK Titans, Inc.[10]
Director	Perf Restaurants, Inc.[11]
Director	Perf MOA Pasay, Inc.[12]
Director	Perf Trinoma, Inc.[13]
Director	PFN Holdings Corporation[14]
Director	Honeystar Holdings Corporation
Director	Jaysforjay, Inc.
Trustee	Jollibee Group Foundation, Inc.

[10]Effective December 3, 2015.
[11]Effective December 3, 2015.
[12]Effective December 3, 2015.
[13]Effective December 3, 2015.
[14]Effective December 3, 2015.

Ang Cho Sit

Mr. Ang, born in 1950, 65, Filipino, has been a member of the Board since 1978. He is a member of the Compensation Committee of the Board of Directors.

Other directorships[15] are:

Director	Freemont Foods Corp.
Director	Grandworth Resources Corporation
Director	A-Star Holding Company
Director	Longshore Corporation
Director	Hyper Dynamic Corporation
Director	Venice Corporation

Antonio Chua Poe Eng

Mr. Chua Poe Eng, born in 1947, 69, Filipino, has been a member of the Board since 1978. He is a member of the Audit Committee of the Board of Directors.

Other directorships[16] are:

Chairman, President	Honeyworth Corporation
Director	Albany Resources Corporation
Director	Hyper Dynamic Corporation

Ret. Chief Justice Artemio V. Panganiban

Mr. Panganiban, born in 1936, 79, was elected to the Board of Directors in 2012. Mr. Panganiban was the Chief Justice of the Philippine Supreme Court from 2005 to 2006. Concurrent with his position as Chief Justice, he was also the Chairperson of the Presidential Electoral Tribunal, the Judicial and Bar Council and the Philippine Judicial Academy. Prior to his elevation as Chief Justice in 2005, Mr. Panganiban was a Justice of the Supreme Court in 1995 to 2005.

Mr. Panganiban is a member of the Executive and Compensation Committees and is the Chairman of the Nomination Committee.

Other directorships and affiliations are:

Listed Companies	
Independent Director	MERALCO
Independent Director	Petron Corporation
Independent Director	First Philippine Holdings Corp.
Independent Director	Philippine Long Distance Telephone Company
Independent Director	Metro Pacific Investment Corp.
Independent Director	Robinsons Land Corp.
Independent Director	GMA Network, Inc.
Independent Director	GMA Holdings, Inc.
Independent Director	Asian Terminals, Inc.

[15]Non-listed corporations.
[16]Non-listed corporations.

Senior Adviser	Metropolitan Bank and Trust Company
Member[17]	Bank of the Philippine Islands Advisory Council
Adviser	DoubleDragon Properties Corp.
Non-listed Companies	
Chairman	Pan Philippine Resources Corp.
Chairman	Peecee Realty, Inc.
Chairman, Board of Trustees	Foundation for Liberty and Prosperity
Chairman Emeritus	Philippine Dispute Resolution Center, Inc.
Independent Director	Metro Pacific Tollways Corp.
Independent Director	Tollways Management Corporation
Chairman of the Board of Advisers	Metrobank Foundation
Chairman, Board of Advisers	Metrobank Foundation
Chairman, Board of Trustees	Foundation for Liberty and Prosperity
Director	TeaM Energy Corporation
President	Manila Cathedral – Basilica Foundation
Adviser	Mapua Blue Falcon Honor Society
Adviser	De La Salle University College of Law
Adviser	Asian Institute of Management Corporate Governance Center
Adviser	World Bank (Philippines)
Adviser	Johann Strauss Society
Adviser	University of Asia and the Pacific College
Trustee	Tan Yan Kee Foundation

Monico V. Jacob

Mr. Jacob, born in 1945, 71, Filipino, has been a member of the Board since 2000. Mr. Jacob is an Independent Director and is a member of the Nomination Committee of the Board of Directors. He is also the chairman of the Audit Committee.

Other directorships are:

Listed Companies	
Independent Director	2 Go Group, Inc. (formerly Aboitiz Transport Systems, Inc.)
Director	Asian Terminals, Inc.
Independent Director	Lopez Holdings, Inc.
Independent Director	Rockwell Land Corporation
Director	Phoenix Petroleum Philippines, Inc.
President and CEO	STI Education Systems Holdings, Inc.
Non-listed Companies	
Director	Ateneo de Naga University
Director	De Los Santos – STI College
Director	Philippine Health Educators, Inc.
Director	Information and Communications Technology (i-Academy), Inc.
Director	Philhealthcare, Inc.
Vice Chairman and CEO	STI Education Services Group, Inc.
Chairman	PhilPlans First, Inc.
Director	Philhealthcare, Inc.

[17]Starting April 15, 2016.

Chairman	Philippine Life Financial Assurance, Inc.
Chairman	Total Consolidated Asset Management, Inc.
Director	MegaClinic
Chairman	Rosehills Memorial Management, Inc.
Vice-President	TechZone Philippines, Inc.
President	STI – West Negros University Corp.
President	Maestro Holdings, Inc. (formerly STI Investments, Inc.)
President	GROW Vite, Inc.

Cezar P. Consing

Mr. Consing, born in 1959, 56, Filipino, was elected as an Independent Director of the Company in 2010. He is a member of the Compensation and Audit Committees of the Board of Directors.

Mr. Consing is the President and Chief Executive Officer of the Bank of the Philippine Islands. From 2004 to 2013, Mr. Consing was a partner with The Rohatyn Group, a New York-based investment management company. From 1985 to 2004, he was an investment banker with J.P. Morgan & Co., and was head or co-head of Investment Banking in Asia Pacific (ex-Japan) from 1999 to 2004.

Other directorships are:

Listed Companies	
Director	Bank of the Philippine Islands
Director	National Reinsurance Corp. of the Philippines (PhilNare)
Non-listed Companies	
Director	BPI Family Savings Bank, Inc.
Chairman / Director	BPI Globe BanKO, Inc.
Chairman	BPI/MS Insurance Corp.
Director	BPI-Philam Life Assurance Corp.
Vice-Chairman	BPI Capital Corp.
Chairman	BPI Europe PLC
Chairman	BPI Direct Savings Bank, Inc.
Chairman	BPI Century Tokyo Lease & Finance Corp.
Chairman	BPI Century Tokyo Rental Corp.
Vice-Chairman	Board of Trustees, BPI Foundation, Inc.
Chairman	BPI Computer Systems Corp.
Director	LGU Guarantee Corp.
Board Director & Non-Executive Chairman	Filgifts.com
Board Partner	TRG Management Principals LP
Director	Sqreem Technologies Private Ltd.
Director	Endeavor Philippines

Independent Adviser – Board of Directors

Mr. Washington SyCip is an Independent Adviser to the JFC Board of Directors.

Assistant Corporate Secretary

Valerie Feria Amante

Atty. Amante, born in 1974, 41, Filipino is the Assistant Corporate Secretary of the Company. She is also Vice-President and Head, Corporate Legal. She joined the Company in January 2007. She was previously connected with Ayala Land, Inc. and previous to that, SyCip Salazar Hernandez & Gatmaitan.

Attendance in Board Meetings in 2015

In 2015, the Board of Directors met twelve (12) times during the period from January to December. Mr. Antonio Chua Poe Eng had five (5) absences; Messrs. William Tan Untiong and Monico V. Jacob had three (3) absences each; Messrs. Ang Cho Sit and Cezar P. Consing had two (2) absences; Messrs. Tony Tan Caktiong and Joseph Tanbuntiong had one (1) absence each.

Independent Directors

Pursuant to SEC Memorandum Circular No. 9 (s. 2011) and SEC Advisory dated March 15, 2015, an independent director can serve for five (5) consecutive years, provided that service for a period for at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the position was relinquished or terminated. After completion of the five-year period, an independent director shall be ineligible for election as such for two (2) years. After serving as independent director for ten (10) years, he or she shall be perpetually barred from being elected as such in the Company. This shall be applicable to all independent directors elected as of June 2012.

Pursuant to SEC Advisory dated March 31, 2016, if there are no suitable replacements, independent directors may be re-elected in 2017 until 2021 after which they shall be ineligible as independent directors for the same companies. Re-election in 2017 until 2021 shall be with prior written notice and justification to the SEC.

The Certifications of Independent Directors are attached hereto as **Annex "E".**

The Company's directors were nominated and voted for by the stockholders during the Company's Annual Stockholders' Meeting on June 26, 2015.

CORPORATE OFFICERS

The Company's Corporate Officers are Messrs. Tony Tan Caktiong, Ernesto Tanmantiong, William Tan Untiong, Joseph Tanbuntiong, Ysmael V. Baysa and Daniel Rafael Ramon Z. Gomez III.

Ysmael V. Baysa

Mr. Baysa, born in 1956, 60, Filipino, is Chief Financial Officer and Compliance Officer. He joined the Company in 2003. Previously, Mr. Baysa was Senior Vice-President for Financial Comptrollership, Human Resources and Corporate Planning of Union Bank. He was also Finance Director of Procter & Gamble from 1993 to 2001.

Daniel Rafael Ramon Z. Gomez III

Mr. Gomez, born in 1972, 43, Filipino, is Chief Marketing Officer. He joined the Company in July 2008. He was previously Managing Director for Skin, Deodorants and Home Care of Unilever Philippines and prior to that, Category Director for Skin & Deodorants in the same company.

SIGNIFICANT EMPLOYEES

Other than the mentioned directors and executive officers and the entire workforce of the Company, the Company has no employees expected to make a significant contribution to the business.

INVOLVEMENT IN LEGAL PROCEEDINGS

None of the directors, executive officer or nominees for election as director or executive officer has been involved for the past five (5) years in any litigation that would affect their integrity and ability to manage the Company.

(b) Certain Relationships and Related Transactions

Tony Tan Caktiong, Ernesto Tanmantiong, William Tan Untiong and Joseph Tanbuntiong are brothers. Ang Cho Sit is the brother-in-law of Tony Tan Caktiong. Susana K. Tanmantiong is the wife of Ernesto Tanmantiong and sister-in-law of Tony Tan Caktiong, William Tan Untiong and Joseph Tanbuntiong. Antonio Chua Poe Eng is the brother-in-law of Tony Tan Caktiong, Ernesto Tanmantiong, William Tan Untiong and Joseph Tanbuntiong. Grace A. Tan is the wife of Tony Tan Caktiong.

Some of the Company's directors own franchises or have minority interests in companies which own and operate franchised stores of the Company. All such franchises are subject to contracts which have been entered into in an arms-length basis and on terms similar to those granted to other franchisees.

The Company has no parent company.

The Company has no transaction with promoters.

(c) No Director has resigned or declined to stand re-election to the Board of Directors since the date of the last annual meeting.

NOMINATION AND ELECTION PROCEDURES

Article III of the Company's By-laws provide:

> Section 12. **NOMINATION OF DIRECTORS**. The Board shall constitute a Nomination Committee in accordance with Article IV, Section 9 of these By-Laws.
>
> Nomination to the Board of Directors (including the independent director) shall be submitted to the Nominations Committee for consideration by the latter prior to the annual meeting of the stockholders or a special meeting called for the purpose of electing the Corporation's Directors. All such submissions shall be signed by the stockholders nominating a particular nominee together with the written acceptance of such nominee. The Nominations Committee shall review the qualifications of the nominees for directors and prepare a final list of candidates. (As amended on June 27, 2008).
>
> After such nomination process, the Nominations Committee shall prepare a Final List of Candidates containing all information about all nominees for directors. All nominations for election of Directors by stockholders must be submitted in writing to the Corporate Secretary at least Fifteen (15) Business Days prior to the date of the relevant stockholders' meeting.
>
> The Final List of Candidates shall be made available to the Securities and Exchange Commission ("SEC") and to all stockholders through the Information or Proxy Statement. The name of the person or group of persons who submitted a particular nominee's name shall be identified in such report including any relationship with the nominee.
>
> Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nominations shall be entertained or allowed on the floor during the annual stockholders meeting. (As amended on June 27, 2008).
>
> Section 13. **ELECTION OF DIRECTORS.** Subject to existing laws, rules and regulations of the SEC or any stock exchange having jurisdiction over the Company, the conduct of election of directors shall be made in accordance with the standard election procedures contained in these By-Laws.
>
> It shall be the responsibility of the Chairman of the meeting to inform all stockholders of the requirement of electing independent directors. The Chairman of the Meeting shall ensure that the independent director is elected during the stockholders' meeting.
>
> Specific slots for independent Directors shall not be filled up by unqualified nominees. (As amended on June 27, 2008).

The nine (9) directors of the Corporation shall be elected by plurality vote at the annual meeting of the stockholders for the year at which a quorum is present. At each election for directors every stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes as the same principle among any number of candidates. The persons receiving the first nine (9) highest number of votes shall be the directors. (As amended on June 27, 2008).

In the event of a failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy. (As amended on June 24, 2005)

NOMINEES FOR DIRECTORS

As of the preparation of this Report, all the above incumbent members of the Board of Directors, including the independent directors, are the Management's nominees for re-election in the next election for membership in the Board. None of the nominating directors are related to the nominee for the independent director.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Pursuant to Part IV, Paragraph (B) of Annex C of SRC Rule 12, below is a summary compensation table of the Chief Executive Officer and the four (4) most highly compensated officers of the Company:

Name and Position	Year	Salary (PhP)	Bonus (PhP)	Total (PhP)
Tony Tan Caktiong *Chairman* **Ernesto Tanmantiong** *President and Chief Executive Officer* **Joseph Tanbuntiong** *Treasurer, President – Jollibee Business Unit* **Daniel Rafael Ramon Gomez III** *Chief Marketing Officer – JFC Group* **Ysmael V. Baysa** *Chief Financial Officer* All other officers and directors as a group unnamed	2014	61,005,769.00	51,901,175.00	112,906,944.00
	2015	93,581,843.00	38,086,879.00	131,668,722.00
	*2016	114,590,966.00	59,945,857.00	174,536,823.00
	2014	236,601,829.00	131,910,177.00	371,512,006.00
	2015	393,351,573.00	156,376,456.00	549,728,029.00
	*2016	501,241,880.00	206,592,350.00	707,834,230.00

* *Estimates*

COMPENSATION OF DIRECTORS

Standard Arrangements

Directors of the Company receive a per diem of PhP60,000.00 for attendance in a Board meeting. Board meetings are scheduled monthly. A director who attends all regular meetings earns a total of PhP720,000.00 annually. In addition, the Company instituted a performance-based incentive for its directors. The incentive shall be determined by the Compensation Committee.

Other Arrangements

The Company has no other arrangements pursuant to which a director is compensated or to be compensated, directly or indirectly.

Employment Contracts

The Company maintains standard employment contracts with executive officers. The contracts provide for annual salary increases and bonuses. Other than these employment contracts, there are no special compensatory plans or arrangements which results from the resignation, retirement or any other termination of employment of executive officers other than the Company's retirement plan which is made applicable to all of the Company's employees.

Senior Management Stock Option and Incentive Plan

On December 17, 2002, the SEC approved the exemption requested by the Jollibee Group on the registration requirements of the 101,500,000 options underlying the Parent Company's common shares to be issued pursuant to the Jollibee Group's Senior Management Stock Option and Incentive Plan (the "Plan"). The Plan covers selected key members of management of the Jollibee Group.

The Plan is divided into two programs, namely, the Management Stock Option Program (MSOP) and the Executive Long-term Incentive Program (ELTIP). The MSOP provides a yearly stock option grant program based on company and individual performance while the ELTIP provides stock ownership as an incentive to reinforce entrepreneurial and long-term ownership behavior of executive participants.

MSOP. The MSOP is a yearly stock option grant program open to members of the senior management committee of the Jollibee Group and members of the management committee, key talents and designated consultants of some of the business units.

Each MSOP cycle refers to the period commencing on the MSOP grant date and ending on the last day of the MSOP exercise period. Vesting is conditional on the employment of the employee-participants in the Jollibee Group within the vesting period. The options will vest at the rate of one-third of the total options granted on each anniversary of the MSOP grant date until the third anniversary.

The exercise price of the stock options is determined by the Jollibee Group with reference to prevailing market prices over the three months immediately preceding the date of grant for the 1st up to the 7th MSOP cycle. Starting with the 8th MSOP cycle, the exercise price of the option is determined by the Jollibee Group with reference to the market closing price at date of grant.

For instance, on July 1, 2004, the Compensation Committee of the Jollibee Group granted 2,385,000 options under the 1st MSOP cycle to eligible participants. The options will vest at the rate of one-third of the total options granted from the start of the grant date on each anniversary date which will start after a year from the grant date. One-third of the options granted, or 795,000 options, vested and may be exercised starting July 1, 2005 and expired on June 30, 2012. From July 1, 2005 to 2015, the Compensation Committee granted series of MSOP grants under the 2nd to 12th MSOP cycle to eligible participants.

On August 25, 2015, the Compensation Committee granted 3,142,600 options under the 12th MSOP cycle to eligible participants. These options are similar to the 1st MSOP cycle. The 2nd, 3rd and 4th MSOP cycles expired on June 30, 2013, 2014 and 2015, respectively.

The movements in the number of stock options outstanding and related weighted average exercise prices (WAEP) are as follows:

	2015		2014		2013	
	Number of Options	WAEP	Number of Options	WAEP	Number of Options	WAEP
Total options granted as at end of year	**40,120,794**	**₱82.22**	36,863,194	₱73.58	33,404,194	₱62.69
Outstanding at beginning of year	**13,609,275**	**₱117.51**	16,915,937	₱83.77	16,788,056	₱63.90
Options granted during the year	**3,257,600**	**179.99**	3,459,000	178.66	3,595,500	142.51
Options exercised during the year	**(1,380,628)**	**100.42**	(6,765,662)	63.57	(3,373,561)	46.34
Options forfeited during the year	**(617,810)**	**104.73**	–	–	(94,058)	74.45
Outstanding at end of year	**14,868,437**	**₱133.32**	13,609,275	₱117.51	16,915,937	₱83.77
Exercisable at end of year	**8,262,670**	**₱100.95**	6,865,265	₱79.42	10,216,427	₱57.83

The weighted average share price of the Parent Company common shares is ₱206.05, ₱181.34 and ₱143.27 in 2015, 2014 and 2013, respectively. The weighted average remaining contractual life for the stock options outstanding as of December 31, 2015, 2014 and 2013 is 5.19 years, 5.83 years and 4.83 years, respectively.

The weighted average fair value of stock options granted in 2015, 2014 and 2013 is ₱26.13, ₱32.39 and ₱30.55, respectively. The fair value of share options as at the date of grant is estimated using the Black-Scholes Option Pricing Model, taking into account, the terms and conditions upon which the options were granted. The option style used for this plan is the American style because the option plan allows exercise before the expiry date. The inputs in the valuation of the options granted on the dates of grant for each MSOP cycle are shown below:

MSOP Cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
1st	2004	1.72%	36.91%	6.20%	5-7 years	₱24.00	₱20.00
2nd	2005	1.72%	36.91%	6.20%	5-7 years	29.00	27.50
3rd	2006	1.72%	36.91%	6.20%	5-7 years	35.00	32.32
4th	2007	1.70%	28.06%	6.41%	3-4 years	52.50	50.77
5th	2008	1.80%	26.79%	8.38%	3-4 years	34.00	39.85
6th	2009	2.00%	30.37%	5.28%	3-4 years	48.00	45.45
7th	2010	2.00%	29.72%	5.25%	3-4 years	70.00	57.77
8th	2011	2.00%	34.53%	4.18%	3-4 years	89.90	89.90
9th	2012	2.00%	28.72%	3.50%	3-4 years	107.90	107.90
10th	2013	2.00%	29.38%	2.68%	3-4 years	145.00	145.00
11th	2014	2.00%	24.87%	2.64%	3-4 years	179.80	179.80
12th	2015	2.00%	18.94%	2.98%	3-4 years	180.00	180.00

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

ELTIP. The ELTIP entitlement is given to members of the senior management committee and designated consultants of the Jollibee Group.

Each ELTIP cycle refers to the period commencing on the ELTIP entitlement date and ending on the last day of the ELTIP exercise period. Actual grant and vesting is conditional upon achievement of the Jollibee Group's minimum medium to long-term goals and individual targets in a given period, and the employment of the employee-participants in the Jollibee Group within the vesting period. If the goals are achieved, the options will be granted. For the 3rd ELTIP cycle, a percentage of the options to be granted are based on the percentage of growth in annual earnings per share such that 100%, 50% or 25% of the options granted when percentage of growth in annual earnings per share are 12% and above, 10% to less than 12% or 8% to less than 10%, respectively. For the upcoming 4th ELTIP cycle, the percentage of the options to be granted and the targeted percentage of growth in annual earnings per share have been further revised such that 150%, 100% or 50% of the options granted when percentage of growth in annual earnings per share are 15% and above, 12% to less than 15% or 10% to less than 12%, respectively.

The exercise price of the stock options is determined by the Jollibee Group with reference to prevailing market prices over the three months immediately preceding the date of entitlement for the 1st and 2nd ELTIP cycles.

Starting with the 3rd ELTIP cycle, the exercise price of the option is determined by the Jollibee Group with reference to the closing market price as of the date of entitlement.

For instance, on July 1, 2004, the Compensation Committee gave an entitlement of 22,750,000 options under the 1st ELTIP cycle to eligible participants. The options will vest at the rate of one-third of the total options granted on each anniversary date which will start after the goals were achieved. One-third of the options granted, or 7,583,333 options, vested and may be exercised starting July 1, 2007 and expired on June 30, 2012. On July 1, 2008, October 19, 2012 and August 25, 2015, entitlement to 20,399,999, 24,350,000 and 11,470,000 options were given to eligible participants under the 2nd, 3rd and 4th ELTIP cycles, respectively.

The Jollibee Group does not pay cash as a form of settlement.

The movements in the number of stock options outstanding for the 2nd to 4th ELTIP cycles and related WAEP for the years ended December 31, 2015, 2014 and 2013 follow:

	2015		2014		2013	
	Number of Options	WAEP	Number of Options	WAEP	Number of Options	WAEP
Total options given as at end of year	**78,969,999**	**₱74.58**	67,499,999	₱56.66	67,499,999	₱56.66
Outstanding at beginning of year	**31,270,560**	**₱90.06**	37,186,110	₱82.51	37,811,665	₱80.51
Options granted during the year	**11,470,000**	**180.00**	-	-	750,000	105.00
Options exercised during the year	**(3,728,468)**	**79.46**	(5,665,977)	39.85	(1,375,555)	39.85
Options forfeited during the year	**(667,093)**	**105.00**	(249,573)	105.00	-	-
Outstanding at end of year	**38,344,999**	**₱117.74**	31,270,560	₱90.06	37,186,110	₱82.51
Exercisable at end of year	**10,808,048**	**₱70.59**	7,170,133	₱39.85	12,836,110	₱39.85

The weighted average remaining contractual life for the stock options outstanding as of 2015, 2014 and 2013 is 4.85 years, 4.85 years and 5.30 years, respectively.

The fair value of stock options granted is ₱26.13 in 2015 and ₱22.96 in 2014. The fair value of share options as at the date of grant is estimated using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The option style used for this plan is the American style because this option plan allows exercise before the maturity date. The stock options granted under the 2nd, 3rd and 4th ELTIP cycles will expire on April 30, 2017, 2020 and 2023, respectively.

The inputs to the model used for the options granted on the dates of grant for each ELTIP cycle are shown below:

ELTIP Cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
1st	2004	1.72%	36.91%	6.20%	5 years	₱24.00	₱20.00
2nd	2008	1.80%	26.79%	8.38%	3-4 years	34.00	39.85
3rd	2012	2.00%	28.74%	3.60%	3-4 years	105.00	105.00
4th	2015	2.00%	18.94%	2.98%	3-4 years	180.00	180.00

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The cost of the stock options expense charged to operations for both MSOP and ELTIP in the "General and administrative expenses" account amounted to ₱173.2 million, ₱166.5 million and ₱150.4 million in 2015, 2014 and 2013, respectively.[18] Correspondingly, a credit was made to additional paid-in-capital.

Warrants Outstanding

There are no outstanding warrants held by the Chief Executive Officer, other officers and directors as a group.

INDEPENDENT PUBLIC ACCOUNTANTS

The accounting firm of SyCip Gorres and Velayo ("SGV") with address at SGV Building, 6760 Ayala Avenue, Makati City, has been the Company's External Auditors for the past 37 years. SGV is expected to be represented in the coming Annual Stockholders' Meeting with an opportunity to make any statements, if they so desire, and will be available to respond to appropriate questions.

During the Annual Stockholders' Meeting on July 22, 2016, it shall be proposed that SGV be appointed as the Company's independent auditors.

[18] See Note 22 of the Consolidated Audited Financial Statements.

COMPENSATION PLANS

There is no action to be taken with respect to any plan to which cash or non-cash compensation may be paid or distributed.

ISSUANCE AND EXCHANGE OF SECURITIES

There are no actions to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company, or with respect to the modification of any class of securities of the Company.

During the special stockholders' meeting held on November 23, 2015, the stockholders ratified the Company's stock option plan which took effect prior to the ratification requirements of the PSE Disclosure Rules. This ratification is among the requirements for the Company's application for exemption from registration of additional shares for its stock option plan which the Company filed on December 2, 2015. On December 16, 2015, the Company filed its Application for Listing with The Philippine Stock Exchange for the listing of the said additional shares.

INVESTMENTS, ACQUISITIONS AND JOINT VENTURES

Joint Venture – People's Republic of China (January 5, 2015)

Further to its disclosure on December 19, 2014, the Company disclosed that Golden Cup Pte. Ltd. and Dunkin Donuts Franchising LLC have signed a Master Franchise Agreement granting Golden Cup Pte. Ltd. the exclusive right to develop Dunkin' Donuts in the following territories in the People's Republic of China: Hong Kong, Macau, Fujian, Hunan, Jianxi, Guangdong, Hainan, Guanxi, Beijing, Tianjin, Hebei, Shangxi, Chongqing, Guizhou, Sichuan, Yunnan, Heilongjiang and Jilin. Golden Cup Pte. Ltd. is the joint venture company formed by Jollibee Worldwide Pte. Ltd. (a wholly owned subsidiary of JFC) and Jasmine Asset Holding Ltd. (a wholly owned subsidiary of RRJ Capital Master Fund II, L.P.).

Investment – Philippines (August 26, 2015)

On August 26, 2015, the Company disclosed that it has signed an Agreement with DoubleDragon Properties Corp. ("DoubleDragon") on the construction by DoubleDragon of Jollibee Tower, a 40-storey commercial and office tower on the Company's Ortigas Center lot. The Company shall receive from DoubleDragon office, commercial and parking units in Jollibee Tower, in exchange for its 3,002 square meter lot.

Acquisition – United States of America (October 13, 2015)

On October 13, 2015, the Company disclosed that its wholly-owned subsidiary, Bee Good! Inc. ("BGI"), entered into an agreement with Smashburger Master LLC ("Master") to acquire 40% of Smashburger®, a fast casual better burger brand in the United States. On October 27, 2015, the Company disclosed that it has completed its acquisition from Master of 40% of the outstanding units of SJBF LLC, the parent company of the entities comprising the Smashburger® business. On January 13, 2016, the Company disclosed that in accordance with the post-closing adjustment mechanism under the agreement between BGI and Master,

BGI paid Master the amount of USD777,494, in addition to the amount of USD99,473,918 that was paid on closing of the transaction. Accordingly, the final purchase price for BGI's 40% stake in the Smashburger® business is USD100,251,412. The purchase price adjustment, as validated by JFC's accounting and tax advisor for this transaction Isla Lipana& Co./PwC, was mainly attributable to higher (than estimated) actual level of cash of SJBF LLC.

Acquisition – People's Republic of China (February 23, 2016)

On February 23, 2016, the Company disclosed that its wholly owned subsidiary, Jollibee Worldwide Pte. Ltd. ("JWPL"), entered into an agreement with Hua Xia Harvest Holdings Pte. Ltd. ("Hua Xia") to acquire Hua Xia's 30% equity shareholding in the joint venture entity - Happy Bee Foods Processing Pte. Ltd. ("Happy Bee"). With this acquisition, JWPL shall own 100% of Happy Bee.

Acquisition – Philippines (April 22, 2016)

On April 22, 2016, the Company disclosed that it acquired the remaining 30% stake in Mang Inasal Philippines, Inc. ("MIPI") owned by Injap Investments, Inc., Mr. Edgar J. Sia II and Mr. Ferdinand J. Sia, for the purchase price of PhP2Bn, in line with the terms of the Shareholders' Agreement among MIPI shareholders dated November 22, 2010. With this purchase, the Company now owns 100% of MIPI.

Joint Venture – Philippines (May 24, 2016)

On May 24, 2016, the Company disclosed that the Company and Cargill Philippines, Inc. ("Cargill Philippines"), a wholly owned subsidiary of Cargill Inc. ("Cargill"), have entered into an agreement to build and operate a poultry processing plant in Santo Tomas, Batangas, in the Philippines. Cargill and the Company will have a 70% and a 30% stake respectively in the joint venture Cargill Joy Poultry Meats Production, Inc. Cargill will oversee the setting up, management and operations of this facility.

RESTATEMENT OF ACCOUNTS

There are no actions to be taken with respect to the restatement of any asset, capital or surplus account.

ACTION WITH RESPECT TO REPORTS

The following are included in the Agenda for the Annual Stockholders' Meeting for the approval of the stockholders:

1. Call to Order;

2. Certification by the Corporate Secretary on Notice and Quorum;

3. Reading and Approval of the Minutes of the last Annual Stockholders' Meeting (June 26, 2015) and Special Stockholders' Meeting (November 23, 2015);

4. Management's Report;

5. Approval of the 2015 Audited Financial Statements and Annual Report;

Proposed Resolution: RESOLVED, that the stockholders of Jollibee Foods Corporation approve, as they hereby approve, the Consolidated Audited Financial Statements of Jollibee Foods Corporation for the year ended December 31, 2015 as audited by SyCip Gorres Velayo & Co., and the Annual Report for the year ended December 31, 2015.

6. Ratification of Actions by the Board of Directors and Officers of the Corporation;

Proposed Resolution: RESOLVED, that the stockholders of Jollibee Foods Corporation (the "Corporation") approve, as they hereby confirm, ratify and approve the actions taken by the Board of Directors and Officers of the Corporation, since the last annual stockholders' meeting held on June 26, 2015.

7. Election of Directors;

8. Appointment of External Auditors;

Proposed Resolution: RESOLVED, that the stockholders of Jollibee Foods Corporation (the "Corporation") approve, as they hereby approve, the re-appointment of the firm of SyCip, Gorres, Velayo & Company as independent external auditors of the Corporation.

9. Other matters; and

10. Adjournment.

MATTERS NOT REQUIRED TO BE SUBMITTED

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

OTHER PROPOSED ACTIONS

There are no other actions to be taken with respect to any other matter not specifically referred to above.

VOTING PROCEDURES

a) *Voting Requirement*

1) For election of Directors

Pursuant to Section 24 of the Corporation Code, candidates receiving the highest number of votes shall be declared elected.

2) For election of External Auditors

The nominee receiving the highest number of votes shall be declared as elected.

3) For approval and ratification of all the acts of Management and the Board of Directors for the period from June 26, 2015 to July 21, 2016.

Majority vote of the stockholders present or represented at the 2016 Meeting shall carry the vote.

b) *Voting Method*

Counting of the Ayes and Nays or showing of hands shall be the method by which votes will be counted unless a stockholder requests balloting, in which case, the votes of the stockholders shall be cast by ballot. Votes shall be counted by SGV and the Corporate Secretary who shall serve as members of the Committee on Elections.

SIGNATURE PAGE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized, this June 20, 2016 in Pasig City.

JOLLIBEE FOODS CORPORATION
Issuer

By:

WILLIAM TAN UNTIONG
Corporate Secretary

Annex "A"

Management Report

ANNEXES

The attachments to this Information Statement are the following:

Annex	Document
A	Management Report
A-1	Management Discussion and Analysis of Results of Operations and Financial Condition for the year ended December 31, 2015
A-2	Management Discussion and Analysis of Results of Operations and Financial Condition for the quarter ending March 31, 2016
A-3	Business Description of the Company
A-4	List of Local and International Trademarks
A-5	Discussion on Properties, Legal Proceedings and Financial Information
B	Summary of Resolutions of the Board of Directors and Executive Committee since the Last Annual Stockholders' Meeting
C	Audited Financial Statements *Note: The Statement of Management Responsibility is duly marked with blue-colored tab while the page showing the stamped received marking of both BIR and SEC is duly marked with a green-colored tab.*
C-1	Audited Consolidated Financial Statements for the year ended December 31, 2015
C-2	Audited Parent Financial Statements for the year ended December 31, 2015
D	Interim Financial Statements for the Quarter Ending March 31, 2016
E	Certifications of Nominee as an Independent Director
E-1	Certification and Curriculum Vitae of Mr. Monico V. Jacob
E-2	Certification and Curriculum Vitae of Mr. Cezar P. Consing

MANAGEMENT REPORT

AUDITED FINANCIAL STATEMENTS AND INTERIM FINANCIAL STATEMENTS

The audited financial statements of the Company are attached herein as **Annexes "C-1"** and **"C-2"** while the results of the operations for the quarter ended March 31, 2016 is attached herein as **Annex "D"**.

EXTERNAL AUDIT FEES

Audit and Audit-Related Fees: For the 2015 audit, the aggregate fee for professional services rendered by the external auditors is approximately PhP17.5 Million, broken down as follows: approximately PhP6.7 Million for international operations and PhP10.8 Million for Jollibee and local subsidiaries.

For the 2014 audit, the aggregate fee for professional services rendered by the external auditors is approximately PhP19.6 Million, broken down as follows: approximately PhP6.9 Million for international operations and PhP12.7 Million for Jollibee and local subsidiaries.

Tax Fees: In 2015 and 2014, fees for professional services rendered by the external auditors for tax accounting, compliance, advise and other tax services are included in the external audit fees.

Other Fees: There are no other fees billed for 2015 and 2014 professional services rendered by external auditors other than those mentioned above.

The proposal of external auditors for professional services was submitted to, and reviewed by, the Audit Committee which, in turn, is endorsed to the Board of Directors for approval.

Annex "A-1"

Management Discussion and Analysis of Results of Operations and Financial Condition for the year ended December 31, 2015

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE YEAR ENDED DECEMBER 31, 2015

JOLLIBEE FOODS CORPORATION (JFC) AND SUBSIDIARIES

Management Discussion and Analysis of Results of Operations and Financial Condition

The following Management Discussion and Analysis should be read in conjunction with the submitted Audited Consolidated Financial Statements as at December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new PFRS and amendments to existing PFRS which became effective on January 1, 2015.

Please refer to Note 2 of the attached Audited Consolidated Financial Statements for the Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Basis of Consolidation.

Causes for Any Material Changes (Increase or decrease of 5% or more in the financial statements)

Results of Operations

For Year Ended December 31, 2015 vs. December 31, 2014

(All Amounts are in Million Pesos)

Revenues and System Wide Sales

	Year Ended December 31		Change	
	2015	2014	Amount	Pct
System Wide Sales	**130,732.9**	117,897.9	12,835.0	10.9%
Revenues	**100,779.7**	90,671.2	10,108.5	11.1%

System wide sales, a measure of all sales to consumers, both from company-owned and franchised stores grew by 10.9% in 2015, with the Philippine business growing by 10.8% and the foreign business by 11.2%. The China business grew by 9.2%, the US by 14.0% and Southeast Asia and the Middle East by 14.4%. The sales growth was driven by new stores which contributed 5%-6% and same store sales growth of 6%-7% on a worldwide basis. Same store sales growth pertains to sales growth from restaurants that were already open for at least 15 months. It excludes sales growth from new store opening.

Consolidated revenues, which consist of sales from company-owned stores, fees from stores operated by franchisees and commissary sales from stores operated by franchisees grew by 11.1% in 2015 compared to 2014.

The Jollibee Group opened 303 new stores during year, of which 246 were in the Philippines and 57 were in foreign operations. This is the highest number of stores opened in a year in JFC's history. It closed 99 stores (Philippines 72; Foreign business 27). It ended the year with 3,117 stores, 7.0% higher than a year ago.

Cost of Sales

Consolidated cost of sales for the year 2015 increased to ₱82,891.7 million, which is ₱9,163.9 million or 12.4% higher than consolidated cost of sales for the year 2014. The following table summarizes the breakdown of the Jollibee Group's cost of sales for the years ended December 31, 2015 and 2014 and the percentage of each component and the consolidated cost of sales to consolidated revenues:

	Year Ended December 31		Change		Pct to Rev	
	2015	2014	Amount	Pct	**2015**	2014
COST OF SALES						
Cost of inventories	**49,202.3**	43,228.2	5,974.1	13.8%	**48.8%**	47.7%
Personnel costs:						
Salaries, wages and other employee benefits	**9,870.7**	9,206.0	664.7	7.2%	**9.8%**	10.2%
Pension expense	**153.3**	119.9	33.4	27.9%	**0.2%**	0.1%
Rent	**7,450.9**	6,671.2	779.7	11.7%	**7.4%**	7.4%
Electricity and other utilities	**3,808.1**	3,767.7	40.4	1.1%	**3.8%**	4.2%
Contracted services and professional fees	**3,219.6**	2,445.0	774.6	31.7%	**3.2%**	2.7%
Depreciation and amortization	**3,084.2**	2,859.7	224.5	7.9%	**3.1%**	3.2%
Supplies	**1,887.5**	2,149.2	(261.7)	-12.2%	**1.9%**	2.4%
Repairs and maintenance	1,107.7	**943.3**	164.4	17.4%	**1.1%**	1.0%
Security and janitorial	**502.9**	383.0	119.9	31.3%	**0.5%**	0.4%
Communication	**160.5**	151.7	8.8	5.8%	**0.2%**	0.2%
Entertainment, amusement and recreational expenses (EAR)	33.0	27.3	5.7	20.9%	**0.0%**	0.0%
Others	**2,411.0**	1,775.7	635.3	35.8%	**2.4%**	2.0%
	82,891.7	73,727.8	9,163.8	12.4%	**82.3%**	81.3%

- Consolidated cost of inventories increased due to higher sales volume and also, the carry-over impact of higher raw material prices (particularly beef), higher demurrage charges for the Jollibee Group's imported raw materials and higher freight cost.

- The increase in other cost items such as personnel costs, rent, electricity and water, depreciation and amortization, contracted services and professional fees, security and janitorial and communication was driven by store expansion.

  Consolidated contracted services increased mainly driven by significantly higher volume of transactions being processed as a result of increase in store network. The company also shifted to hiring workers supplied by manpower agencies or cooperatives instead of directly hiring contractual or temporary employees for the stores and commissaries to comply with a labor law mandate. The increase was partly offset by a lower increase in salaries, wages and benefits and the decrease in expenses related to Project SEEDS. Following are the details:

	Year Ended December 31		Change		Pct to Rev	
	2015	2014	Amount	Pct	**2015**	2014
Salaries, wages and benefits	**9,870.7**	9,206.0	664.7	7.2%	**9.8%**	10.2%
Contracted services	**3,194.3**	2,428.2	766.1	31.5%	**3.2%**	2.7%
Project SEEDS*	**484.0**	517.8	(33.8)	-6.5%	**0.5%**	0.6%
	13,549.0	12,152.0	1,397.0	11.5%	**13.4%**	13.4%

  *SEEDS stands for Skills Enhancement and Educational Development for Students, a joint project of JFC and the Department of Labor and Employment. The program aims to help qualified students pursue post-secondary education through the provision of financial assistance to enable students to acquire competencies - skills, attitudes and work values through in-store training, thus enhancing employability upon completion of post-secondary education. Expenses related to the SEEDS Project are booked under the account Cost of sales - others.

- The significant increase in consolidated repairs and maintenance expenses was due to higher regular preventive maintenance expenses driven by increasing number of stores as well as cost of spare parts used for repairs of store and commissary equipment.

- The increase in consolidated securities and janitorial expense was also due to higher expenses related to pans and crates washing.

- The decrease in consolidated supplies was driven by lower LPG prices, which declined significantly in 2015 compared to a year ago.

- The increase in consolidated cost of sales - others was due to higher expenses related to the Jollibee Group's Express Delivery and increased transportation and travel expenses driven by provincial and worldwide expansion.

Gross Profit

Consolidated gross profit for the year 2015 increased to ₱17,888.0 million, ₱944.6 million or 5.6% higher than the consolidated gross profit of ₱16,943.4 million for the year 2014. Gross profit margin for the year 2015 was 17.7%, 1.0% point lower than the gross profit margin for the year 2014 as cost of inventories increased faster than revenues.

Expenses

Consolidated expenses increased to ₱12,533.0 million, ₱1,726.3 million or 16.0% higher than prior year. The following table summarizes the breakdown of the Jollibee Group's consolidated expenses for the years ended December 31, 2015 and 2014 and the percentage of each expense item to the consolidated revenues:

	Year Ended December 31		Change		Pct to Rev	
	2015	2014	Amount	Pct	**2015**	2014
EXPENSES						
Personnel costs:						
Salaries, wages and benefits	**4,837.8**	4,675.6	162.2	3.5%	**4.8%**	5.2%
Stock options expense	**173.2**	166.5	6.7	4.0%	**0.2%**	0.2%
Pension expense	**159.3**	125.7	33.6	26.7%	**0.2%**	0.1%
Taxes and licenses	**1,143.8**	970.8	173.0	17.8%	**1.1%**	1.1%
Contracted services	**544.3**	295.7	248.6	84.1%	**0.5%**	0.3%
Transportation and travel	**439.0**	393.1	45.9	11.7%	**0.4%**	0.4%
Professional fees	**418.6**	356.3	62.3	17.5%	**0.4%**	0.4%
Rent	**390.9**	401.5	(10.6)	-2.6%	**0.4%**	0.4%
Depreciation and amortization	**341.5**	326.7	14.8	4.5%	**0.3%**	0.4%
Provisions for impairment losses	**337.0**	49.4	287.6	582.2%	**0.3%**	0.1%
Corporate events	**163.1**	167.8	(4.7)	-2.8%	**0.2%**	0.2%
Loss on retirement of assets	**136.7**	156.6	(19.9)	-12.7%	**0.1%**	0.2%
Repairs and maintenance	**136.2**	105.7	30.5	28.9%	**0.1%**	0.1%
Communication	**113.7**	97.2	16.5	17.0%	**0.1%**	0.1%
Donations	**105.8**	88.6	17.2	19.4%	**0.1%**	0.1%
Training	**101.6**	47.6	54.0	113.4%	**0.1%**	0.1%
Supplies	**74.3**	53.9	20.4	37.6%	**0.1%**	0.1%
Entertainment, amusement and recreation	**64.6**	80.3	(15.7)	-19.6%	**0.1%**	0.1%
Electricity and water	**56.8**	64.9	(8.1)	-12.5%	**0.1%**	0.1%
Association dues	**52.5**	30.5	22.0	72.1%	**0.1%**	0.0%
Security and janitorial	**19.6**	14.6	5.0	34.2%	**0.0%**	0.0%
Insurance	**16.1**	14.7	1.4	9.5%	**0.0%**	0.0%
Reversals of provision for impairment losses	**(16.7)**	(72.0)	55.3	-76.8%	**0.0%**	-0.1%
Others	**478.3**	342.0	136.3	39.9%	**0.5%**	0.4%
Total General and Administrative Expenses	**10,288.0**	8,953.7	1,334.3	14.9%	**10.2%**	9.9%
Advertising and promotions	**2,245.0**	1,853.0	392.0	21.2%	**2.2%**	2.0%
	12,533.0	10,806.7	1,726.3	16.0%	**12.4%**	11.9%

- Consolidated personnel costs increased due to an increase in the Corporate Office's headcount, performance-related increases in basic pay, employee promotions, upgrades in employee benefits and additional accrual for stock option expense. Pension expense also increased due to additional accrual for retirement benefits as a result of the 2015 actuarial valuation.

- Consolidated taxes and licenses expense increased due to higher business-related taxes and license fees resulting from higher revenues.

- Consolidated contracted services increased driven by the outsourcing of the Jollibee Group's Information Technology services to IBM.

- Consolidated transportation and travel expense increased due to higher lodging, mileage and per diem expenses for activities related to JFC's US acquisition as well as store expansion (e.g. site visits for store construction and renovation, site evaluation and sourcing, etc.) in the Philippines and foreign markets.

- Consolidated professional fees increased mainly due to external counsel and consultancy fees in the Philippines, Vietnam and the United States for various projects.

- Consolidated depreciation and amortization increased due to the growing fixed asset base of the Jollibee Group, relative to new stores and renovations and investments in information management.

- Consolidated provisions substantially pertain to provisions for impairment of receivables of the Parent Company and local subsidiaries.

- Consolidated loss-on-retirement of assets pertains to write-off of leasehold improvements and equipment related to closure of stores.

- Consolidated repairs and maintenance expense increased driven by charges for SAP maintenance, ORACLE license update, China business' software maintenance costs and other software maintenance.

- Consolidated communication expense increased, driven by higher internet charges and increased telephone charges of the Jollibee business resulting from store expansion and various projects that required frequent communication within and outside the country.

- Consolidated donation expense increased, mainly due donations made to the Jollibee Group Foundation, Inc.

- Consolidated training expenses increased driven by the JFC University, leadership trainings of various business units, E-Cornell courses and SAP trainings.

- Consolidated supplies increased mainly due to higher office supplies expense driven by training materials for the JFC University and other leadership trainings.

- Consolidated entertainment, amusement and recreation expenses decreased due to the Company's deliberate effort to cut down on these expenses.

- Consolidated electricity and other utilities expenses decreased due to lower consumption, particularly of the Jollibee business.

- Consolidated association dues increased due to additional office units and increased rates during the year.

- Consolidated security and janitorial expense increased due to the additional office spaces and warehouses leased by the Jollibee Group. Janitorial expenses of the Mang Inasal business also increased because of its new training and R&D offices.

- Consolidated insurance expense increased due to additional insurance cover for the US operations.

- Consolidated reversals of provision for impairment losses decreased significantly as there were no reversals of property, plant and equipment and investment properties in 2015 whereas last year's reversals amounted to ₱62.6 million.

- The increase in other expenses was mainly due higher expenses related to market research and research and development.

- The increase in consolidated advertising and promotions expense was due to more aggressive advertising spending of all brands during the year to help boost sales and support new product launches.

Operating Income

Consolidated operating income for 2015 was lower by 12.7% or ₱781.8 million to ₱5,355.0 million. Operating income margin was likewise lower by 1.5% points, from 6.8% last year to 5.3% for 2015 as operating expenses increased faster than revenues.

Interest Income (Expense)

	Year Ended December 31		Change		Pct to Rev	
	2015	2014	Amount	Pct	**2015**	2014
INTEREST INCOME (EXPENSES)						
Interest income	**257.8**	242.0	15.8	6.5%	**0.3%**	0.3%
Interest expense	**(225.6)**	(152.5)	(73.1)	47.9%	**-0.2%**	-0.2%
	32.2	89.5	(57.3)	-64.0%	**0.0%**	0.1%

Consolidated interest income increased primarily due to interest income from loans to the SuperFoods Group co-venturers and joint venture and from loans to third parties. Interest income earned from cash in bank, short-term deposits and short-term investments for 2015 likewise increased compared to 2014.

Consolidated interest expense increased due to higher bank loans. See Note 23 to the accompanying Audited Consolidated Financial Statements for more information.

Equity in Net Losses of Joint Ventures and an Associate

	Year Ended December 31		Change		Pct to Rev	
	2015	2014	Amount	Pct	**2015**	2014
Equity in net losses of joint ventures and an associate	**(189.1)**	(126.2)	(62.9)	49.9%	**-0.2%**	-0.1%

Consolidated equity in net losses of joint ventures and an associate pertains to JFC's share in the net losses of Smashburger, SuperFoods Group and Wow Prime partly offset by the net earnings of Entrek (operates Jollibee stores in Brunei), and Golden Bee (operates Jollibee in Dubai).

Other Income

	Year Ended December 31		Change		Pct to Rev	
	2015	2014	Amount	Pct	**2015**	2014
OTHER INCOME						
Write-off other liabilities	905.1	357.9	547.2	152.9%	**0.9%**	0.4%
Rebates and others suppliers' incentives	229.0	258.8	(29.8)	-11.5%	**0.2%**	0.3%
Penalties and charges	45.3	27.4	17.9	65.3%	**0.0%**	0.0%
Foreign exchange gain (loss) - net	36.8	(1.1)	37.9	3445.5%	**0.0%**	0.0%
Charges to franchisees	18.3	13.8	4.5	32.6%	**0.0%**	0.0%
Other rentals	13.8	13.6	0.2	1.5%	**0.0%**	0.0%
Pre-termination of operating leases	3.5	25.8	(22.3)	-86.4%	**0.0%**	0.0%
Bank charges, insurance claims and others	(15.0)	(36.9)	21.9	-59.3%	**0.0%**	0.0%
	1,236.8	**659.3**	577.5	87.6%	**1.2%**	0.7%

Consolidated other income increased year-on-year, mainly due to write-off of long outstanding other liabilities and excess accruals.

Income Taxes

	Year Ended December 31		Change		Pct to Rev	
	2015	2014	Amount	Pct	**2015**	2014
PROVISION FOR INCOME TAX						
Current	**1,926.1**	1,694.7	231.4	13.7%	**1.9%**	1.9%
Deferred	**(537.5)**	(424.2)	(113.3)	26.7%	**-0.5%**	-0.5%
	1,388.6	**1,270.5**	118.1	9.3%	**1.4%**	1.4%

Consolidated provision for income tax was higher due to higher taxable income. Last year's provision for income tax was also unusually low due to higher tax deductible expenses related to share-based compensation of key personnel and officers of the Jollibee Group.

Net Income

Consolidated net income for 2015 was ₱5,046.3 million, 8.1% lower than last year's consolidated net income of ₱5,488.9 million. Net income margin (consolidated net income as a percentage of consolidated revenues) also declined, from 6.1% in 2014 to 5.0% this year. Net Income Attributable to the Equity Holders of the Parent Company amounted to ₱4,928.2 million, 8.1% lower than last year while Earnings per Share amounted to ₱4.618, 9.0% lower year-on-year.

Financial Condition

As of December 31, 2015 vs. December 31, 2014

The Jollibee Group ended 2015 with consolidated total assets of ₱64,763.0 million, 19.7% higher than the ₱54,118.7 million balance at the end of 2014. The following explain the significant movements in the asset accounts:

- The Jollibee Group's consolidated cash and cash equivalents increased to ₱11,497.6 million, ₱3,879.1 million or 50.9% higher than the balance at year-end 2014, mainly due to improvement in the Jollibee Group's working capital and proceeds from bank loans acquired during the year. The movements in the Jollibee Group's cash will be explained further in the cash flow discussion.

- Consolidated receivables net of allowance for impairment loss decreased by ₱2,504.6 million or 31.6% to ₱5,432.8 million primarily due to higher collection from franchisees for their commissary purchases. Average collection period for December 31, 2015 was 24 days, higher than the average collection period of 22 days for December 2014.

- Consolidated inventories decreased by ₱493.4 million or 8.3% to ₱5,478.4 million from ₱5,971.8 million at the end of 2014 on account of higher base as the Company increased its buffer stock for some raw materials at the end of 2014 due to challenges arising from the port congestion and problematic traffic situation in Metro Manila. The Jollibee Group's days inventory outstanding increased from 40 days as at December 2014 to 42 days as at December 31, 2015.

- Consolidated derivative asset pertains to the change in value of the cross-currency swap that amounted to ₱9.9 million at the end of December 31, 2015.

- Consolidated other current assets increased by ₱1,334.5 million or 53.5% to ₱3,828.2 million. The increase was primarily due to deposit to suppliers which increased by ₱1,015.5 million, prepaid taxes which increased by ₱230.9 million and prepaid rent by ₱96.5 million.

The Company has a current ratio of 1.29:1.00 as at December 31, 2015, higher than the current ratio of 1.26:1.00 as at December 31, 2014.

- Interests in and advances to joint ventures, co-venturers and an associate increased significantly by 149.3% to ₱8,449.3 million due to the investment of JFC's foreign subsidiary to SJBF LLC which amounted to ₱4,742.7 million, Wow Prime which amounted ₱220.8 million (an increase of ₱55.5 million over 2014) and Golden Bee which amounted to ₱47.9 million. Interests in and advances to SuperFoods joint ventures and co-venturers likewise increased by Php200.7 million while interest in an associate – Entrek increased by ₱13.6 million. See Note 11 to the accompanying Audited Consolidated Financial Statements for details.

- Consolidated property, plant and equipment net of accumulated depreciation and impairment amounting to ₱14,547.2 million increased as compared to ₱13,363.6 million as at end of 2014 primarily due to investments in new stores, renovation of existing stores and the expansion and upgrade of the Company's commissaries in the Philippines and abroad. See Note 12 of the accompanying Audited Consolidated Financial Statements for details.

- Operating lease receivables decreased by 40.8% to ₱12.5 million, which is the cumulative difference of rent income recognized under the straight-line method and the rent amounts in accordance with the terms of the lease agreements.

- The consolidated derivative asset of ₱75.0 million was allocated by the Jollibee Group as a result of the first and second Put/ Call Rights in the agreement between Bee Good! Inc. and Smashburger Master LLC, representing the fair value of the First and Second Put/ Call Rights on transaction date. See Note 11 to the accompanying Audited Consolidated Financial Statements for details.

- Deferred tax assets increased by ₱656.5 million or 87.3% to ₱1,408.5 million mainly due to higher Net Operating Loss Carry Over (NOLCO) arising from tax losses of some entities which may be carried forward to future periods, operating lease payables, pension liability and other benefits and the excess of Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax and others. See Note 24 to the accompanying Audited Consolidated Financial Statements for details.

- Consolidated other noncurrent assets increased by ₱530.2 million or 24.8% to ₱2,669.7 million primarily due to higher refundable and security deposits relative to new stores and market entry fee paid by Golden Cup to Dunkin Donuts Franchising LLC on January 5, 2015. Other assets which include tools for repairs and maintenance of office and store equipment that were still unused as at end of 2015 likewise increased.

- Consolidated current liabilities amounted to ₱21,068.2 million, ₱1,977.3 million or 10.4% higher than the 2014 year-end balance of ₱19,090.9 million. The following explain the significant movements in current liabilities:

- Consolidated trade payables and other current liabilities increased by ₱3,231.3 million or 19.8% to ₱19,527.0 million attributable to higher employee-related and store-related accruals arising from increase in store network and recognition of importation-in-transit.

- Consolidated income tax payable increased by ₱54.2 million or 29.8% to ₱236.0 million due to higher taxable income.

- Consolidated short-term debt decreased by ₱1,582.6 million or 84.9% to ₱282.4 million due to payment of maturing loans. See Note 18 of the accompanying Audited Consolidated Financial Statements for details.

- Consolidated current portion of long-term debt increased by 29.7% or ₱212.4 million to ₱927.9 million representing bank loans maturing in 2016.

- Consolidated current portion of liability for acquisition of businesses increased by ₱62.0 million or 188.4% to ₱94.9 million. This pertains to the remaining liability for the acquisition of San Pin Wang (₱23.7 million), Chowking USA (₱34.6 million), and SJBF (₱36.6 million) payable in 2016. See Note 11 of the accompanying Audited Consolidated Financial Statements for details.

Consolidated noncurrent liabilities amounted to ₱11,938.3 million, 71.8% or ₱4,988.6 million higher than the December 31, 2014 balance of ₱6,949.7 million. The following explain the significant movements in noncurrent liabilities:

- Consolidated long-term debt increased by ₱4,362.7 million or 98.5% mainly due to a 10-year unsecured loan acquired by a foreign subsidiary of the Parent Company from a local bank on October 21, 2015 amounting to USD110.0 million or ₱5,111.7 million. See Note 18 of the accompanying Audited Consolidated Financial Statements for details.

- Consolidated pension liability increased as a result of additional accrual of pension expense, changes in actuarial assumptions and experience adjustments. See Note 25 of the accompanying Audited Consolidated Financial Statements for details.

- Consolidated derivative liability increased by ₱33.4 million to ₱34.9 million representing the value of the interest rate swap that was in unrealized loss position as at December 31, 2015. See Notes 18 of the accompanying Audited Consolidated Financial Statements for details.

Consolidated total equity increased by ₱3,678.6 million or 13.1% to ₱31,756.6 million. The following explain the significant movements in total stockholders' equity:

- Increase in capital stock and additional paid in capital arising from issuance of new shares of ₱5.1 million and ₱603.1 million, respectively.

- Change of ₱133.0 million (other comprehensive income) in consolidated cumulative translation adjustments, due largely to the depreciation of the Philippine Peso versus the RMB and USD from December 31, 2014 compared to December 31, 2015, which increased the value of the Jollibee Group's net assets at the end of the year.

- Change of ₱316.7 million (other comprehensive loss) in remeasurement gain (loss) on net defined benefit plan due to changes in actuarial assumptions and experience adjustments. See Note 25 of the accompanying Audited Consolidated Financial Statements for details.

- Increase in consolidated other comprehensive loss on derivative liability by ₱33.0 million due to the recognition of derivative liability for the interest rate swap amounting to ₱34.9 million, partly reduced by the other comprehensive income on the mark-to-market changes of the cross currency swap on the loan of PERF Restaurants, Inc., a subsidiary of the Jollibee Group.

- Increase in consolidated retained earnings by ₱3,041.3 million primarily due to the consolidated net income (attributable to equity holders of the Parent Company) for the year 2015 that amounted to ₱4,928.2 million partly offset by cash dividends paid amounting to ₱1,886.9 million.

- The increase in non-controlling interests pertains to the share in net earnings (losses) of Mang Inasal, Burger King, some foreign subsidiaries and capital share for Golden Cup.

Liquidity and Capital Resources

Consolidated net cash provided by operating activities amounted to ₱13,485.1 million at the end of 2015, 388.4% or ₱10,724.2 million higher compared to the consolidated net cash provided by operating activities of ₱2,760.9 million for 2014 mainly due to significant decrease in accounts receivables and inventories and significant increase in trade payables and other current liabilities.

Consolidated net cash used in investing activities amounted to ₱10,813.8 million for 2015, 89.8% or ₱5,117.4 million higher compared to the consolidated net cash used for investing activities of ₱5,696.4 million for 2014, mainly due to the investment of JFC's foreign subsidiary in SJBF LLC which amounted to ₱4,812.8 million, capital expenditures and market entry fee paid by Golden Cup to Dunkin Donuts Franchising LLC on January 5, 2015 which amounted to ₱93.9 million .

Consolidated net cash provided by financing activities amounted to ₱1,218.5 million for December 2015 mainly due to increase in bank loans and issuances of capital stock, partly offset by payments of cash dividends and bank loans.

Cash and cash equivalents at the end of December 2015 stood at ₱11,497.6 million, ₱3,879.1 million or 50.9% higher than the balance as at end of December 2014.

Discussion and Analysis of Material Events and Uncertainties

1. There were no events during the period that will trigger direct or contingent financial obligation that is material to the Jollibee Group.

2. There were no material off-balance sheet transactions, arrangements, obligations created during the reporting period.

3. Consolidated capital expenditures budget for 2015 amounted ₱9,100.0 million, higher by 93.7% than the 2015 actual consolidated capital expenditures of ₱4,696.8 million. For 2016, the Jollibee Group is allocating ₱10,400.0 million for capital expenditures, of which ₱7,500.0 million is for new stores and renovations and the rest will mostly be for commissary expansion.

4. Food service operations have both peak and lean seasons. Historically, sales in the second and fourth quarters are strong due to the summer and the Christmas seasons, respectively. Demand during the first and third quarters usually slackens. The material financial impact of this seasonality has been considered in the Jollibee Group's consolidated financial forecast.

5. All of the Jollibee Group's income arose from its continuing operations.

6. Events after the reporting period:

   Dividend Declaration
   Parent Company. On April 6, 2016, the Board of Directors (BOD) approved a regular cash dividend of ₱0.86 a share of common stock to all stockholders of record as of April 21, 2016. The cash dividend will be paid out on May 6, 2016. This cash dividend is 7.5% higher than the ₱ 0.80 regular dividend a share declared on April 7, 2015.

   Appropriation of Retained Earnings
   Parent Company. On April 6, 2016, the BOD of the Company approved the appropriation of additional ₱8,000.0 million for future expansion to support the Company's growth strategy. Consequently, the appropriated retained earnings of the Company will increase from ₱10,200.0 million to ₱18,200.0 million.

   Payment of Loans
   Jollibee Worldwide Pte. Ltd (JWPL). On February 5, 2016, JWPL settled its short-term loan amounting to US$6.0 million (₱286.0 million), and paid interest of ₱1.0 million.

   Acquisition
   JWPL. On February 23, 2016, JWPL entered into an agreement with Hua Xia Harvest Holdings Pte. Ltd. ("Hua Xia") to acquire Hua Xia's 30% equity shareholding in its subsidiary HBFPPL. With the acquisition, JWPL shall own 100% of HBFPPL. Payment for the acquisition is approximately US$10.4 million (₱495.4 million).

Discussion of the Jollibee Group's Top Five (5) Key Performance Indicators

System Wide Sales

System Wide Sales is a measure of all sales to consumers both from company-owned and franchised stores.

	As of end Dec 2015	As of end Dec 2014
System Wide Sales	**₱130,732.9 million**	₱117,897.9 million
% Growth vs. LY	**10.9%**	13.3%

Revenues

Revenues is a measure of (1) all sales made by the Jollibee Group's owned stores (both food and novelty sales); (2) Commissary sales to franchised stores; (3) rental revenues of the Jollibee Group's property division; and (4) revenues from services rendered by the in-house Construction and Service Groups.

	As of end Dec 2015	As of end Dec 2014
Revenues	**₱100,779.7 million**	₱90,671.2 million
% Growth vs. LY	**11.1%**	12.9%

Net Income Margin

Net Income Margin is the ratio of the Jollibee Group's earnings after interest and tax. This is computed by dividing consolidated net income by consolidated revenues. The quotient is expressed in percentage. This measures the Jollibee Group's return for every peso of revenue earned, after deducting cost of sales, operating expenses, interests and taxes.

	As of end Dec 2015	As of end Dec 2014
Net Income	**₱5,046.3 million**	₱5,488.9 million
% to Revenues	**5.0%**	6.1%

Basic Earnings per Share (EPS)

EPS is the portion of the Jollibee Group's profit allocated to each outstanding share of common stock. This is computed by dividing the net income for the year attributable to the equity holders of the Parent Company by the weighted average outstanding shares during the year. This serves as an indicator of the Jollibee Group's profitability.

	As of end Dec 2015	As of end Dec 2014
EPS - Basic	**₱4.618**	₱5.075
% Growth vs. LY	**-9.0%**	14.1%

Return on Equity (ROE)

ROE is the ratio of the Jollibee Group's consolidated net income (attributable to equity holders of the parent) to equity (before non-controlling interests). It is computed by dividing consolidated net income by average equity. Average equity is calculated by adding the equity at the beginning of the year to the consolidated equity at year end and dividing the result by two. ROE is a measure of return for every peso of invested equity. The Jollibee Group also uses ROE for comparing its profitability to that of other firms in the same industry.

	As of end Dec 2015	As of end Dec 2014
Return on Equity	**17.0%**	21.6%

Jollibee Foods Corporation and Subsidiaries
Financial Ratios

	Formula:	2015	2014
Liquidity Ratios			
Current Ratio	Current Assets / Current Liabilities	**1.29**	1.26
Financial Leverage Ratios			
Asset to Equity Ratio	Total Assets / Total Equity Attributable to Equity Holders of the Parent Company	**2.11**	1.99
Debt Ratio	Total Debt* / Total Debt + Equity Attributable to Equity Holders of the Parent Company	**51.9%**	48.9%
Net Debt Ratio	Total Debt* - Cash and Cash Equivalents - Short-term Investments / (Total Debt* - Cash and Cash Equivalents - Short-term Investments) + Equity Attibutable to Equity Holders of the Parent Company	**40.2%**	40.4%
Interest Coverage Ratio	Earnings before Interest and Taxes / Interest Expense	**29.53**	45.33
Solvency Ratio	Net Income + Depreciation / Total Liabilities	**0.26**	0.33
Debt-Service Coverage Ratio	Net Income / Total Liabilities	**0.15**	0.21

* *Including total current and noncurrent liabilities*

Results of Operations

For the Year Ended December 31, 2014 vs. December 31, 2013

(All Amounts are in Million Pesos)

Revenues and System Wide Sales

	Years Ended December 31		Change	
	2014	2013	Amount	Pct
System wide sales	117,897.9	104,090.1	13,807.8	13.3%
Revenues	90,671.2	80,282.8	10,388.4	12.9%

System wide sales, a measure of all sales to consumers, both from company-owned and franchised stores grew by 13.3% in 2014 compared to 2013 driven by strong same store sales and sales from new stores. Same store sales for the Philippines and worldwide grew by 8.0% while store network grew by 5.4%. Same store sales growth pertains to restaurants that were already open for at least 15 months. It excludes sales growth from new store opening.

The Philippine business grew by 13.2% and the foreign business by 13.7% (Southeast Asia and the Middle East 25.9%, USA 12.2% and China 11.1%).

Consolidated revenues, which consist of sales by company-owned stores, fees from stores operated by franchisees and commissary sales to stores operated by franchisees grew by 12.9%, in line with the growth in system wide sales.

The Jollibee Group opened a total of 234 new stores, of which 169 were in the Philippines and 65 were in foreign operation. It closed 85 stores (Philippines 49; Foreign business 36) during the year. It ended 2014 with 2,913 stores, 5.4% higher than a year ago.

Cost of Sales

Consolidated cost of sales increased to ₱73,727.8 million, which is ₱8,443.0 million or 12.9% higher than 2013 consolidated cost of sales. The following table summarizes the breakdown of the Jollibee Group's cost of sales for the years ended December 31, 2014 and 2013, respectively, and the percentage of each component and the consolidated cost of sales to consolidated revenues:

	Years ended December 31		Change		Pct to Rev	
	2014	2013	Amount	%	**2014**	2013
COST OF SALES						
Cost of inventories	**43,228.2**	38,227.7	5,000.5	13.1%	**47.7%**	47.6%
Personnel costs:						
Salaries, wages and employee benefits	**9,206.0**	8,416.7	789.3	9.4%	**10.2%**	10.5%
Pension expense	**119.9**	102.2	17.7	17.3%	**0.1%**	0.1%
Rent	**6,671.2**	5,962.8	708.4	11.9%	**7.4%**	7.4%
Electricity and other utilities	**3,767.7**	3,443.7	324.0	9.4%	**4.2%**	4.3%
Depreciation and amortization	**2,859.7**	2,811.7	48.0	1.7%	**3.2%**	3.5%
Supplies	**2,149.2**	1,809.8	339.4	18.8%	**2.4%**	2.3%
Contracted services and professional fees	**2,445.0**	1,734.0	711.0	41.0%	**2.7%**	2.2%
Repairs and maintenance	**943.3**	809.6	133.7	16.5%	**1.0%**	1.0%
Security and janitorial	**383.0**	325.3	57.7	17.7%	**0.4%**	0.4%
Communications	**151.7**	135.0	16.7	12.4%	**0.2%**	0.2%
Entertainment, amusement and recreation (EAR)	**27.3**	26.7	0.6	2.2%	**0.0%**	0.0%
Others	**1,775.6**	1,479.6	296.0	20.0%	**2.0%**	1.8%
	73,727.8	65,284.8	8,443.0	12.9%	**81.3%**	81.3%

- Consolidated cost of inventories increased on account of higher sales volume and higher raw material prices. The raw material cost increases in 2014, which averaged 5.4% brought pressure on the gross profit margin for the year. As a percent of revenues, cost of inventories increased from 47.6% in 2013 to 47.7% in 2014.

- The increase in the other cost items such as personnel costs, rent, electricity and other utilities, depreciation and amortization, supplies, contracted services and professional fees, repairs and maintenance, security and janitorial and communication was driven by the new stores. Contracted services increased significantly as the company shifted to hiring workers supplied by manpower agencies or cooperatives instead of directly hiring contractual employees to comply with a labor law mandate. The increase was partly offset by a lower increase in salaries, wages and benefits and the decrease in expenses related to Project SEEDS. Following are the details:

	Year Ended December 31		Change		Pct to Rev	
	2014	2013	Amount	Pct	**2014**	2013
Salaries, wages and benefits	**9,206.0**	8,416.7	789.3	9.4%	**10.2%**	10.5%
Contracted services	**2,428.2**	1,719.3	709.0	41.2%	**2.7%**	2.1%
Project SEEDS*	**517.8**	564.7	(46.9)	-8.3%	**0.6%**	0.7%
	12,152.0	10,700.6	1,451.3	13.6%	**13.4%**	13.3%

*SEEDS stands for Skills Enhancement and Educational Development for Students, a joint project of JFC and the Department of Labor and Employment. The program aims to help qualified students pursue post-secondary education through the provision of financial assistance to enable students to acquire competencies - skills, attitudes and work values through in-store training, thus enhancing employability upon completion of post-secondary education. Expenses related to the SEEDS Project are booked under the account Cost of sales - others.

As a percentage of consolidated revenues, most cost items did not change or were even lower compared to the 2013 numbers due to strong same store sales.

- The increase in cost of sales - others was due to higher expenses related to Jollibee Express Delivery and increased transportation and travel expenses.

Gross Profit

Consolidated gross profit for 2014 increased to ₱16,943.4 million, ₱1,945.4 million or 13.0% higher than the consolidated gross profit of ₱14,998.0 million in 2013. Gross profit margins were sustained at 18.7% from 2013 to 2014 despite significant increases in raw material prices.

Expenses

Consolidated expenses increased to ₱10,806.7 million, ₱1,739.8 million or 19.2% higher than prior year. The following table summarizes the breakdown of the Jollibee Group's consolidated expenses for the years ended December 31, 2014 and 2013, respectively, and the percentage of each expense item to the consolidated revenues:

	Years ended December 31		Change		Pct to Rev	
	2014	2013	Amount	%	**2014**	2013
EXPENSES						
Personnel costs:						
Salaries, wages and employee benefits	**4,675.6**	3,731.0	944.6	25.3%	**5.2%**	4.6%
Stock options expense	**166.5**	150.4	16.1	10.7%	**0.2%**	0.2%
Pension expense	**125.7**	104.1	21.6	20.7%	**0.1%**	0.1%
Taxes and licenses	**970.8**	885.3	85.5	9.7%	**1.1%**	1.1%
Transportation and travel	**393.1**	339.9	53.2	15.7%	**0.4%**	0.4%
Rent	**401.5**	324.5	77.0	23.7%	**0.4%**	0.4%
Contracted services and professional fees	**652.0**	364.1	287.9	79.1%	**0.7%**	0.5%
Depreciation and amortization	**326.7**	260.8	65.9	25.3%	**0.4%**	0.3%
Entertainment, amusement and recreational expenses	**80.3**	105.2	(24.9)	-23.7%	**0.1%**	0.1%
Donations	**88.6**	92.5	(3.9)	-4.2%	**0.1%**	0.1%
Repairs and maintenance	**105.7**	88.2	17.5	19.8%	**0.1%**	0.1%
Communication	**97.2**	80.1	17.1	21.3%	**0.1%**	0.1%
Training	**47.6**	59.4	(11.8)	-19.9%	**0.1%**	0.1%
Supplies	53.9	53.0	0.9	1.7%	**0.1%**	0.1%
Electricity and water	**65.0**	51.9	13.1	25.2%	**0.1%**	0.1%
Security and janitorial	**14.6**	18.6	(4.0)	-21.5%	**0.0%**	0.0%
Provision for impairment losses	**49.4**	43.4	6.0	13.8%	**0.1%**	0.1%
Reversals of provision for impairment losses	**(72.0)**	(13.3)	(58.7)	441.4%	**-0.1%**	0.0%
Insurance	**14.7**	12.3	2.4	19.5%	**0.0%**	0.0%
Corporate events and others	**696.8**	876.5	20.3	3.0%	**0.8%**	0.8%
Total General and Administrative Expenses	**8,953.7**	7,427.9	1,525.8	20.5%	**9.9%**	9.3%
Advertising and promotions	**1,853.0**	1,639.0	214.0	13.1%	**2.0%**	2.0%
	10,806.7	9,066.9	1,739.8	19.2%	**11.9%**	11.3%

- Consolidated personnel costs increased primarily due to the fringe benefit tax expense arising from the exercise of stock options by employee-participants as well as performance-related increases in basic pay, employee promotions, upgrades in employee benefits and additional accrual for stock option expense. Pension expense increased due to additional accrual for retirement benefits.

- Consolidated taxes and licenses expense increased due to higher business-related taxes and license fees resulting from higher revenues.

- Consolidated contracted services and professional fees expense increased compared to the same period last year due to increased outsourced service costs related to JFC's information systems upgrade.

- Consolidated transportation and travel expense increased due to higher fuel consumption and lodging expenses, particularly of the domestic business for activities related to store expansion such as site visits for store construction and renovation, site evaluation and sourcing, etc.

- Consolidated rent expense increased due to rental of additional office space, warehouses and events place, annual rent escalation and increased equipment and pallet rental. The transfer of Mang Inasal to a new and bigger office building in September 2013 also contributed to the increase in rent.

- Consolidated depreciation and amortization increased due to the growing asset base of the JFC Group, including information technology investments.

- Consolidated repairs and maintenance expense increased due to higher business software license fees, maintenance fees related to Information Management and higher commissary maintenance expenses of Mang Inasal for Quality Management and Good Manufacturing Processes.

- Consolidated communication expense increased, driven by the increased telephone charges of the Jollibee business resulting from store expansion and various projects that required frequent communications within and outside the country.

- Consolidated entertainment, amusement and recreation expenses decreased due to the Company's deliberate effort to cut down on these expenses.

- Consolidated electricity and other utilities expenses increased due to higher electricity and water consumption, particularly of the Anhui (China) office and its newly-built employee dormitory. The additional office spaces and warehouses of the Philippine business also contributed to the increase in electricity consumption.

- Consolidated training expenses decreased due to reduction in classroom trainings being conducted in the head office and use of more CD-ROM-based training materials.

- Consolidated insurance expense increased due to higher insurance premium for the property insurance of the Jollibee Group.

- Consolidated security and janitorial expense decreased, driven by Red Ribbon and Mang Inasal. Red Ribbon incurred lower expenses for pans and crates washing. Mang Inasal reduced the number of security guards when they moved to their new office building.

- Consolidated provisions declined due to reversal of provisions for property, plant and equipment and investment properties amounting to ₱62.6 million.

- The increase in consolidated advertising and promotions expense was due to the higher advertising spending of the Philippine business resulting from higher system wide sales --- where the advertising budget allocation is being based.

Operating Income

Consolidated operating income for 2014 increased only by 3.5% or ₱205.7 million to ₱6,136.8 million due to higher operating expenses driven by the fringe benefit tax expense from the Company's stock option program and significantly higher contracted services arising from the information systems upgrade.

As a percentage of revenues, operating income declined from 7.4% in 2013 to 6.8% in 2014.

Interest Income (Expense)

	Years ended December 31		Change		Pct to Rev	
	2014	2013	Amount	%	**2014**	2013
INTEREST INCOME (EXPENSES)						
Interest income	**242.1**	245.6	(3.5)	-1.4%	**0.3%**	0.3%
Interest expense	**(152.5)**	(152.9)	0.4	-0.3%	**-0.2%**	-0.2%
	89.6	92.7	(3.1)	-3.3%	**0.1%**	0.1%

Consolidated interest income for 2014 declined compared to 2013 primarily due to lower cash balance and lower money market (Peso) placement rates. See Note 23 to the accompanying Audited Consolidated Financial Statements for more information.

Consolidated interest expense was almost the same as the 2013 consolidated interest expense, decreasing only by 0.3%. See Note 23 of the accompanying Audited Consolidated Financial Statements for more information.

Equity in Net Losses of Joint Ventures and an Associate

	Year Ended December 31		Change		Pct to Rev	
	2014	2013	Amount	Pct	**2014**	2013
Equity in net losses of joint ventures and an associate	**(126.2)**	(115.6)	(10.6)	9.2%	**-0.1%**	-0.1%

Consolidated equity in net losses of joint ventures and associate pertaining to JFC's share in the net losses of SuperFoods Group and Wow Prime partly offset by the net earnings of Entrek, the Company that operates Jollibee stores in Brunei, increased during the year.

Other Income

	Years ended December 31		Change		Pct to Rev	
	2014	2013	Amount	%	**2014**	2013
OTHER INCOME						
Rebates and other suppliers' incentives	**258.8**	122.4	136.4	111.4%	**0.3%**	0.2%
Write-off of other liabilities	**357.9**	97.0	260.9	269.0%	**0.4%**	0.1%
Penalties and charges	**27.4**	17.4	10.0	57.5%	**0.0%**	0.0%
Pre-termination of operating leases	**25.8**	13.1	12.7	96.9%	**0.0%**	0.0%
Charges to franchisees	**13.8**	24.4	(10.6)	-43.4%	**0.0%**	0.0%
Other rentals	**13.6**	6.8	6.8	100.0%	**0.0%**	0.0%
Foreign exchange gain (loss) - net	**(1.1)**	46.6	(47.7)	-102.4%	**0.0%**	0.1%
Insurance claims and others	**(36.9)**	9.6	(46.5)	-484.4%	**0.0%**	0.0%
	659.3	337.3	322.0	95.5%	**0.7%**	0.4%

Consolidated other income increased YoY, mainly due to rebates and suppliers' incentives and write-off of other liabilities.

Income Taxes

	Years ended December 31		Change		Pct to Rev	
	2014	2013	Amount	%	**2014**	2013
PROVISION FOR INCOME TAX						
Current	**1,694.7**	1,522.0	172.7	11.3%	**1.9%**	1.9%
Deferred	**(424.2)**	0.7	(424.9)	-60700.0%	**-0.5%**	0.0%
	1,270.5	1,522.7	(252.2)	-16.6%	**1.4%**	1.9%

Consolidated provision for income tax was lower due to higher tax deductible expenses related to share-based compensation of key personnel and officers of the JFC Group.

Net Income

Consolidated net income for 2014 was ₱5,488.9 million, 16.2% higher than last year's consolidated net income of ₱4,722.8 million. Net income margin (consolidated net income as a percentage of consolidated revenues) improved slightly, from 5.9% in 2013 to 6.1% this year. Net Income Attributable to the Equity Holders of the Parent Company amounted to ₱5,362.0 million, 14.8% higher than last year while Earnings per Share amounted to ₱5.075, 14.0% higher YoY.

Financial Condition

As of December 31, 2014 vs. December 31, 2013

The Jollibee Group ended 2014 with consolidated total assets of ₱54,118.7 million,17.6% higher than the ₱46,026.6 million balance at the end of 2013. The following explain the significant movements in the asset accounts:

- The Jollibee Group's consolidated cash and cash equivalents decreased to ₱7,618.5 million, ₱2,285.4 million or 23.1% lower than prior year, mainly due to higher working capital level. The movements in the JFC Group's cash will be explained further in the cash flow discussion.

- Consolidated receivables increased by ₱4,854.5 million or 157.5% primarily due to delays in billing franchisees for their commissary purchases. The delays were caused by the Company's migration to the SAP system that started on August 1, 2014. Average collection was higher, from 13 days as of December 2013 to 22 days as of December 2014.

- Consolidated inventories increased by ₱2,411.4 million or 67.7% to ₱5,971.8 million from ₱3,560.4 million at the end of 2013 due to increase in raw material prices and the deliberate effort of the Company to increase buffer stocks, particularly for beef and french fries due to the port congestion. The Jollibee Group's days inventory outstanding increased, from 30 days as of December 2013 to 40 days as of December 2014.

- Consolidated other current assets increased by ₱656.7 million or 35.7% to ₱2,493.7 million. The increase was primarily due to higher deposits to suppliers for imported items, higher prepaid tax and rent.

The Company has a current ratio of 1.26:1.00 as at December 31, 2014, higher than the 1.18:1.00 as at December 31, 2013.

- Consolidated property, plant and equipment net of accumulated depreciation and impairment amounting to P13,363.6 million increased as compared to P11,772.4 million as at end of 2013 primarily due to investments in new stores and the expansion and upgrade of the Company's commissaries in the Philippines and China. See Note 12 of the accompanying Audited Consolidated Financial Statements for details.

- Consolidated investment properties increased by ₱273.9 million or 36.4% to ₱1,025.6 million due to the acquisition of land and the reclassification of certain units of a building from property, plant and equipment to investment property due to end of owner-occupation. The increase was partly offset by the sale in March 2014 of an old office building owned by Shanghai Yong He King and the sale of a property in the Philippines in June, 2014.

- Consolidated other noncurrent assets increased by ₱246.3 million or 13.0% to ₱2,139.5 million primarily due to higher refundable and security deposits and advance rentals.

Consolidated current liabilities amounted to ₱19,090.9 million, ₱3,472.3 million or 22.2% higher than the 2013 year-end balance of ₱15,618.6 million. The following explain the significant movements in current liabilities:

- Consolidated trade payables and other current liabilities increased by ₱2,045.7 million or 14.4% to ₱16,295.7 million driven by various store accruals. Accruals for advertising, local and other taxes also contributed to the increase.

- Consolidated income tax payable increased by ₱27.1 million or 17.5% to ₱181.8 million due to higher taxable income of a subsidiary of the Parent Company.

- The consolidated current portion of long-term debt decreased by ₱390.8 million or 35.3% to ₱715.5 million due to partial payment of loans. See Note 18 of the accompanying Audited Consolidated Financial Statements for details.

- Consolidated liability for acquisition of businesses (net of current portion) decreased by ₱74.8 million or 69.4% to ₱32.9 million, mainly due to the full settlement of the purchase consideration for Mang Inasal in 2014. See Note 11 of the accompanying Audited Consolidated Financial Statements for details.

Consolidated noncurrent liabilities amounted to ₱6,949.7 million, 1.4% or ₱97.4 million lower than the December 31, 2013 balance of ₱7,047.1 million, mainly due to the following:

- Consolidated long-term debt increased by ₱365.0 million or 9.0% to ₱4,428.0 million due to a 5-year unsecured loan acquired by the Company from a local bank on April 21, 2014 amounting to ₱800.0 million. This was offset by the reclassification of loans maturing during the year to current portion. See Note 18 of the accompanying Audited Consolidated Financial Statements for details.

- Consolidated liability for acquisition of businesses (net of current portion) decreased by ₱27.9 million or 21.7% to ₱101.1 million, mainly due to partial settlement of liabilities pertaining to Fortune Capital.

- Consolidated derivative liability decreased by P3.0 million or 65.9% to P1.5 million. The net movement in the fair value of the Company's derivative liability for the years ended December 31, 2014 and 2013 follows:

	Year Ended December 31	
	2014	2013
Balance at beginning of year	**4.5**	22.8
Net changes in fair value	**(5.0)**	(20.2)
Settlements	**2.0**	1.9
Balance at end of year	**1.5**	4.5

- Consolidated pension liability decreased by ₱100.4 million or 10.8% to ₱832.4 million as a result of favorable actuarial changes, primarily experience adjustments in 2014. See Note 24 of the accompanying Audited Consolidated Financial Statements for details.

- Consolidated deferred tax liabilities decreased by ₱306.8 million or 96.4% to ₱11.4 million due to Excess MCIT over RCIT and NOLCO of Philippine-based entities. See Note 24 of the accompanying Audited Consolidated Financial Statements for more details.

Consolidated total equity increased by ₱4,717.1 million or 20.2% to ₱28,078.0 million primarily due to the net income (attributable to equity holders of the Parent) for 2014, which amounted to ₱5,362.0 million, increase in capital stock and additional paid in capital arising from issuance on new shares, partly offset by cash dividends amounting to ₱1,733.5 million.

- The change of ₱64.1 million (loss) in cumulative translation adjustment was largely due to the appreciation of the Philippine Peso versus the RMB from December 31, 2013 compared to December 31, 2014, which brought down the value of the Jollibee Group's net assets at the end of the period.

- Comprehensive loss on derivative liability decreased by ₱1.0 million or 29.8% resulting from the foreign exchange revaluation of the hedged loan of PERF Restaurants, Inc., a subsidiary of the Jollibee Group.

- The increase in non-controlling interests pertains to the share in net earnings (losses) of Mang Inasal, Burger King and some foreign subsidiaries.

Liquidity and Capital Resources

Consolidated net cash provided by operating activities was ₱2,760.9 million at the end of 2014, 69.5% or ₱6,288.5 million lower compared to consolidated net cash provided by operating activities of ₱9,049.4 million for the same period in 2013 mainly due to significantly higher receivables and inventories.

Consolidated net cash used in investing activities was ₱5,696.4 million at the end of 2014, 38.3% or ₱1,577.6 million higher compared to consolidated net cash used for investing activities of ₱4,118.8 million for the same period of 2013 substantially due to higher capital expenditures for store expansion and renovations, investments in commissary and information systems upgrade.

Consolidated net cash provided by financing activities amounted to ₱644.7 million at the end of 2014 mainly due to a short-term debt amounting to Php1,865.0 million acquired by the Company in December 2014 and higher proceeds from issuance of and subscription to capital stock. This was partly offset by the regular cash dividend of ₱1.64 per share paid out by the Company in 2014 for a total of ₱1,560.7 million.

Cash and cash equivalents at the end of 2014 stood at ₱7,618.5 million.

Discussion and Analysis of Material Events and Uncertainties

1. There were no events during the period that will trigger direct or contingent financial obligation that is material to the Jollibee Group.

2. There were no material off-balance sheet transactions, arrangements, obligations created during the reporting period.

3. Consolidated actual capital expenditures in 2014 amounted ₱5,641.7 million, higher by 35.1% than the 2013 consolidated capital expenditures of ₱4,175.1 million.

   The Jollibee Group's capital expenditures budget was principally used to finance its store expansions and major renovations, major repairs and upgrades of existing commissaries, improvements in head office and investments in information technology.

4. Food service operations have both peak and lean seasons. Historically, sales in the second and fourth quarters are strong due to the summer and the Christmas seasons, respectively. Demand during the first and third quarters usually slackens. The material financial impact of this seasonality has been considered in the Jollibee Group's consolidated financial forecast.

6. All of the Jollibee Group's income arose from its continuing operations.

6. Events after the Reporting Period:

Dividend Declaration

On April, 7, 2015, the BOD approved a regular cash dividend of ₱0.80 a share of common stock to all stockholders of record as of May 7, 2015. Consequently, the cash dividend is expected to be paid out by May 29, 2015. The cash dividend is 6.7% higher than the ₱0.75 regular dividend a share declared on April 2014.

Loans from Metrobank and Trust Company (MBTC)

Parent Company. On January 14 and January 30, 2015, the Parent Company refinanced its short-term loans from another bank amounting to ₱815.0 million and ₱1,050.0 million with fixed interest rates of 1.9% and 2.1%, respectively. The principal amounts were due on February 27, 2015. However, on due date, the Parent Company refinanced both loans to form a combined loan of ₱1,865.0 million with fixed interest rate of 2.4% payable on May 29, 2015.

On February 12, 2015, the Parent Company availed a short-term loan from MBTC amounting to ₱681.0 million with a fixed interest rate of 2.4%. The principal and interest were both due on March 30, 2015, original date of maturity. However, the principal was extended until June 30, 2015 with a new fixed interest rate of 2.5%.

JWPL. On February 12, 2015, JWPL availed a short-term loan from MBTC amounting to USD6.0 million with an interest rate of 1.5%, subject to monthly repricing. The principal is payable on February 5, 2016.

Zenith. On March 20, 2015, Zenith availed a short-term loan from MBTC amounting to ₱200.0 million with a fixed interest rate of 2.5%. The principal and interest are both payable on June 19, 2015, the date of maturity.

On March 27, 2015, Zenith availed a short-term loan from MBTC amounting to ₱170.0 million with a fixed interest rate of 2.5%. The principal and interest are both payable on June 26, 2015, the date of maturity.

Mang Inasal. On February 27, 2015, Mang Inasal availed a short-term loan from MBTC amounting to ₱315.0 million with a fixed interest rate of 2.4%. The principal and interest were both due on March 30, 2015, original date of maturity. However, the principal was extended until June 30, 2015 with a new fixed interest rate of 2.5%.

Discussion of the Jollibee Group's Top Five (5) Key Performance Indicators

System Wide Sales

System Wide Sales is a measure of all sales to consumers both from company-owned and franchised stores.

	As of end Dec 2014	As of end Dec 2013
System Wide Sales	**₱117,897.9 million**	₱104,090.1 million
% Growth vs. LY	**13.3%**	12.8%

Revenues

Revenues is a measure of (1) all sales made by the Jollibee Group's owned stores (both food and novelty sales); (2) Commissary sales to franchised stores; (3) rental revenues of the Jollibee Group's property division; and (4) revenues from services rendered by the in-house Construction and Service Groups.

	As of end Dec 2014	As of end Dec 2013
Revenues	**₱90,671.2 million**	₱80,282.8 million
% Growth vs. LY	**12.9%**	13.0%

Net Income Margin

Net Income Margin is the ratio of the Jollibee Group's earnings after interest and tax. This is computed by dividing consolidated net income by consolidated revenues. The quotient is expressed in percentage. This measures the Jollibee Group's return for every peso of revenue earned, after deducting cost of sales, operating expenses, interests and taxes.

	As of end Dec 2014	As of end Dec 2013
Net Income	**₱5,488.9 million**	₱4,722.8 million
% to Revenues	**6.1%**	5.9%

Basic Earnings per Share (EPS)

EPS is the portion of the Jollibee Group's profit allocated to each outstanding share of common stock. This is computed by dividing the net income for the year attributable to the equity holders of the Parent Company by the weighted average outstanding shares during the year. This serves as an indicator of the Jollibee Group's profitability.

	As of end Dec 2014	As of end Dec 2013
EPS - Basic	**₱5.075**	₱4.450
% Growth vs. LY	**14.1%**	24.4%

Return on Equity (ROE)

ROE is the ratio of the Jollibee Group's consolidated net income (attributable to equity holders of the parent) to equity (before non-controlling interests). It is computed by dividing consolidated net income by average equity. Average equity is calculated by adding the equity at the beginning of the year to the consolidated equity at year end and dividing the result by two. ROE is a measure of return

for every peso of invested equity. The Jollibee Group also uses ROE for comparing its profitability to that of other firms in the same industry.

	As of end Dec 2014	As of end Dec 2013
Return on Equity	**21.6%**	21.5%

Jollibee Foods Corporation and Subsidiaries
Financial Ratios

	Formula:	**2014**	2013
Liquidity Ratios			
Current Ratio	Current Assets / Current Liabilities	**1.26**	1.18
Financial Leverage Ratios			
Asset to Equity Ratio	Total Assets / Total Equity Attributable to Equity Holders of the Parent Company	**1.99**	2.04
Debt Ratio	Total Debt* / Total Debt + Equity Attributable to Equity Holders of the Parent Company	**48.9%**	50.1%
Net Debt Ratio	Total Debt* - Cash and Cash Equivalents - Short-term Investments / (Total Debt* - Cash and Cash Equivalents - Short-term Investments) + Equity Attibutable to Equity Holders of the Parent Company	**40.4%**	36.1%
Interest Coverage Ratio	Earnings before Interest and Taxes / Interest Expense	**45.33**	41.84
Solvency Ratio	Net Income + Depreciation / Total Liabilities	**0.33**	0.34
Debt-Service Coverage Ratio	Net Income / Total Liabilities	**0.21**	0.21

* *Including total current and noncurrent liabilities*

Annex "A-2"

Management Discussion and Analysis of Results of Operations and Financial Condition for the quarter ending March 31, 2016

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE QUARTER ENDED MARCH 31, 2016

JOLLIBEE FOODS CORPORATION (JFC) AND SUBSIDIARIES

Management Discussion and Analysis of Results of Operations and Financial Condition

The following Management Discussion and Analysis should be read in conjunction with the submitted Unaudited Consolidated Financial Statements as at March 31, 2016 and 2015.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new PFRS and amendments to existing PFRS which became effective on January 1, 2015.

Please refer to Note 2 of the attached Company's Audited Consolidated Financial Statements for the Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Basis of Consolidation.

Causes for Any Material Changes (Increase or decrease of 5% or more in the financial statements)

Results of Operations

For the Quarter Ended March 31, 2016 vs. March 31, 2015

(All Amounts are in Million Pesos)

Revenues and System Wide Sales

	Quarters Ended March 31		Change	
	2016	2015	Amount	Pct
System Wide Sales	**34,345.5**	29,907.9	4,437.6	14.8%
Revenues	**26,102.3**	23,002.7	3,099.6	13.5%

System wide sales, a measure of all sales to consumers, both from company-owned and franchised stores grew by 14.8% in the first quarter of 2016 compared to the same quarter last year driven by strong same store sales and sales from new stores. Same store sales growth pertains to restaurants that were already open for at least 15 months. It excludes sales growth from new store opening.

The Philippine business grew by 16.0% and the foreign business by 10.5%.

The growth in Philippine business' same store sales was attributable to the following: (1) low inflation rate in the country which helped boost household income; (2) election-related spending; and, (3) continuous product improvement, new product introductions, marketing campaigns and restaurant design improvement.

The growth in the foreign business' same store sales was driven by the strong volume growth for the Jollibee businesses in the US which grew by 17.4% and Southeast Asia and the Middle East business which expanded by 32.2% led by Jollibee Vietnam that grew by 48.2% (in Vietnamese currency).

The China business grew at a slower rate of 1.9% as Yonghe King, JFC's biggest brand in China experienced sales pressure from recovering competing brands.

Consolidated revenues, which consist of sales from company-owned stores, fees from stores operated by franchisees and commissary sales from stores operated by franchisees grew by 13.5.

The Jollibee Group opened 59 new stores during the quarter, of which 39 were in the Philippines and 20 were in foreign operations. It closed 34 stores (Philippines 22; Foreign business 12) during the quarter. It ended the first quarter of 2016 with 3,143 stores, 6.5% higher than a year ago.

Cost of Sales

Consolidated cost of sales increased to ₱21,431.9 million, which is ₱2,511.6 million or 13.3% higher than consolidated cost of sales for the first quarter of 2015. The following table summarizes the breakdown of the Jollibee Group's cost of sales for the quarters ended March 31, 2016 and 2015 and the percentage of each component and the consolidated cost of sales to consolidated revenues:

	Quarters Ended March 31		Change		Pct to Rev	
	2016	2015	Amount	Pct	2016	2015
COST OF SALES						
Cost of inventories	12,633.8	11,182.4	1,451.4	13.0%	48.4%	48.6%
Personnel costs:						
Salaries, wages and benefits	2,583.4	2,287.2	296.2	12.9%	9.9%	9.9%
Retirement benefits	27.1	21.6	5.5	25.6%	0.1%	0.1%
Rent	1,891.9	1,708.6	183.4	10.7%	7.2%	7.4%
Electricity and other utilities	930.3	886.6	43.7	4.9%	3.6%	3.9%
Contracted services and professional fees	927.1	695.5	231.6	33.3%	3.6%	3.0%
Depreciation and amortization	848.4	744.4	104.0	14.0%	3.3%	3.2%
Supplies	486.9	466.1	20.9	4.5%	1.9%	2.0%
Repairs and maintenance	311.5	248.9	62.6	25.2%	1.2%	1.1%
Security and janitorial	145.5	110.4	35.1	31.7%	0.6%	0.5%
Communication	41.5	39.7	1.7	4.4%	0.2%	0.2%
Entertainment, amusement and recreational expenses	7.3	7.0	0.3	3.9%	0.0%	0.0%
Others	597.0	521.9	75.2	14.4%	2.3%	2.3%
	21,431.9	18,920.3	2,511.6	13.3%	82.1%	82.3%

- Consolidated cost of inventories increased in line with revenue growth. As a percentage of revenues, cost of inventories improved by 0.2% points on account of higher base as last year's first quarter cost of inventories was negatively impacted by higher beef prices.

- The increase in other cost items such as personnel costs, rent, electricity and utilities, contracted services, depreciation and amortization, supplies, repairs and maintenance and security janitorial expenses and other expenses was driven by store expansion.

  Contracted services increased significantly as the company shifted to hiring workers supplied by manpower agencies or cooperatives instead of directly hiring contractual employees, but the increase was partly offset by a lower increase in salaries, wages and benefits and the decrease in expenses related to Project SEEDS (under Others).

  As a percentage of consolidated revenues, consolidated cost of sales was slightly lower compared to the previous year due to healthy growth in same store sales.

- The increase in consolidated cost of sales - others was due to higher expenses related to the Jollibee Group's Express Delivery and increased transportation and travel expenses.

Gross Profit

Consolidated gross profit for the first quarter of 2016 increased to ₱4,670.4 million, ₱588.0 million or 14.4% higher than the consolidated gross profit of ₱4,082.4 million for the same quarter of 2015. Gross profit margin for the first quarter of 2016 was 17.9%, slightly higher than the 17.7% gross profit margin for the first quarter of 2015 on account of stable raw material prices and low inflation rate.

Expenses

Consolidated expenses increased to ₱2,932.3 million, ₱300.1 million or 11.4% higher compared to the first quarter of 2015. The following table summarizes the breakdown of the Jollibee Group's consolidated expenses for the quarters ended March 31, 2016 and 2015, and the percentage of each expense item to the consolidated revenues:

	Quarters Ended March 31		Change		Pct to Rev	
	2016	2015	Amount	Pct	**2016**	2015
EXPENSES						
Personnel costs:						
Salaries, wages and benefits	**1,285.6**	1,117.6	168.0	15.0%	4.9%	4.9%
Stock option expense	**58.5**	44.3	14.2	32.1%	0.2%	0.2%
Retirement benefits	**32.4**	21.2	11.2	52.8%	0.1%	0.1%
Taxes and licenses	**286.5**	250.2	36.4	14.5%	1.1%	1.1%
Depreciation and amortization	**123.3**	112.4	11.0	9.8%	0.5%	0.5%
Rent	**109.3**	96.1	13.2	13.8%	0.4%	0.4%
Transportation and travel	**102.2**	97.8	4.5	4.6%	0.4%	0.4%
Contracted Services	**172.8**	135.6	37.1	27.4%	0.7%	0.6%
Repairs and maintenance	**26.2**	23.9	2.4	9.8%	0.1%	0.1%
Training	**26.1**	19.6	6.4	32.8%	0.1%	0.1%
Communication	**22.8**	34.0	(11.2)	-33.0%	0.1%	0.1%
Supplies	**18.7**	17.9	0.8	4.5%	0.1%	0.1%
Entertainment, amusement and recreational expenses	**16.2**	19.4	(3.2)	-16.4%	0.1%	0.1%
Electricity and other utilities	**12.5**	11.6	0.9	8.1%	0.0%	0.1%
Provisions	**12.5**	5.2	7.3	139.4%	0.0%	0.0%
Security and janitorial	**4.6**	4.9	(0.4)	-7.2%	0.0%	0.0%
Insurance	**2.5**	3.3	(0.8)	-25.3%	0.0%	0.0%
Donations	**0.0**	5.1	(5.1)	-99.5%	0.0%	0.0%
Corporate events and others	**198.6**	113.6	85.0	74.8%	0.8%	0.5%
Total General and Administrative Expenses	**2,511.3**	2,133.6	377.7	17.7%	9.6%	9.3%
Advertising and promotions	**420.9**	498.5	(77.6)	-15.6%	1.6%	2.2%
	2,932.3	2,632.2	300.1	11.4%	11.2%	11.4%

- Consolidated personnel costs increased due to an increase in the Corporate Office's headcount, performance-related increases in basic pay, employee promotions, upgrades in employee benefits and additional accrual for stock option expense. Pension expense also increased due to additional accrual for retirement benefits in relation to the increase in basic pay of regular employees.

- Consolidated taxes and licenses expense increased due to higher business-related taxes and license fees resulting from higher revenues.

- Consolidated depreciation and amortization increased due to the growing fixed asset base of the Jollibee Group, including information technology investments.

- Consolidated rent expense increased due to annual rent escalation and additional office space for the Dunkin' Donuts business in Beijing, People's Republic of China.

- Consolidated training expenses increased driven by the JFC University, leadership trainings of various business units, E-Cornell courses and SAP trainings.

- Consolidated communication expense decreased due to lower telephone and internet charges, particularly of the Philippine business.

- Consolidated entertainment, amusement and recreation expenses decreased due to the Company's deliberate effort to cut down on these expenses.

- Consolidated electricity and other utilities expenses increased due to higher consumption.

- Consolidated provisions substantially pertain to provisions for impairment of receivables of local subsidiaries and provisions for impairment losses on inventories of foreign subsidiaries.

- Consolidated donations decreased as no donations were made in the first quarter of 2016 whereas in the first quarter last year, Red Ribbon had donations to the Apl d Ap Foundation and various donations were made also by Jollibee.

- Consolidated security and janitorial expense decreased due to closure of the temporary warehouses leased by the Jollibee Group in 2015.

- Consolidated insurance expense decreased due to timing factor --- this year's insurance premium for Motor Car Insurance was processed only in April, 2016; last year, it was booked during the first quarter.

- The increase in corporate events and other expenses was due to loss on retirement of fixed assets, higher building charges and miscellaneous expenses.

- The decrease in consolidated advertising and promotions expense was due to timing factor --- lower advertising spending for the Philippine business in the first quarter as sales were anticipated to be stronger.

Operating Income

Consolidated operating income for the first quarter of 2016 increased by 19.9% or ₱287.9 million to ₱1,738.1 million due to higher gross profit and lower advertising and promotions expenses.

As a percentage of revenues, operating income improved from 6.3% in the first quarter of 2015 to 6.7% in the first quarter of 2016.

Interest Income (Expense)

	Quarters Ended March 31		Change		Pct to Rev	
	2016	2015	Amount	Pct	**2016**	2015
INTEREST INCOME (EXPENSE)						
Interest income	**57.9**	49.5	8.4	16.9%	**0.2%**	0.2%
Interest expense	**(60.9)**	(58.3)	(2.6)	-4.4%	**-0.2%**	-0.3%
	(3.0)	(8.8)	5.8	-65.9%	**0.0%**	0.0%

Consolidated interest income for the first quarter of 2016 increased compared to the same quarter last year primarily due to higher cash balance and higher Peso money market placement rates. See Note 23 to the accompanying Unaudited Consolidated Financial Statements for more information.

Consolidated interest expense for the first quarter of 2016 was higher than the consolidated interest expense for the same quarter last year due to higher bank loans. See Note 23 of the accompanying Unaudited Consolidated Financial Statements for more information.

Equity in Net Losses of Joint Ventures and an Associate

	Quarters Ended March 31		Change		Pct to Rev	
	2016	2015	Amount	Pct	2016	2015
Equity in net loss of joint ventures and an associate	(69.1)	(30.0)	(39.1)	130.3%	-0.3%	-0.1%

Consolidated equity in net losses of joint ventures and an associate pertains to JFC's share in the net losses of SuperFoods Group, Smashburger, Golden Crown, Wow Prime partly offset by the net earnings of Entrek, the Company that operates Jollibee stores in Brunei, increased during the year.

Other Income

	Quarters Ended March 31		Change		Pct to Rev	
	2016	2015	Amount	Pct	2016	2015
OTHER INCOME						
Write-off of other liabilities	154.7	161.7	(7.0)	-4.3%	0.6%	0.7%
Rebates and suppliers' incentives	14.6	29.6	(15.0)	-50.6%	0.1%	0.1%
Charges to franchisees	3.6	5.7	(2.1)	-36.8%	0.0%	0.0%
Penalties and charges	14.2	3.1	11.1	363.8%	0.1%	0.0%
Other rentals	2.4	2.8	(0.3)	-12.5%	0.0%	0.0%
Pre-termination of operating leases	-	0.0	(0.0)	-100.0%	0.0%	0.0%
Foreign exchange gain (loss) - net	(29.2)	(1.1)	(28.1)	2662.8%	-0.1%	0.0%
Insurance claims and others	(15.2)	(19.0)	3.8	-20.0%	-0.1%	-0.1%
	145.2	183.0	(37.7)	-20.6%	0.6%	0.8%

Consolidated other income decreased year-on-year, mainly due to lower write-off of other liabilities, lower rebates and suppliers' incentives and higher foreign exchange loss.

Income Taxes

	Quarters Ended March 31		Change		Pct to Rev	
	2016	2015	Amount	Pct	2016	2015
PROVISION FOR INCOME TAX						
Current	529.9	437.2	92.7	21.2%	2.0%	1.9%
Deferred	(150.8)	(79.2)	(71.6)	90.4%	-0.6%	-0.3%
	379.1	358.0	21.1	5.9%	1.5%	1.6%

Consolidated provision for income tax was slightly higher due to higher taxable income in the first quarter of 2016 compared to the same quarter last year.

Net Income

Consolidated net income for the first quarter of 2016 amounted to ₱1,432.2 million, 15.8% higher than last year's consolidated net income of ₱1,236.4 million. Net income margins (consolidated net income as a percentage of consolidated revenues) improved slightly to 5.5% this year, from 5.4% in quarter 1 2015. Net Income Attributable to the Equity Holders of the Parent Company amounted to ₱1,398.5 million, 17.7% higher than last year while Earnings per Share amounted to ₱1.307, 17.1% higher year-on-year.

Financial Condition

As of March 31, 2016 vs. December 31, 2015

The Jollibee Group ended the first quarter of 2016 with consolidated total assets of ₱64,596.3 million, 0.3% lower than the ₱64,763.0 million balance at the end of 2015. The following explain the significant movements in the asset accounts:

- The Jollibee Group's consolidated cash and cash equivalents increased to ₱12,530.8 million, ₱1,033.2 million or 9.0% higher than the balance at year-end 2015, mainly due to improvement in Jollibee Group's working capital. The movements in the Jollibee Group's cash will be explained further in the cash flow discussion.

- Short-term investments decreased by ₱67.8 million or 7.4% mainly due to settlement of some obligations.

- Consolidated receivables decreased by ₱1,322.8 million or 24.3% to ₱4,110.0 million primarily due to collection from franchisees for their commissary purchases. Average collection period was lower, from 24 days as at December 2015 to 17 days as at March 31, 2016.

- Consolidated inventories decreased by ₱466.7 million or 8.5% to ₱5,011.7 million from ₱5,478.4 million at the end of 2015 due to lower raw material prices. The Jollibee Group's days inventory outstanding likewise decreased from 42 days as at December 2015 to 38 days as at March 2016.

- Consolidated derivative asset pertains to the change in value of the cross-currency swap that amounted to ₱81.6 million at the end of March 31, 2016. Of the ₱81.6 million, ₱6.6 million pertains to current portion.

The Company has a current ratio of 1.33:1.00 as at March 31, 2016, higher than the current ratio of 1.29:1.00 as at December 31, 2015.

- Operating lease receivables decreased by 13.2% to ₱1.7 million, which is the cumulative difference of rent income recognized under the straight-line method and the rent amounts in accordance with the terms of the lease agreements.

- Deferred tax assets increased by ₱144.9 million or 10.3% to ₱1,553.4 million due to higher Net Operating Loss Carry Over (NOLCO) arising from tax losses of some entities which may be carried forward to future periods, operating lease payables and the excess of Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax and others. See Note 24 to the accompanying Audited Consolidated Financial Statements for details.

Consolidated current liabilities amounted to ₱19,806.0 million, ₱1,262.2 million or 6.0% lower than the 2015 year-end balance of ₱21,068.2 million. The following explain the significant movements in current liabilities:

- Consolidated trade payables and other current liabilities decreased by ₱1,229.4 million or 6.3% to ₱18,297.6 million attributable to lower inventories, payment of local business taxes, lower customer deposits, reduction in store and employee-related accruals.

- Consolidated income tax payable increased by ₱164.1 million or 69.5% to ₱400.1 million due to the income tax payable for the first quarter of 2016.

- The remaining consolidated short-term loan of JWPL amounting to USD6.0 million (₱286.0 million) was paid on February 5, 2016. See Note 18 of the accompanying Audited Consolidated Financial Statements for details.

- Consolidated long-term debt increased by ₱121.6 million or 13.1% to ₱1,049.5 million due to reclassification of bank loans (from long-term to current portion) maturing in 2016. See Note 18 of the accompanying Unaudited Consolidated Financial Statements for details.

- Consolidated liability for acquisition of businesses (net of non-current portion) decreased by ₱36.0 million or 38.0% to ₱58.8 million, due to the payment of post-closing adjustment of USD0.8 million (₱36.6) million for Bee Good! Inc.'s 40% stake in SJBF. See Note 11 of the accompanying Unaudited Consolidated Financial Statements for details.

Consolidated noncurrent liabilities amounted to ₱11,657.1 million, 2.4% or ₱281.2 million lower than the December 31, 2015 balance of ₱11,938.3 million. The following explain the significant movements in noncurrent liabilities:

- Consolidated long-term debt decreased by ₱461.5 million or 5.3% mainly due to partial payment amounting to ₱184.0 million, translation adjustment and reclassification of ₱122.0 million to current portion. See Note 18 of the accompanying Audited Consolidated Financial Statements for details.

- Consolidated derivative liability increased by ₱132.8 million to ₱167.7 million representing the value of the interest rate swap that was in unrealized loss position as at March 31, 2016. See Notes 18 of the accompanying Audited Consolidated Financial Statements for details.

Consolidated total equity increased by ₱1,376.7 million or 4.3% to ₱33,133.3 million primarily due to the net income (attributable to equity holders of the Parent) for the first quarter of 2016, which amounted to ₱1,398.5 million, increase in capital stock and additional paid in capital arising from issuance of new shares, offset by the decrease in cumulative translation adjustments and increase in comprehensive loss on derivative liability.

- The change of ₱53.0 million (loss) in cumulative translation adjustment was largely due to the appreciation of the Philippine Peso versus the RMB and the USD for March 31, 2016 (Peso to RMB: 7.13; to USD 46.07) compared to December 31, 2015 (Peso to RMB: 7.27; to USD: 47.06), which reduced the value of the Jollibee Group's net assets at the end of quarter.

- The increase in consolidated other comprehensive loss on derivative liability by ₱136.4 million was due to the additional recognition of derivative liability for the interest rate swap.

- The increase in consolidated retained earnings by ₱1,398.5 million was due to the consolidated net income (attributable to equity holders of the Parent Company) for the first quarter of 2016.

Liquidity and Capital Resources

Consolidated net cash provided by operating activities amounted to ₱3,385.3 million at the end of March 2016, ₱2,602.2 million higher compared to the consolidated net cash provided by operating activities of ₱783.1 million for the same quarter of 2015 mainly due to improvement in working capital.

Consolidated net cash used in investing activities amounted to ₱1,868.2 million at the end of the first quarter of 2016, 24.0% or ₱362.0 million higher compared to the consolidated net cash used for investing activities of ₱1,506.2 million for the same quarter of 2015 substantially due to higher capital expenditures for store expansion and renovations.

Consolidated net cash used in financing activities amounted to ₱478.2 million at the end of the first quarter of 2016 mainly due to payments of short-term and long-term bank loans.

Cash and cash equivalents at the end of March 2016 stood at ₱12,530.8 million, ₱1,033.2 million or 9.0% higher than December 31, 2015 balance.

Discussion and Analysis of Material Events and Uncertainties

1. There were no events during the period that will trigger direct or contingent financial obligation that is material to the Jollibee Group.

2. There were no material off-balance sheet transactions, arrangements, obligations created during the reporting period.

3. Consolidated capital expenditures budget for 2016 amounted to ₱10,400.0 million, of which ₱7,500.0 million is for new stores and renovations and the rest will mostly be for commissary expansion.

4. Food service operations have both peak and lean seasons. Historically, sales in the second and fourth quarters are strong due to the summer and the Christmas seasons, respectively. Demand during the first and third quarters usually slackens. The material financial impact of this seasonality has been considered in the Jollibee Group's consolidated financial forecast.

5. All of the Jollibee Group's income arose from its continuing operations.

6. Events after the Reporting Period:

   Parent Company
   Acquisition. On April 22, 2016, the Parent Company acquired the remaining 30% stake in Mang Inasal owned by Injap Investments, Inc., Mr. Edgar J. Sia II and Mr. Ferdinand J. Sia, for the purchase price of ₱2,000.0 million in line with the terms of the Shareholders' Agreement among Mang Inasal shareholders dated November 22, 2010. With the acquisition, JFC now owns 100% of Mang Inasal.

   Loan Availment. On April 21, 2016, the Parent Company availed a new loan amounting to ₱ 1,000.0 million from a local bank. The loan is subject to an interest rate based on Reference Rate plus spread of 0.55%, subject to repricing every quarter, and to an interest rate floor of BSP SDA. Provided, however that on any Interest Payment Date, in lieu of a floating interest rate, the Parent Company shall have a one-time option to convert into a fixed-interest rate loan. The loan will mature five (5) years from date of drawdown. The Parent Company incurred debt issue costs of ₱ 5.0 million representing documentary stamp tax for this loan.

   Under the loan agreement, the Parent Company is subject to certain debt covenants which include among others, the maintenance of a required Debt-to-Equity ratio and Debt-to-EBITDA ratio of 3.0 and below.

Dividend Declaration

Parent Company. On April 6, 2016, the Board of Directors (BOD) approved a regular cash dividend of ₱0.86 a share of common stock to all stockholders of record as of April 21, 2016. The cash dividend was paid out on May 6, 2016. This cash dividend is 7.5% higher than the ₱ 0.80 regular dividend a share declared on April 7, 2015.

Appropriation of Retained Earnings

Parent Company. On April 6, 2016, the BOD of the Company approved the appropriation of additional ₱8,000.0 million for future expansion to support the Company's growth strategy. Consequently, the appropriated retained earnings of the Company will increase from ₱10,200.0 million to ₱18,200.0 million.

Discussion of the Jollibee Group's Top Five (5) Key Performance Indicators

System Wide Sales

System Wide Sales is a measure of all sales to consumers both from company-owned and franchised stores.

	As at March 31, 2016	As at March 31, 2015
System Wide Sales	**₱34,345.5 million**	₱29,907.9 million
% Growth vs. LY	**14.8%**	9.5%

Revenues

Revenues is a measure of (1) all sales made by the Jollibee Group's owned stores (both food and novelty sales); (2) Commissary sales to franchised stores; (3) rental revenues of the Jollibee Group's property division; and (4) revenues from services rendered by the in-house Construction and Service Groups.

	As at March 31, 2016	As at March 31, 2015
Revenues	**₱26,102.3 million**	₱23,002.7 million
% Growth vs. LY	**13.5%**	10.0%

Net Income Margin

Net Income Margin is the ratio of the Jollibee Group's earnings after interest and tax. This is computed by dividing consolidated net income by consolidated revenues. The quotient is expressed in percentage. This measures the Jollibee Group's return for every peso of revenue earned, after deducting cost of sales, operating expenses, interests and taxes.

	As at March 31, 2016	As at March 31, 2015
Net Income	**₱1,432.2 million**	₱1,236.4 million
% to Revenues	**5.5%**	5.4%

Basic Earnings Per Share (EPS)

EPS is the portion of the Jollibee Group's profit allocated to each outstanding share of common stock. This is computed by dividing the net income for the period attributable to the equity holders of the Parent Company by the weighted average outstanding shares during the same period. This serves as an indicator of the Jollibee Group's profitability.

	As at March 31, 2016	As at March 31, 2015
EPS (Basic)	**₱1.307**	₱1.116
% Growth vs. LY	**17.1%**	8.9%

Return on Equity (ROE)

ROE is the ratio of the JFC Group's net income (attributable to equity holders of the Parent Company) to equity. It is computed by dividing annualized net income (attributable to equity holders of the Parent Company) by average equity attributable to equity holders of the Parent Company. Average equity attributable to equity holders of the Parent Company is calculated by adding the equity as of December 31, 2015 to the equity as of March 31, 2016 and dividing the result by two. ROE is a measure of return for every peso of invested equity. The JFC Group also uses ROE for comparing its profitability to that of other firms in the same industry.

	As at March 31, 2016	As at March 31, 2015
Return on Equity	**17.8%**	17.1%

Financial Ratios	Formula	**Mar-16 Unaudited**	Mar-15 Unaudited
Liquidity Ratios			
Current Ratio	Current Assets / Current Liabilities	**1.33**	1.27
Financial Leverage Ratios			
Asset to Equity Ratio	Total Assets / Total Equity Attributable to Equity Holders of the Parent Company	**2.02**	2.01
Debt Ratio	Total Debt* / Total Debt + Equity Attributable to Equity Holders of the Parent Company	**49.6%**	49.2%
Net Debt Ratio	Total Debt* - Cash and Cash Equivalents / (Total Debt* - Cash and Cash Equivalents) + Equity Attributable to Equity Holders of the Parent Company	**36.1%**	40.2%
Interest Coverage Ratio	Earnings before Interest and Taxes / Interest Expense	**29.8**	28.4
Solvency Ratio	Net Income + Depreciation / Total Liabilities	**0.31**	0.30
Debt Service Coverage Ratio	Net Income / Total Liabilities	**0.18**	0.18

* *Including total current and noncurrent liabilities*

Annex "A-3"

Business Description of the Company

BUSINESS DESCRIPTION

JOLLIBEE FOODS CORPORATION ("*JFC*" or the "*Company*") was incorporated on January 11, 1978. Its principal business is the development, operation and franchising of quick-service restaurants (QSR) under the trade name "Jollibee." In the Philippines, the Company has, as subsidiaries, FRESH N' FAMOUS FOODS, INC., which develops, operates and franchises quick-service restaurants under the trade names "Chowking" and "Greenwich," RED RIBBON BAKESHOP, INC. (through RRB HOLDINGS, INC.), which develops, operates and franchises restaurants under the "Red Ribbon" trade name, MANG INASAL PHILS., INC., which develops, operates and franchises restaurants under the "Mang Inasal" trade name, and PERF RESTAURANTS INC., (through holding companies, of which the Company owns 54%) which operates franchised restaurants under the "Burger King" trademark in the Philippines. The Company also has subsidiaries and affiliates which develop and operate international brands.

In the People's Republic of China, the Company's wholly-owned subsidiaries develop and operate the brands "Yonghe King" and "Hong Zhuang Yuan" whereas joint venture entities operate the "12 Hotpot" and "Dunkin' Donut" brands. The Company's joint venture entity WJ INVESTMENTS LTD. own and operate the "12 Hotpot" brand in the People's Republic of China, Hong Kong and Macau whereas GOLDEN CUP PTE. LTD., holds the exclusive right to develop "Dunkin' Donuts" in the following territories in the People's Republic of China: Hong Kong, Macau, Fujian, Hunan, Jianxi, Guangdong, Hainan, Guanxi, Beijing, Tianjin, Hebei, Shangxi, Chongqing, Guizhou, Sichuan, Yunnan, Heilongjiang and Jilin.

Through its joint venture entities, the Company also owns and operates brands under the SuperFoods Group (including Highlands Coffee and Pho 24). In the United States, the Company through its wholly-owned subsidiary Bee Good! Inc. made a strategic investment in "Smashburger" Milestones and updates for subsidiaries and affiliates are discussed further in other parts of this Report.

In 2015, Jollibee started the year on a high note with the re-launch of the new Garlic Pepper Beef. This was followed by the launch of a new campaign for Cheesy Bacon Mushroom Yum. Given the very competitive landscape, Jollibee focused on its flagship and core products. It introduced Chickenjoy's thematic campaign entitled "made of joy na walang katulad" and in August, a taste superiority campaign for Jolly Spaghetti was rolled out. In September, it launched the Taste Forever Love campaign for Jollibee's burger steak product. The results were overwhelming and a good follow up to the Big Burger steak product that was launched during the early part of the year. Jollibee also introduced a new dessert, the Peach Mango Sundae which was well received by fans of its iconic dessert, the Peach Mango Pie. This is also in addition to the Reese's Mix-ins, offering its customers more dessert options.

Other exciting campaigns and innovations included the introduction of the new Jollibee Kids Meal packaging – the Jolly Joy Box, the return of the iconic "I love you Sabado!" jingle as part of Jollibee's weekend thematic campaign and strategic brand collaboration through the tie-up with Uniqlo for specially-designed Jollibee shirts that delighted fans all over the country.

By the end of 2015, there were 916 Jollibee stores nationwide, of which 459 were franchised and 457 were company-owned.

2015 was another landmark year for Jollibee international operations with unprecedented growth not just in sales but also in international expansion. Cementing its status as a truly global brand, Jollibee continues its international expansion with 16 new stores opened, actually celebrating its 1000th store opening in United Arab Emirates (UAE) which marks the first entry of the brand into a flagship market in the Middle East.

Jollibee is poised with truly great tasting and well-loved flagship products, and a steady expansion plan across different global markets truly inching towards the goal of bringing the joy of eating truly delicious food to everyone.

As of December 2015, Jollibee had 139 stores with 32 stores in the United States, 72 in Vietnam, 13 in Brunei, 1 in Hong Kong, 2 in Singapore and 19 in the Middle East.

The Corporate Supply Chain provides manufacturing and logistics services to the various brands of JFC through Zenith Foods Corporation ("ZFC") and JWS Logistics.

ZFC, a wholly-owned subsidiary of JFC, serves as the major manufacturing arm of the Company. The major facility, located in Carmelray Industrial Park 1 in Canlubang has a combined capacity of about 400 metric tons of various products daily. Together with a second site in Mandaue City, Cebu, ZFC can supply the requirements of close to a thousand stores nationwide. Manufacturing expansion plans are underway in Luzon and in VisMin to support the projected growth of the JFC brands.

JWS Logistics (JWSL) is part of Jollibee Worldwide Services, the regional operating headquarters of the Jollibee Group of companies. JWSL ensures the delivery of goods to the JFC stores on-time and in-full through its services which include supply planning, warehousing, distribution, and logistic services. It operates distribution centers in strategic locations to service the growing network of stores in the JFC system. The biggest distribution center which serves as a major hub for Metro Manila and South Luzon is located in a 5-hectare property in Barangay Marcelo Green, Paranaque City with over 20,000 combined pallet locations for both dry and cold storages. Like its manufacturing partner ZFC, JWSL is poised for expansion.

The Company is currently embarking on major expansion projects for completion from 2014 to 2018 to increase capacity of the plants and distribution centers in Luzon and Vismin, addressing the growth requirements of the stores nationwide.

The Company's main suppliers are:

Food	*Supplier*
Chicken	SAN MIGUEL FOODS, INC. JMT Building, ADB Avenue, Pasig City
Carbonated Beverages	COCA-COLA BOTTLERS PHILIPPINES, INC. 1890 Paz Guazon Street, Otis, Paco, Manila
Sauces and Beverages	DEL MONTE PHILIPPINES, INC. Bugo, Cagayan De Oro City
Beverages	NESTLE PROFESSIONALS Nestle Center, Rockwell Center, Makati City
Dressings	UNILEVER PHILIPPINES UN Avenue, Paco, Manila

The Company has existing agreements with all suppliers.

The Company's subsidiaries have their own commissaries for their respective specialty products, *i.e.*, pizza and pasta for Greenwich, Chinese dishes for Chowking, cakes and pastries for Red Ribbon, grilled chicken and Filipino food items for Mang Inasal, products for Burger King and Chinese food items for Yonghe King, Hong Zhuang Yuan and San Pin Wang in China. In July 2010, the Company disclosed that, through its wholly-owned subsidiary Jollibee Worldwide Pte. Ltd., it had entered into a joint venture agreement with Hua Xia Harvest Holdings Pte. Ltd. ("Hua Xia") to build and operate a food processing plant in Shucheng County in Anhui Province of China. In February 2016, the Company disclosed that it entered into an agreement with Hua Xia to acquire the latter's 30% equity shareholding in the joint venture entity. With said acquisition, the Company shall own 100% of the joint venture entity.

Food quality, service, price-value relationship, store location and ambience, and efficient operations continue to be critical elements of the Company's success in the quick-service restaurant industry.

EMPLOYEES

JFC and its commissaries have approximately 18,235 employees in the Philippines as of December 31, 2015. The regular daily-paid employees of JFC are subject to a collective bargaining agreement which expires on February 28, 2017.

Aside from all benefits mandated by law, the Company provides training opportunities (internal and external) to its employees. Qualified employees are also entitled to avail of options under the Company's Stock Option Plan.

COMPETITION

The Company competes in the quick-service restaurant industry. The Company's competitive edge includes strict adherence to its policy of maintaining high standards in food quality, reasonable prices, excellent service and cleanliness in its stores. Taking the Jollibee group in its entirety, competition includes, but is not limited to, McDonald's, Wendy's, KFC, and other burger, pizza and pasta chains, Chinese fast-food restaurants, grilled chicken and Filipino restaurants, and bakeshops.

CUSTOMERS

The Company serves a wide spectrum of customers from all economic classes. It is not dependent on a single customer or a few customers. Neither is there a single customer that accounts for, or will account for, 20% or more of the Company's sales.

RELATED PARTIES

The Company runs its business independently of its subsidiaries and other related parties. There is no dependence on the Company's related parties.

PERMITS AND APPROVALS

Other than the reportorial requirements of the Securities and Exchange Commission ("SEC"), The Philippine Stock Exchange ("PSE"), the Bureau of Internal Revenue ("*BIR*"), and the local permits for the opening and continued operations of stores, there are no other permits, licenses or approvals required from the Company for its operations. The Company is in compliance with the requirements of the SEC, PSE, BIR and local governments.

RESEARCH AND DEVELOPMENT

Research and development is an integral part of the Company's operations. New products, concepts and ideas are critical to the continued success of the Company and its subsidiaries. For this reason, the Company allocates a Research and Development budget as indicated below for the Jollibee Philippines brand:

Year	Amount	Percentage to Systemwide Sales of Jolljbee Brand
2014	PhP77,609,619.44	0.14%
2015	PhP72,994,618.94	0.12%

ENVIRONMENTAL LAWS

In keeping with its Corporate Social Responsibility ("CSR"), JFC places great premium in its commitment to environmental conservation and protection. A dedicated office was assigned to reduce the total environmental footprint of its businesses. Despite the lack of standards for the Restaurant Sector, the Company exerts efforts to meet the industrial standards being applied to it by government regulators. Several measures were included in its operations, covering both procedural and technological aspects, which pay heed to the environmental laws and regulations being applied to the quick-service restaurant sector.

Part of the proactive measures being undertaken at the store level, the Company currently implements two programs, namely, the Environmental Education and Awareness Program ("EEAP"), and the Cleaner Production Pollution Prevention ("CP2P") Program. Under the former, restaurant managers undergo the requisite 40-hour Basic Pollution Control Officer (PCO) Training, while area managers, group managers as well as managing directors undergo the 8-hour Environmental Management Training. In the CP2P program, the Company's environmental policy is inculcated in every store personnel and they are also taught Best Management Practices (BMPs) in the kitchen.

Strict adherence to the tenets of environmental responsibility actually begins the moment a JFC store is constructed. The Fiber Cement (Ficem) boards utilized for the drywall partitions and ceiling assemblies are not only asbestos-free, non-combustible, inorganic and termite proof, they are also 100% reusable. Even the Low VOC paint used in JFC stores is free of harmful chemicals like asbestos and mercury, in addition to being eco-efficient in terms of coverage and durability. The use of light-colored roofing materials, which reflect heat, contribute to a much cooler building as well as reduced electrical bills. Additionally, for general lighting, conversion to Light Emitting Diodes (LED), capable of over 50,000 "burning" hours while consuming only 9 watts each, have been implemented in most stores.

The air-conditioning systems being installed in newly-built stores now utilize chilled water instead of a refrigerant to cool the room, saving approximately 32,000 kilowatt hours per store every year. The energy saved with its installation for every 20 stores is equivalent to the yearly power consumption of almost 400 households. Not only that, evaporative fresh air blowers are also employed, which draw warm outside air through wet filter pads, resulting in a similar cooling effect through evaporation. This reduces the use of air conditioners, saving around 25,000 kilowatt-hours of energy per year with every installed unit. Additional energy economy is achieved with the heat recovery water heater, which traps the heat emitted by the air conditioner to produce hot water for cleaning the floors. This mechanism results in additional savings of 20,700 kilowatt-hours of energy per unit per year, enough to provide the electrical requirement of 2,678 households for every 220 Jollibee stores using this facility. The exhaust systems of the kitchens contain variable speed drives, programmed to automatically reduce the speed of exhaust motors during off-peak hours when less food is cooked, saving up to 14,000 kilowatt-hours of energy per motor per year.

JFC continues to innovate by developing alternative energy sources like the solar power system and wind power. JFC store roofs are potential sources of carbon free electricity. Installation of roof-mounted, grid-tied solar panels on Jollibee stores started in 2015.

Hand in hand with its mission of bringing the joy of eating to everyone, the Company also believes in inculcating the spirit of environmental responsibility both inside and outside the Company. More than a one-time effort, this unceasing pledge to the environment can be best seen in its proactive efforts to anticipate and address issues through continuous feedback and communication with the Company's partners in the government and the customer base.

RISKS

The Company and its subsidiaries are all in the quick-service restaurant sector. Quick-service restaurants like those maintained by the Company are expected to maintain high quality in terms of food, service and cleanliness ("*FSC*"). The Company responds by observing stringent guidelines, processes and procedures in its FSC, and conducting regular and spot audits to ensure that FSC standards are maintained not only in stores but also in commissaries. The Company has likewise instituted a system of incentives to reward excellent performance in terms of FSC by stores.

ADDITIONAL REQUIREMENTS AS TO CERTAIN ISSUES OR ISSUERS

The Company has no additional requirements as to certain issues or issuers.

SUBSIDIARIES AND AFFILIATES

The Company owns, develops, operates and franchises the following brands through various subsidiaries:

Chowking

2015 was a big year for Chowking. Focused efforts on building flagship products were key to Chowking's success. The brand started the year with an above-the-line campaign featuring Chinese-style Fried Chicken, highlighting it as the fried chicken made with real chinese spices. Chowking also launched the improved profile of Chunky Asado Siopao.

In line with the strategy to develop superior tasting and craveable products, Chowking introduced new products to solidify the brand's position as a Filipino-inspired Chinese QSR. Sweet and Sour Pork, Meaty Wonton Noodles and Milk Tea were the perfect addition to strengthen its menu line-up.

2015 also paved the way to enhance the Chowking brand image. In November, from a generic styro-foam packaging, Chowking launched its paper packaging which features the new Chinese-themed look. The launch of the paper packaging is also in line with the brand's commitment to care for the environment as it shifts to environmentally friendly and biodegradable materials.

Moreover, Chowking did a complete overhaul of its menu board with the introduction of a new design and installation of digital LED menu boards in its stores. The new digital menu board provides better store experience and appetizing product presentation that helped solidify Chowking's image in the QSR market.

As of December 2015, there were 439 Chowking stores nationwide, of which 231 were franchised and 208 were company-owned.

As of year-end, Chowking had 46 stores outside the Philippines -- 19 stores in the United States, 20 in UAE, 4 in Qatar, 2 in Oman and 1 in Kuwait. In 2015, Chowking won the Filipino Times Award for "The Preferred Fast food" in UAE.

Greenwich

In 2015, Greenwich built 27 new stores; its most number of new stores in over 10 years, bringing the overall number of branches to 231. All of these stores follow the new pizzeria design concept which combines mid-century-inspired wood panels, brick accents, and other rustic motifs with modern, industrial stylings. The design gives the stores a hip and quirky look that the youth find Instagram-worthy, making *barkada* moments extra memorable.

New offerings like the Choco Banana Crisp dessert pizza, Wacky Wings, and Very Cheesy Macaroni were added to the menu to go well with Greenwich's best-tasting pizzas and pastas. The Overloaded Supreme Meal (featuring the best-seller pizzas & Lasagna plus Wacky Wings) and Cheesy Steak & Fries pizza provided customers with a hefty, high-value meal combination. The excitement brought about by these new products resulted in increased store visits and encouraged customers to add more to their usual orders.

Greenwich strengthened its affinity with its target market with the introduction of its new Barkada brand ambassadors composed of popular young celebrities. The new Barkada was featured in campaigns for Ultimate Overload, Crispy Thins, the limited-time-offer Cheesy Steak and Fries pizza and Lasagna Supreme.

As of December 2015, Greenwich had 231 stores nationwide, with 2 of those participating in the Company's "multibrand" stores. Greenwich ended the year 2015 with 87 franchised stores and 142 company-owned stores.

"Chowking" and "Greenwich" are business units of Fresh N' Famous Foods, Inc., a wholly-owned subsidiary of the Company.

Red Ribbon

Red Ribbon set another record year in 2015. The growth was largely driven by the opening of 64 new stores, 10 of which in virgin territories. Aside from new stores, the launch of new products, like Limited Time Offer Cakes and Mamon, Double Deck Cake, Cake Slices, Cookies & Cream Mamon, Premium and Double Deck Dedication Cake,. also raked in remarkable sales, significantly contributing to the growth of the brand particularly in the Rounds and Square Cakes categories. This achievement marked Red Ribbon's commitment to making moments even sweeter for Filipino families with its wider store network and a richer range of products.

2015 also saw the highest number of renovated stores in the history of the brand. A total of 39 stores were renovated to project a refreshed look. In addition, a new store concept was piloted in 2 key outlets.

In the Philippines, Red Ribbon had 374 stores as of December 2015, 164 of which were franchised stores and 210 of which were company-owned.

As of December 2015, Red Ribbon USA had a total of 32 stores. For USA operations, 2015 was a memorable year as it was marked by a major improvement on Red Ribbon's flagship cake, Mango Cake.

Mang Inasal

From its first store in Robinson's Iloilo 12 years ago, Mang Inasal has established itself as a strong national brand and a leader in the quick-service restaurant industry through fortifying the strength of its products, people, and processes.

In 2015, Mang Inasal remained the number one Pinoy quick service restaurant and *Chicken Inasal* the number one Grilled Chicken.[1] These accolades are a result of Mang Inasal's great-tasting product offerings and serving Gold Standard *Chicken Inasal* across its 460 stores.

The company introduced improvements into its well-loved products such as Bangus Sisig, Bangus Inihaw, and the limited time offer Pinoy Halo-Halo with Christmas Barquillos. Customers across the country recognized the consistently excellent quality of Mang Inasal bestsellers such as Chicken Inasal, Pinoy Halo-Halo, Pork BBQ, and Palabok.

The Filipino people have continued to recognize Mang Inasal's strengths in 2015, with franchisees all over the country believing in Mang Inasal's direction toward further growth. This trust led to the Department of Trade and Industry and the Philippine Franchise Association recognizing the company as the Most Outstanding Filipino Franchise under the Food Category – Large in the 2015 Franchise Excellence Awards. Mang Inasal's strong digital presence and engaging digital marketing campaigns garnered the company the distinction of "Most Positively Talked About Fast Food" in 2015.

As of December 2015, Mang Inasal had 460 stores, 421 of which were franchised stores and 39 of which were company-owned.

Burger King

2015 was a record-breaking year for Burger King Philippines. First off, a total of 13 new branches were added to the Burger King system in 2015. This is the most number of openings in recent history. 2015 also marked the first ever outlets in the Bacolod and Nueva Ecija regions. In February 2015, the Cebu Cabahug branch opened and in August 2015, Lipa Uptown also opened. By year end, the official store count is at 56, the largest store network Burger King has ever had in the Philippines.

Apart from the numerous openings, 2 locations also got their much needed face lift. Key outlets were renovated to the delight of the guests. By the end of 2015, 82% of the store network now sport the latest "Garden Grill" concept bringing the "best burger experience" promise of the brand to life.

Marketing efforts for 2015 focused on the flagship products, Whopper and 4-Cheese Whopper. Each got their own TVC campaign highlighting the taste superiority of Burger King's flame-grilled burgers and great value-for-money; challenging the other burgers of competition.

Apart from the flagships, the X-tra Long Chicken Burger also got a push via digital efforts in Facebook and YouTube. New and limited-time only product introductions; like the Chicken Nuggets, Rock It Fries, and the Angry Whopper; also gave excitement to the menu. The brand's value proposition was also reinforced with the quarterly King Deals Coupons during the second half of the year.

[1] 2015 Kantar Panel Metro Manila.

All the marketing campaigns led to Burger King Philippines being recognized as The Choice 2015 Awardee for Favorite Fast Food Burger by several foodies and bloggers.

Yonghe King

In 2015, Yonghe King focused its efforts on improving the quality of its products and service. At the beginning of 2015, new product Fried Chicken Thigh Rice was launched in limited stores for pilot test. Extensive improvements were also made on its flagship products: Tomato Beef Noodle and Braised Beef Noodle wherein Yonghe King took the initiative in fast food industry to adopt premium cuts of leg steak as its main ingredient.

Beside products improvement, Yonghe King opened two experiment stores in Pudong and Puxi in Shanghai. In Puxi experiment store, Yonghe King adopted new store design, innovative menu and operation model. Aiming to pursue ultimate tasty fast food, Yonghe King replaced some of its menu products and introduced "Assemble to Order" production model. Other innovations adopted are digital ordering panel and mobile phone payment.

As of December 2015, Yonghe King had 321 stores, 27 of which were franchised stores and 294 of which were company-owned.

Hong Zhuang Yuan

The winning streak continued as Hong Zhuang Yuan registered its biggest year yet in 2015. It continued to strengthen its brand position of being the only Chinese neighborhood restaurant that "feels like home," offering delicious, everyday good value for money "comfort food" from memories of childhood and Beijing, and bringing delightful, comfortable eating experience.

Hong Zhuang Yuan optimized its menu by introducing new products that became popular and were widely accepted by the customers. These new products generated incremental sales for the business. At the same time, Hong Zhuang Yuan also continued to grow its iconic products, such as Lean Pork & Preserved Egg Congee, Five Black Congee, Kungbao Chicken, Sautéed Assorted Vegetable served with Pancake. To ensure consistent high quality food in all of its restaurants every day, an end-to-end approach was undertaken.

Hong Zhuang Yuan also implemented supply chain improvement programs in 2015 to meet the increase in demand, even under tough economic situation & stiff competition in China. Its newly-renovated commissary that has more modern and efficient facilities started operations in mid-2015. It also implemented safety and sanitation work gear, work safety program and conduct of good manufacturing practices (GMP) training programs during the year that resulted in sustained commissary profitability and improved GMP scores.

Hong Zhuang Yuan continued to renovate existing restaurants that enhanced customer visits and dining experience. These were prominently displayed in the restaurant interiors, creating an Old Beijing atmosphere that is modern and welcoming. As of December 2015, Hong Zhuang Yuan had 42 stores, 41 of which were company-owned.

San Pin Wang

2015 marked San Pin Wang's rapid reformation and updating of its food processes and equipment to ensure food safety. With these being applied all throughout the business, 2015 provided San Pin Wang the opportunity to open 10 stores – 3 company-owned stores and 7 franchised stores – bringing the total store count to 59.

Focusing on its flagship products, the brand introduced 2 new products - the Niusanbao and Tomato Beef Rice Noodle - to meet the demands of customers. In the stores, the Kitchen Display System, electronic queuing device, self-service beverage and other new models were introduced to serve customers better and quickly. The online takeaway business was also launched in 2015 to attract more customers.

As of December 2015, San Pin Wang had 59 stores, 46 of which were company-owned.

SuperFoods

The SuperFoods group owns and operates various brands, including Highlands Coffee Shops in Vietnam, Highlands Coffee Packaged Products and Hard Rock Café franchised stores in Macau, Hong Kong and Vietnam. Highlands Coffee serves Vietnamese coffee and light meals in trendy coffee shops, and also sells packaged coffee through retail outlets.

The SuperFoods Group also acquired the Pho 24 brand and restaurants which have presence in Vietnam, Indonesia, Philippines, Cambodia, Macau and Korea. Pho 24 serves traditional Vietnamese dishes with rice noodles as its core products.

As of December 2015, Highlands Coffee had 101 stores in Vietnam and the Philippines, Pho 24 had 36 stores in Vietnam, Indonesia, Cambodia, Korea and Australia, and other SuperFoods brands had 8 restaurants.

12 Hotpot

On August 22, 2012, the Company disclosed that its wholly-owned subsidiaries Jollibee Worldwide Pte. Ltd. ("JWPL") and GPPL have entered into an agreement to establish a company to own and operate the *12 Hotpot* brand in the People's Republic of China, Hong Kong and Macau. JWPL and GPPL combined will own 48% of the joint venture company.

The *12 Hotpot* brand features low-priced hot pot dishes served in a clean and bright dining environment. It highlights safe and fresh food which each customer cooks in individual fast-heating stone hot pots.

As of December 2015, 12 Hotpot had 21 stores in the People's Republic of China.

Jinja

As of December 2015, Jinja operated 3 restaurants in the US.

JOLLIBEE GROUP FOUNDATION, INC.

After celebrating its first ten years, Jollibee Group Foundation (JGF) continued to work with partners and stakeholders to develop and implement programs that harness the strengths of JFC as a food service company to create lasting impact in the community.

Over the years, JGF's flagship programs have evolved to become program models for addressing the country's most pressing social challenges.

Busog, Lusog, Talino (BLT) School Feeding Program
Since the program started in 2007, BLT has steadily grown to cover more than 1,560 schools in 200 towns and cities across the country reaching more than 165,000 pupils. Year-on-year, 85% of pupils reach normal weight after completing the feeding cycle.

In 2015, in addition to regular school feeding activities, JGF undertook two major initiatives in support of the Department of Education's (DepEd) nationwide implementation of its School-Based Feeding Program: the BLT Excellence Awards and the BLT School Feeding Kitchen.

The BLT Excellence Awards encouraged schools to adopt food safety and cleanliness standards in implementing school feeding programs. JGF piloted the BLT Kitchen in Capas, Tarlac and helped develop standards on food production, safety and cleanliness in a central kitchen set up. Following the success of this pilot initiative, JGF is promoting the establishment of these kitchen facilities across the country. To support this, DepEd has released a memorandum to all school divisions to work with JGF in the establishment of BLT Kitchens.

Farmer Entrepreneurship Program (FEP)
FEP continued to be a model for inclusive business and was cited as an example in setting up the Department of Trade and Industry's Negosyo Center initiated by the Office of Senator Paolo Benigno Aquino. FEP was also presented in other fora such as the Livelihoods Asia Summit in India, Credit Suisse Philanthropy Forum, and the Roundtable on Inclusive Agribusiness in Southeast Asia held in Vietnam.

At the Asia Pacific Economic Cooperation's Small and Medium Enterprises Summit 2015, President Benigno S. Aquino III cited the FEP for enabling small farms to sell produce directly to institutional markets.

OTHERS

Other subsidiaries of the Company include FREEMONT FOODS CORPORATION, a wholly-owned subsidiary which owns and operates the Company's Jollibee stores primarily in the Visayas and Mindanao areas, and GRANDWORTH RESOURCES CORPORATION, a real estate company which owns or leases some of the properties used as store sites.

PERCENTAGE OF FOREIGN SALES

The percentage of foreign sales to total net sales for the last four (4) years is as follows:

	2015	2014	2013	2012
Total Sales	95,810,688,792	86,209,777,710	76,313,489,585	67,493,953,521
Foreign Sales	22,353,890,989	20,428,092,190	18,249,808,498	15,534,109,102
Percentage	23.30%	23.70%	23.90%	23.01%

The percentage of foreign sales to net income is as follows:

	2015	2014	2013	2012
Net Income	5,046,333,392	5,488,941,506	4,722,806,527	3,713,062,706
Foreign Sales	22,353,890,989	20,428,092,190	18,249,808,498	15,534,109,102
Percentage	443.0%	372.2%	386.4%	418.4%

TRADEMARK REGISTRATION

Following is a list of the local and international trademark registrations and pending applications for registration for the "Jollibee" brand as of December 31, 2015.

The Company's subsidiaries have likewise procured the relevant trademark registrations for their respective brands.

[*Lists are found on the following page.*]

Annex "A-4"

List of Local and International Trademarks

LOCAL

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	1/3 POUND PATTY CHAMP EXTRA BIG LOGO & DEVICE		4-2010-004210	3-Dec-10	29, 35
Philippines	1/3 POUND PATTY CHAMP EXTRA BIG LOGO & DEVICE (IN COLOUR)		4-2010-004235	28-Jan-11	29, 35
Philippines	AFFORDELICIOUS	AFFORDELICIOUS	4-2010-010083	7-Apr-11	35
Philippines	AMAZING ALOHA & PINEAPPLE SLICE DEVICE	Amazing Aloha	4-1996-108683	4-Nov-02	30
Philippines	BEE HAPPY	BEE HAPPY	4-2012-003129	24-May-12	35
Philippines	BEE HEAD DEVICE		4-2004-006570	6-Jan-06	43

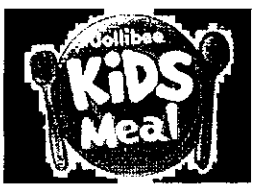
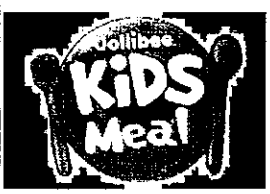
COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	BEE HEAD DEVICE		4-2005-007557	19-Feb-07	9, 16, 18, 20, 21, 24, 25, 28
Philippines	CHAMP	CHAMP	4-2010-004236	28-Jan-11	29, 35
Philippines	CHICKEN TORPEDO	CHICKEN TORPEDO	4-2004-011637	15-Jan-07	29
Philippines	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	4-2004-006569	26-May-06	29
Philippines	CONE TWIRL	CONE TWIRL	4-2010-010089	7-Apr-11	29
Philippines	CRISPYLICIOUS (WORD MARK)		4-2012-000563	31-May-12	29

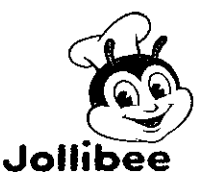
COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	DITO ANG SARAP MAGING		4/2013/00001090	20-Feb-15	35
Philippines	DITO ANG SARAP MAGING PAMILYA		4/2013/00001089	20-Feb-15	35
Philippines	EVERYDAY DESERVES A SUNDAE	EVERYDAY DESERVES A SUNDAE	4/2011/00010765	20-Nov-14	30
Philippines	FAMILY VALUES AWARDS		4-2013-010435	19-Dec-13	35
Philippines	FINANCE BEYOND NUMBERS		4-2013-005162	12-Sep-13	16, 41
Philippines	HAPPYPLUS CASHLESS PAYMENTS WITH REWARDS LOGO AND DEVICE (IN BLACK & WHITE)	happy	4-2011-002977	20-Jun-13	9, 16, 35, 36

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	HAPPYPLUS CASHLESS PAYMENTS WITH REWARDS LOGO AND DEVICE (IN COLOR)	happyplüs cashless payment with rewards	4-2011-009245	5-Jan-12	9, 16, 35, 36
Philippines	HETTY MASCOT HOUSE DEVICE (IN BLACK & WHITE)		4-2010-005365	21-Oct-10	16, 18, 25, 28, 41
Philippines	HETTY MASCOT HOUSE DEVICE (IN COLOR)		4-2010-005368	14-Oct-10	16, 18, 25, 28, 41
Philippines	Ice Craze Coffee Jelly	Ice Craze Coffee Jelly	4-2005-003299	5-May-07	30
Philippines	jk	jk	4-2005-008738	23-Jul-07	16, 18, 25, 26
Philippines	JOLLIBEE		4-2005-007558	19-Feb-07	9, 18, 20, 21, 24, 25

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	JOLLIBEE	JOLLIBEE	4-2000-004772	10-Mar-06	29, 30, 32, 42
Philippines	JOLLIBEE BREAKFAST JOYS	**Jollibee Breakfast Joys**	4-2009-006901	24-Dec-09	29, 35
Philippines	JOLLIBEE CHAMP	**Jollibee Champ**	4-2009-006900	12-Nov-09	29, 35
Philippines	JOLLIBEE CHAMP. BIG BURGER GOODNESS LIKE NO OTHER.	**Jollibee Champ. Big Burger Goodness Like No Other.**	4-2009-006905	12-Nov-09	35
Philippines	JOLLIBEE CHICKEN BARBECUE DELICIOUS INSIDE AND OUT INSIDE A RECTANGULAR DEVICE		4-2010-004237	22-Mar-12	29, 35
Philippines	JOLLIBEE CHICKEN BARBECUE DELICIOUS INSIDE AND OUT INSIDE A RECTANGULAR DEVICE (IN COLOUR)		4-2010-004233	13-Jan-11	29, 35

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	JOLLIBEE CHICKEN BARBECUE INSIDE A RECTANGULAR DEVICE		4-2010-004204	13-Jan-11	29, 35
Philippines	JOLLIBEE CHICKEN BARBECUE INSIDE A RECTANGULAR DEVICE (IN COLOUR)		4-2010-004234	28-Jan-11	29, 35
Philippines	JOLLIBEE FAMILY VALUES AWARDS CELEBRATING EXEMPLARY FILIPINO FAMILIES		4/2013/00010436	12-Jun-14	35
Philippines	JOLLIBEE GRILLED PORK TENDERS (Word Mark)		4-2012-000614	3-May-12	29
Philippines	JOLLIBEE KIDS CLUB INSIDE A CIRCLE DEVICE WITH A GRAPHIC DESIGN OF FACES OF KIDS		4-2010-005155	31-Dec-10	16, 35
Philippines	JOLLIBEE KIDS CLUB INSIDE A CIRCLE DEVICE WITH A GRAPHIC DESIGN OF FACES OF KIDS (IN COLOUR)		4-2010-005303	23-Dec-10	16, 35

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	INSIDE A CIRCLE DEVICE WITH A GRAPHIC DESIGN OF FACES OF KIDS AND JOLLIBEE CHARACTER ON THE UPPER LEFT		4-2010-005156	31-Dec-10	16, 35
Philippines	JOLLIBEE KIDS CLUB INSIDE A CIRCLE DEVICE WITH A GRAPHIC DESIGN OF FACES OF KIDS AND JOLLIBEE CHARACTER ON THE UPPER LEFT SIDE (IN COLOUR)		4-2010-005302	31-Dec-10	16, 35
Philippines	JOLLIBEE KIDS MEAL INSIDE A CIRCLE DEVICE WITH A GRAPHIC DESIGN OF A FORK ON THE LEFT SIDE AND A SPOON ON THE RIGHT SIDE		4-2010-005153	31-Dec-10	16, 35
Philippines	JOLLIBEE KIDS MEAL INSIDE A CIRCLE DEVICE WITH A GRAPHIC DESIGN OF A FORK ON THE LEFT SIDE AND A SPOON ON THE RIGHT SIDE (IN COLOUR)		4-2010-005307	31-Dec-10	16, 35
Philippines	JOLLIBEE KIDS MEAL INSIDE A CIRCLE DEVICE WITH A GRAPHIC DESIGN OF A FORK ON THE LEFT SIDE, A SPOON ON THE RIGHT SIDE AND A JOLLIBEE CHARACTER ON THE UPPER LEFT SIDE		4-2010-005154	31-Dec-10	16, 35

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	JOLLIBEE KIDS MEAL INSIDE A CIRCLE DEVICE WITH A GRAPHIC DESIGN OF A FORK ON THE LEFT SIDE, A SPOON ON THE RIGHT SIDE AND A JOLLIBEE CHARACTER ON THE UPPER LEFT SIDE (IN COLOUR)		4-2010-005304	16-Dec-10	16, 35
Philippines	JOLLIBEE KIDS TV AND DEVICE WITH JOLLIBEE CHARACTER ON THE LEFT SIDE		4-2010-005151	31-Dec-10	16, 35, 41
Philippines	JOLLIBEE KIDS TV AND DEVICE WITH JOLLIBEE CHARACTER ON THE LEFT SIDE (IN COLOUR)		4-2010-005305	16-Dec-10	16, 35, 41
Philippines	JOLLIBEE KIDS TV INSIDE A SQUARE DEVICE		4-2010-005152	31-Dec-10	16, 35, 41
Philippines	JOLLIBEE KIDS TV INSIDE A SQUARE DEVICE (IN COLOUR)		4-2010-005306	16-Dec-10	16, 35, 41
Philippines	JOLLIBEE LOGO AND DEVICE		4-2010-002055	22-Jul-10	29, 30, 43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	JOLLIBEE MAAGA ANG PASKO LOGO (BLACK & WHITE)		4-2012-001250	11-May-12	36
Philippines	JOLLIBEE MASCOT DESIGN (BLACK & WHITE) - MAIN		4-2013-002707	20-Jun-13	29, 43
Philippines	JOLLIBEE MASCOT HOUSE DEVICE (IN COLOR)		4-2010-005367	21-Oct-10	16, 18, 25, 28, 41
Philippines	JOLLIBEE MASCOT HOUSE DEVICE(IN BLACK & WHITE)		4-2010-005366	21-Oct-10	16, 18, 25, 28, 41
Philippines	JOLLIBEE SUPER MEALS	JOLLIBEE SUPER MEALS	4-2005-002450	18-Dec-06	43
Philippines	JOLLIKIDS	JOLLIKIDS	4-2005-000388	8-Jun-06	16, 18, 25, 26

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	JOLLITOWN		4-2008-005395	25-Mar-10	16, 18, 20, 24, 25, 27, 28, 41
Philippines	JOLLY				29
Philippines	Jolly Cheezy Fries	JOLLY CHEEZY FRIES	4-2005-006933	5-Nov-07	29
Philippines	JOLLY CRISPY FRIES		4-2009-006965	15-Apr-10	35
Philippines	JOLLY CRISPY FRIES (WORD MARK)	JOLLY CRISPY FRIES	4-2004-006392	9-Feb-09	29
Philippines	JOLLY CRISPY FRIES. BEST FRIENDS FRIES.	**Jolly Crispy Fries. Best Friends Fries.**	4-2009-006907	19-Nov-09	35

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	JOLLY HOTDOG	**Jolly Hotdog**	4-2009-006903	24-Dec-09	29, 35
Philippines	JOLLY HOTDOG. SARAP ON-THE-MOVE.	**Jolly Hotdog. Sarap on-the-move.**	4-2009-006906	19-Nov-09	35
Philippines	JOLLY KRUNCHY TWIRL	JOLLY KRUNCHY TWIRL	4-2005-001998	18-Sep-06	29, 30
Philippines	JOLLY SHAKES WRITTEN IN COLORS RED AND ORANGE ENCLOSED BY A RECTANGLE SHADED IN BLUE		4-2003-001019	20-Nov-06	29, 30
Philippines	JOLLY WORD MARK - MAIN				29, 30, 32
Philippines	JUICYLICIOUS (WORD MARK)		4-2012-000564	9-May-13	29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	LANGHAP SARAP	LANGHAP SARAP	4-2009-003033	12-Nov-09	29, 30
Philippines	MAAGA ANG PASKO		4-2012-001251	11-May-12	36
Philippines	POPO MASCOT HOUSE DEVICE (IN BLACK & WHITE)		4-2010-005364	21-Oct-10	16, 18, 25, 28, 41
Philippines	POPO MASCOT HOUSE DEVICE (IN COLOR)		4-2010-005369	14-Oct-10	16, 18, 25, 28, 41
Philippines	SPAGHETTIEST	SPAGHETTIEST	4-2009-003358	18-Oct-12	29, 30, 32
Philippines	TWIRLIE MASCOT HOUSE DEVICE (IN BLACK & WHITE)		4-2010-005363	21-Oct-10	16, 18, 25, 28, 41

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Philippines	TWIRLIE MASCOT HOUSE DEVICE (IN COLOR)		4-2010-005370	14-Oct-10	16, 18, 25, 28, 41
Philippines	ULTIMATE BURGER STEAK LOGO		4/2013/00006363	23-Oct-14	29
Philippines	ULTIMATE BURGER STEAK WORD MARK				29
Philippines	YUM (WORD MARK)	YUM	4-2003-008177	11-Nov-10	29, 43
Philippines	YUM MASCOT HOUSE DEVICE (IN BLACK & WHITE)		4-2010-005362	6-Jan-11	16, 18, 25, 28, 41
Philippines	YUM MASCOT HOUSE DEVICE (IN COLOR)		4-2010-005371	14-Oct-10	16, 18, 25, 28, 41

INTERNATIONAL

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Argentina	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		1,652,377	3-Dec-97	42
Australia	BEE HEAD DEVICE (Black & White) - MAIN		1666161	23-Dec-14	29, 43
Australia	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	1666176	23-Dec-14	29, 43
Australia	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS	1666177	23-Dec-14	35
Australia	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		1666168	23-Dec-14	29, 43
Australia	JOLLIBEE MASCOT DEVICE		654121	24-Feb-95	42

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Australia	JOLLIBEE WORD MARK - MAIN	JOLLIBEE	1666158	23-Dec-14	29, 43
Bahrain	BEE DEVICE		80979	15-Apr-10	30
Bahrain	BEE DEVICE		80978	15-Apr-10	29
Bahrain	BEE DEVICE		80980	15-Apr-10	43
Bahrain	BEE HEAD DEVICE (Black & White) - MAIN		91757	24-Apr-12	29
Bahrain	BEE HEAD DEVICE (Black & White) - MAIN		91758	24-Apr-12	43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Bahrain	CHAMP WORD MARK - MAIN	CHAMP	96797	17-Mar-13	29
Bahrain	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	91759	24-Apr-12	29
Bahrain	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	91760	24-Apr-12	43
Bahrain	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.	96788	17-Mar-13	35
Bahrain	JOLLIBEE	JOLLIBEE	91755	24-Apr-12	29
Bahrain	JOLLIBEE	JOLLIBEE	91756	24-Apr-12	43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Bahrain	JOLLIBEE & MASCOT DEVICE		S1718	2-Aug-95	42
Bahrain	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		TM 19220	10-Feb-98	29
Bahrain	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		SM 1717	18-Dec-96	42
Bahrain	JOLLIBEE LOGO & DEVICE		80975	15-Apr-10	29
Bahrain	JOLLIBEE LOGO & DEVICE		80976	15-Apr-10	30
Bahrain	JOLLIBEE LOGO & DEVICE		80977	15-Apr-10	43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Bahrain	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		96798	17-Mar-13	29
Bahrain	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		96786	17-Mar-13	43
Bahrain	JOLLY WORD MARK - MAIN				30
Bahrain	YUM WORD MARK - MAIN	YUM			29
Brazil	JOLLIBEE GREAT BURGERS GREAT CHICKEN	Jollibee. Great Burgers Great Chicken.	818935359	30-Nov-99	38
Brunei Darussalam	BEE HEAD DEVICE (Black & White) - MAIN				29, 43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Brunei Darussalam	CHAMP WORD MARK - MAIN	CHAMP			29
Brunei Darussalam	CHICKENJOY WORD MARK - MAIN	CHICKENJOY			29, 43
Brunei Darussalam	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.			35
Brunei Darussalam	JOLLIBEE	 Jollibee	36,341	24-Jun-04	43
Brunei Darussalam	JOLLIBEE	JOLLIBEE			29, 43
Brunei Darussalam	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				29, 42

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Brunei Darussalam	YUM WORD MARK - MAIN	YUM			29
Cambodia	BEE HEAD DEVICE (Black & White) - MAIN		KH/43235/12	26-Dec-12	43
Cambodia	BEE HEAD DEVICE (Black & White) - MAIN		KH/43234/12	26-Dec-12	29
Cambodia	CHAMP WORD MARK - MAIN	CHAMP	47542	4-Sep-13	29
Cambodia	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	KH/44011/13	29-Mar-13	43
Cambodia	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	KH/44094/13	1-Apr-13	29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Cambodia	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.	47543	4-Sep-13	35
Cambodia	JOLLIBEE	JOLLIBEE	KH/43233/12	26-Dec-12	43
Cambodia	JOLLIBEE	JOLLIBEE	KH/43232/12	26-Dec-12	29
Cambodia	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		47540	4-Sep-13	29
Cambodia	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		47541	4-Sep-13	43
Canada	BEE HEAD DEVICE		761468	11-Mar-10	43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Canada	BEE HEAD DEVICE				29
Canada	CHAMP WORD MARK - MAIN	CHAMP			29
Canada	CHICKENJOY WORD MARK - MAIN				29
Canada	CHICKENJOY WORD MARK – MAIN				43
Canada	JOLLIBEE		761476	11-Mar-10	29, 30, 32, 42, 43
Canada	JOLLIBEE CHICKENJOY (word mark)				29, 43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Canada	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DESIGN	Jollibee Great Burgers Great Chicken	727149	28-Oct-08	29, 42
Canada	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				29, 43
Canada	JOLLY				30
Canada	JOLLY BURGER				30
Canada	JOLLY CHICKEN				29
Canada	JOLLY HOTDOG				29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Canada	JOLLY SPAGHETTI				30
Canada	YUM WORD MARK - MAIN	YUM			29
Czech Republic	JOLLIBEE & DEVICE		196474	3-Jan-97	29, 30, 32, 42
Egypt	JOLLIBEE & DEVICE		95740	14-Feb-01	42
Egypt	JOLLIBEE & DEVICE		95741	17-Jan-01	29
Egypt	JOLLIBEE MASCOT DEVICE		95742	17-Jan-01	42

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATIDN DATE	CLASS/ES
Hong Kong	JOLLIBEE		300352025	11-Jan-05	43
Hong Kong	Jollibee Great Burgers Great Chicken & Device (series)		199901984	4-Apr-95	42
Hong Kong	JOLLIBEE MASCOT DEVICE		199700668	4-May-95	29
Hong Kong	JOLLIBEE MASCOT DEVICE		199904465	12-May-95	42
Hong Kong	JOLLIBEE NAME (IN CHINESE CHARACTERS "SIU LOK FUNG")	小樂蜂	09486 of 1996	1-Mar-95	29
Hong Kong	JOLLIBEE NAME (IN CHINESE CHARACTERS "SIU LOK FUNG")	小樂蜂	09487 of 1996	1-Mar-95	30

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Hong Kong	JOLLIBEE NAME (IN CHINESE CHARACTERS "SIU LOK FUNG")	小樂蜂	09488 of 1996	1-Mar-95	32
Hong Kong	JOLLIBEE NAME (IN CHINESE CHARACTERS "SIU LOK FUNG")	小樂蜂	09489 of 1996		42
India	BEE HEAD DEVICE (Black & White) - MAIN				29, 43
India	CHAMP WORD MARK - MAIN	CHAMP			29
India	CHICKENJOY WORD MARK - MAIN	CHICKENJOY			29, 43
India	JOLLIBEE & DEVICE	 Jollibee	1356313	10-May-05	42

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
India	JOLLIBEE & DEVICE		1367743	29-Jun-05	29, 30
India	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE				16
India	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE				29
India	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				29, 43
India	JOLLIBEE WORD MARK - MAIN	JOLLIBEE			29, 43
India	YUM WORD MARK - MAIN	YUM			29

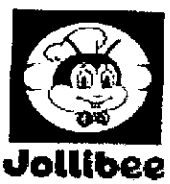
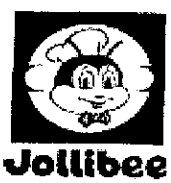
COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Indonesia	BEE HEAD DEVICE				25
Indonesia	BEE HEAD DEVICE (BLACK & WHITE) - MAIN				29
Indonesia	BEE HEAD DEVICE (BLACK & WHITE) - MAIN				43
Indonesia	CHAMP WORD MARK - MAIN	CHAMP			29
Indonesia	CHICKENJOY WORD MARK - MAIN	CHICKENJOY			43
Indonesia	CHICKENJOY WDRD MARK - MAIN	CHICKENJOY			29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Indonesia	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.			35
Indonesia	JOLLIBEE	JOLLIBEE			29
Indonesia	JOLLIBEE	JOLLIBEE			43
Indonesia	JOLLIBEE & DEVICE	Jollibee Jollibee	IDM000004618	30-Sep-13	43
Indonesia	JOLLIBEE (word mark)	JOLLIBEE			25
Indonesia	JOLLIBEE BEEFBURGER GREAT BURGERS GREAT CHICKEN & DEVICE	Jollibee BEEFBURGER Great Burgers Great Chicken	IDM000431821	24-Apr-05	42

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Indonesia	JOLLIBEE BEEFBURGER GREAT BURGERS GREAT CHICKEN & DEVICE		IDM000431820	24-Sep-96	29
Indonesia	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE				29
Indonesia	JOLLIBEE MASCOT DESIGN				25
Indonesia	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				29
Indonesia	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				43
Indonesia	YUM WORD MARK - MAIN	YUM			29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Israel	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		100922	20-Sep-02	29
Israel	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		100923	20-Sep-02	42
Italy	BEE HEAD DEVICE (Black & White) - MAIN		1521187	10-Dec-12	29, 43
Italy	CHAMP WORD MARK -MAIN	CHAMP	1571901	20-Jan-14	29
Italy	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	1521186	10-Dec-12	29, 43
Italy	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.	1561497	2-Oct-13	35

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Italy	HOME OF THE FAMOUS CHICKENJOY				29, 43
Italy	JOLLIBEE	JOLLIBEE	1521185	10-Dec-12	29, 43
Italy	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		1561496	2-Oct-13	29, 43
Italy	YUM WORD MARK - MAIN	YUM	1571900	20-Jan-14	29
Japan	BEE HEAD DEVICE (Black & White) – MAIN				29, 30, 32, 43
Japan	CHAMP WORD MARK – MAIN	CHAMP			30

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Japan	CHICKENJOY WORD MARK – MAIN	CHICKENJOY	5755936	3-Apr-15	29, 43
Japan	EVERYDAY DELICIOUS SLOGAN – MAIN	EVERYDAY DELICIOUS.	5753946	27-Mar-15	35
Japan	JOLLIBEE & DEVICE		3249420	31-Jan-97	29
Japan	JOLLIBEE & DEVICE		3251544	31-Jan-97	30
Japan	JOLLIBEE & DEVICE		3282959	18-Apr-97	32
Japan	JOLLIBEE & DEVICE		4013499	20-Jun-97	42

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Japan	JOLLIBEE CHAMP (in plain letters)		5803627	30-Oct-15	30
Japan	JOLLIBEE MASCOT DESIGN (Black & White) – MAIN				29, 30, 32, 43
Japan	JOLLIBEE WORD MARK – MAIN				29, 30, 32, 43
Japan	YUM WORD MARK - MAIN	YUM	5755935	3-Apr-15	30
Jordan	BEE HEAD DEVICE (Black & White)		121001	6-Dec-12	43
Jordan	JOLLIBEE WORDMARK	JOLLIBEE	121002	6-Dec-12	43

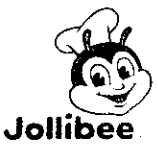
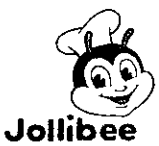
COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Korea - Republic of (South)	BEE HEAD DEVICE (Black & White) - MAIN		48276	21-Feb-14	29, 43
Korea - Republic of (South)	CHAMP WORD MARK - MAIN	CHAMP			29
Korea - Republic of (South)	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	46615	17-Oct-13	29, 43
Korea - Republic of (South)	JOLLIBEE	JOLLIBEE	48272	21-Feb-14	29, 43
Korea - Republic of (South)	JOLLIBEE & DESIGN		40-0358457	21-Mar-97	7
Korea - Republic of (South)	JOLLIBEE & DESIGN		40-0372192	9-Aug-97	5

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Korea - Republic of (South)	JOLLIBEE & DESIGN		40-0372105	8-Aug-97	2
Korea - Republic of (South)	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		377580	8-Oct-97	2
Korea - Republic of (South)	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		369351	18-Jul-97	7
Korea - Republic of (South)	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE				42
Korea - Republic of (South)	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		48629	18-Mar-14	29, 43
Korea - Republic of (South)	YUM WORD MARK - MAIN	YUM			29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Kuwait	JOLLIBEE LOGO AND DEVICE		95849	13-Jun-10	43
Kuwait	BEE DEVICE		95851	13-Jun-10	30
Kuwait	BEE DEVICE		95852	13-Jun-10	43
Kuwait	BEE DEVICE		95850	13-Jun-10	29
Kuwait	BEE HEAD DEVICE (Black & White) - MAIN				29
Kuwait	BEE HEAD DEVICE (Black & White) - MAIN				43

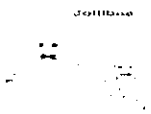
COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Kuwait	CHAMP WORD MARK - MAIN	CHAMP			29
Kuwait	CHICKENJOY WORD MARK - MAIN	CHICKENJOY			29
Kuwait	CHICKENJOY WORD MARK - MAIN	CHICKENJOY			43
Kuwait	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.			35
Kuwait	JOLLIBEE	JOLLIBEE			29
Kuwait	JOLLIBEE	JOLLIBEE			43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Kuwait	JOLLIBEE & DEVICE		99734	28-May-97	29
Kuwait	JOLLIBEE & DEVICE		99735	28-May-97	42
Kuwait	JOLLIBEE & Device		29945	26-Nov-95	29
Kuwait	JOLLIBEE & THREE BEE DEVICE (JOLLIBEE MASCOT)		99736	28-May-97	42
Kuwait	JOLLIBEE (word) and Device		29947	25-Nov-05	30
Kuwait	JOLLIBEE (word) and Device		29403	25-Nov-05	32

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Kuwait	JOLLIBEE Device & Jollibee Foods Corporation		29946	25-Nov-05	43
Kuwait	JOLLIBEE LOGO AND DEVICE		95848	13-Jun-10	30
Kuwait	JOLLIBEE LOGO AND DEVICE		95847	13-Jun-10	29
Kuwait	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				29
Kuwait	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				43
Kuwait	YUM WORD MARK - MAIN	YUM			29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Lebanon	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE	Jollibee. Great Burgers Great Chicken.	66960	20-Sep-95	29, 42
Malaysia	BEE HEAD DEVICE				25
Malaysia	BEE HEAD DEVICE (BLACK & WHITE) - MAIN		2012052508	23-Apr-12	29
Malaysia	BEE HEAD DEVICE (BLACK & WHITE) - MAIN		2012052510	23-Apr-12	43
Malaysia	CHAMP WORD MARK - MAIN	CHAMP	2013052208	13-Mar-13	29
Malaysia	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	2012052511	23-Apr-12	29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Malaysia	CHICKENJOY WORD MARK - MAIN	CHICKENJOY			43
Malaysia	EVERYDAY DELICIOUS SLOGAN – MAIN	EVERYDAY DELICIOUS.			35
Malaysia	HOME OF THE FAMOUS CHICKENJOY				29
Malaysia	HOME OF THE FAMOUS CHICKENJOY				43
Malaysia	JOLLIBEE	JOLLIBEE	2000-2359	3-Mar-00	43
Malaysia	JOLLIBEE	JOLLIBEE	2012052507	23-Apr-12	29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Malaysia	JOLLIBEE & DEVICE		95003171	8-Apr-95	29
Malaysia	JOLLIBEE & DEVICE		2359	3-Mar-00	43
Malaysia	JOLLIBEE (word mark)				25
Malaysia	JOLLIBEE (word) and Device		95003171	8-Apr-95	29
Malaysia	JOLLIBEE MASCOT (SERIES OF 3)		2000-02358	3-Mar-00	43
Malaysia	JOLLIBEE MASCOT DESIGN				25

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Malaysia	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		2013052204	13-Mar-13	29
Malaysia	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		2013052205	13-Mar-13	43
Mexico	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DESIGN		665344	27-Jul-00	29
Mexico	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DESIGN		764426	21-Oct-02	42
Myanmar	BEE HEAD DEVICE (BLACK & WHITE) - MAIN		2162	23-Feb-15	29, 43
Myanmar	CHAMP WORD MARK - MAIN	CHAMP	2165	23-Feb-15	29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Myanmar	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	2166	23-Feb-15	29, 43
Myanmar	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.	2167	23-Feb-15	35
Myanmar	JOLLIBEE MASCOT DESIGN (Black & White) – MAIN		2163	23-Feb-15	29, 43
Myanmar	JOLLIBEE WORD MARK – MAIN	JOLLIBEE	2161	23-Feb-15	29, 43
Myanmar	YUM WORD MARK – MAIN	YUM	2164	23-Feb-15	29
New Zealand	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE	Jollibee. Great Burgers Great Chicken.	254483	6-Oct-95	29

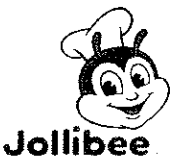
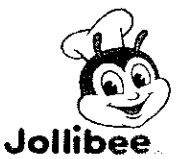
COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
New Zealand	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		254484	6-Oct-95	42
Oman	BEE HEAD DEVICE (BLACK & WHITE) - MAIN		73974	20-May-13	29
Oman	BEE HEAD DEVICE (BLACK & WHITE) - MAIN		73975	20-May-13	43
Oman	CHAMP WORD MARK - MAIN	CHAMP	79630	25-Aug-14	29
Oman	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	73976	20-May-13	29
Oman	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	73977	20-May-13	43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Oman	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.	79631	25-Aug-14	35
Oman	JOLLIBEE (WORD MARK)	JOLLIBEE	69397	4-Mar-14	29
Oman	JOLLIBEE (WORD MARK)	JOLLIBEE	69398	4-Mar-14	30
Oman	JOLLIBEE (WORD MARK)	JOLLIBEE	69399	4-Mar-14	43
Oman	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE	Jollibee. Great Burgers. Great Chicken.	11659	29-May-05	42
Oman	JOLLIBEE MASCOT	Jollibee. Great Burgers. Great Chicken.			42

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Oman	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		79627	25-Aug-14	29
Oman	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		79628	25-Aug-14	43
Oman	YUM WORD MARK - MAIN	YUM	79629	25-Aug-14	29
Papua New Guinea	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE	Jollibee. Great Burgers Great Chicken.	59020	11-Sep-95	29
Papua New Guinea	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE	Jollibee. Great Burgers Great Chicken.	59021	11-Sep-95	42
Qatar	BEE DEVICE		80980	15-Apr-10	43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Qatar	BEE HEAD DEVICE (Black & White) - MAIN		74466	23-Nov-14	29
Qatar	BEE HEAD DEVICE (Black & White) - MAIN		74467	16-Oct-14	43
Qatar	CHAMP WORD MARK - MAIN	CHAMP			29
Qatar	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	74468	16-Oct-14	29
Qatar	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	74469	16-Oct-14	43
Qatar	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.			35

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Qatar	JOLLIBEE	JOLLIBEE			29
Qatar	JOLLIBEE	JOLLIBEE	74465	23-Nov-14	43
Qatar	JOLLIBEE CHARACTER AND DEVICE		57954	20-Sep-12	29
Qatar	JOLLIBEE CHARACTER AND DEVICE		57955	20-Sep-12	30
Qatar	JOLLIBEE CHARACTER AND DEVICE		57956	20-Sep-12	42
Qatar	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE	Jollibee. Great Burgers Great Chicken.	14073	24-Mar-03	29

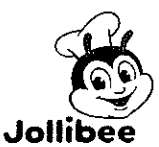
COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Qatar	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		14074	24-Mar-03	42
Qatar	JOLLIBEE LOGO & DEVICE		57951	25-Sep-12	29
Qatar	JOLLIBEE LOGO & DEVICE		57952	25-Sep-12	30
Qatar	JOLLIBEE LOGO & DEVICE		57953	20-Sep-12	42
Qatar	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				29
Qatar	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				42

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Qatar	JOLLY WORD MARK - MAIN				30
Qatar	YUM WORD MARK - MAIN	YUM			29
Romania	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		29524	8-Mar-05	29, 42
Romania	JOLLIBEE MASCOT DEVICE		29525	1-Jul-99	42
Saudi Arabia	BEE HEAD DEVICE (Black & White) - MAIN		143307687	22-Aug-13	29
Saudi Arabia	BEE HEAD DEVICE (Black & White) - MAIN		143307688	10-Sep-13	43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Saudi Arabia	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	143307686	4-Apr-14	29
Saudi Arabia	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	143307685	4-Apr-14	43
Saudi Arabia	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.	143406467	1-Jul-14	35
Saudi Arabia	JOLLIBEE	JOLLIBEE	143307683	25-Jul-13	29
Saudi Arabia	JOLLIBEE	JOLLIBEE	143307684	10-Sep-13	43
Saudi Arabia	JOLLIBEE & Bee Device (word & device mark)	Jollibee	1038/92	21-Jan-09	43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Saudi Arabia	JOLLIBEE CHAMP		1436008326	22-Jun-15	29
Saudi Arabia	JOLLIBEE CHAMP		1436008327	22-Jun-15	30
Saudi Arabia	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		501/26	17-Oct-99	29
Saudi Arabia	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		501/25	17-Oct-99	42
Saudi Arabia	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		143406471	3-Jul-14	29
Saudi Arabia	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		143406472	3-Jul-14	43

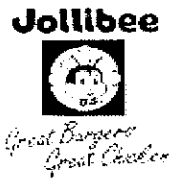
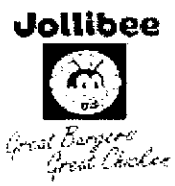
COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Saudi Arabia	JOLLIBEE MASCOT DEVICE		379/25	2-Jul-96	42
Saudi Arabia	YUM WORD MARK - MAIN	YUM	143406468	1-Jul-14	29
Singapore	BEE HEAD DEVICE (BLACK & WHITE) - MAIN		T1205981F	26-Apr-12	29, 43
Singapore	CHAMP WORD MARK - MAIN	CHAMP	T1304014J	11-Mar-13	30
Singapore	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	T1205748A	20-Apr-12	29, 43
Singapore	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.	T1304015I	11-Mar-13	35

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Singapore	HOME OF THE FAMOUS CHICKENJOY				29, 43
Singapore	JOLLIBEE	JOLLIBEE	T1205747C	20-Apr-12	29, 43
Singapore	JOLLIBEE CHARACTER AND DEVICE		T0908261F	24-Jul-09	29, 30, 43
Singapore	JOLLIBEE LOGO AND DEVICE		T0908260H	24-Jul-09	29, 30, 43
Singapore	JOLLIBEE MASCOT DESIGN (BLACK & WHITE) - MAIN		T1304012D	11-Mar-13	29, 43
Singapore	JOLLIBEE WORD & DEVICE		3473/93	11-May-93	42

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Singapore	JOLLIBEE WORD & DEVICE		3472/93	11-May-93	30
Singapore	YUM WORD MARK - MAIN	YUM			29
South Africa	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		95/10214	12-Jun-98	29
South Africa	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		95/10215	12-Jun-98	42
Spain	BEE HEAD DEVICE (Black & White)		3012444	1-Jun-12	29, 43
Spain	CHAMP WORD MARK - MAIN	CHAMP	3066988	12-Jun-13	29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Spain	CHICKENJOY WORD MARK	CHICKENJOY	3012445	21-May-12	29, 43
Spain	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.	3066991	12-Jun-13	35
Spain	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		3066986	12-Jun-13	29, 43
Spain	JOLLIBEE WORD MARK	JOLLIBEE	3012443	21-May-12	29, 43
Sri Lanka	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE	Jollibee. Great Burgers Great Chicken	81591	15-Aug-00	42
Syria	JOLLIBEE MASCOT DEVICE		56345	23-Oct-95	29, 30, 42

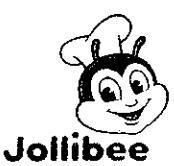
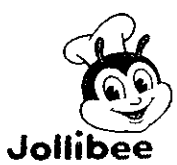
COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Thailand	BEE HEAD DEVICE				25
Thailand	BEE HEAD DEVICE (BLACK & WHITE) - MAIN				29
Thailand	BEE HEAD DEVICE (Black & White) - MAIN				43
Thailand	CHAMP WORD MARK - MAIN	CHAMP			30
Thailand	CHICKENJOY WORD MARK - MAIN	CHICKENJOY			29
Thailand	CHICKENJOY WORD MARK - MAIN				43

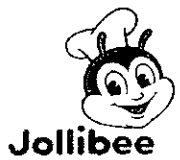
COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Thailand	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.			35
Thailand	JOLLIBEE & THREE BEE DEVICE (JOLLIBEE MASCOT)		BOR4134	19-Apr-95	43
Thailand	JOLLIBEE (word mark)				25
Thailand	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		KOR41802	19-Apr-95	29
Thailand	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		BOR4135	19-Apr-95	43
Thailand	JOLLIBEE MASCOT DESIGN				25

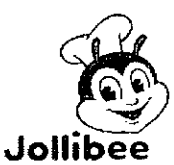
COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Thailand	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				29
Thailand	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				43
Thailand	JOLLIBEE WORD MARK - MAIN	JOLLIBEE			29
Thailand	JOLLIBEE WORD MARK - MAIN	JOLLIBEE			43
Thailand	YUM WORD MARK - MAIN	YUM			30
Turkey	BEE HEAD DEVICE (BLACK & WHITE) - MAIN				29, 43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Turkey	JOLLIBEE WORD MARK – MAIN				29, 43
United Arab Emirates	BEE HEAD DEVICE (BLACK & WHITE) - MAIN				29
United Arab Emirates	BEE HEAD DEVICE (Black & White) - MAIN				43
United Arab Emirates	CHAMP WORD MARK - MAIN	CHAMP			29
United Arab Emirates	CHICKENJOY WORD MARK - MAIN	CHICKENJOY			29
United Arab Emirates	CHICKENJOY WORD MARK - MAIN	CHICKENJOY			43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
United Arab Emirates	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS.			35
United Arab Emirates	JOLLIBEE	JOLLIBEE			29
United Arab Emirates	JOLLIBEE	JOLLIBEE			43
United Arab Emirates	JOLLIBEE CHARACTER & DEVICE		126847	23-Aug-12	43
United Arab Emirates	JOLLIBEE CHARACTER AND DEVICE		126844	23-Aug-12	29
United Arab Emirates	JOLLIBEE CHARACTER AND DEVICE		126845	23-Aug-12	30

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
United Arab Emirates	JOLLIBEE CHARACTER AND DEVICE		126846	23-Aug-12	32
United Arab Emirates	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		15560	27-May-98	42
United Arab Emirates	JOLLIBEE GREAT BURGERS GREAT CHICKEN & DEVICE		15559	27-May-98	29
United Arab Emirates	JOLLIBEE LOGO & DEVICE		126	23-Aug-12	29
United Arab Emirates	JOLLIBEE LOGO & DEVICE		126842	23-Aug-12	32
United Arab Emirates	JOLLIBEE LOGO & DEVICE		126841	23-Aug-12	30

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
United Arab Emirates	JOLLIBEE LOGO & DEVICE		126843	23-Aug-12	43
United Arab Emirates	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				29
United Arab Emirates	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				43
United Arab Emirates	JOLLIBEE MASCOT DEVICE		14694	25-Apr-98	42
United Arab Emirates	YUM WORD MARK - MAIN	YUM			29
United Kingdom	BEE HEAD DEVICE (Black & White) - MAIN		3086509	20-Mar-15	29, 43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
United Kingdom	CHAMP WORD MARK - MAIN	CHAMP	3086550	20-Mar-15	30
United Kingdom	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	3086685	27-Mar-15	29, 43
United Kingdom	EVERYDAY DELICIOUS SLOGAN - MAIN	EVERYDAY DELICIOUS	3086549	27-Mar-15	35
United Kingdom	HOME OF THE FAMOUS CHICKENJOY				29, 43
United Kingdom	Jollibee (Stylised) & Device		2572105	14-Feb-11	43
United Kingdom	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		3086533	20-Mar-15	29, 43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
United Kingdom	JOLLIBEE WORD MARK - MAIN		3086498	20-Mar-15	29, 43
United Kingdom	YUM WORD MARK - MAIN		3086691	27-Mar-15	30
United States of America	AMAZING ALOHA		3399726	18-Mar-08	29
United States of America	BEE HAPPY		2,830,503	6-Apr-04	43
United States of America	BEE HEAD DEVICE (Black & White)		4426087	29-Oct-13	29, 43
United States of America	CHICKENJOY		3949145	19-Apr-11	29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
United States of America	CHICKENJOY	CHICKENJOY	4874637	22-Dec-15	43
United States of America	HEAVYWEIGHT YUMBURGER		3349865	4-Dec-07	30
United States of America	HOME OF THE FAMOUS CHICKENJOY				29, 43
United States of America	JOLLIBEE	JOLLIBEE	3196017	9-Jan-07	43
United States of America	JOLLIBEE	 Jollibee	3152057	3-Oct-06	43
United States of America	JOLLIBEE & DESIGN		74/409992	24-Jun-97	29, 30, 32, 42

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
United States of America	JOLLIBEE & DEVICE		2074116	24-Jun-97	29, 30, 32, 42
United States of America	JOLLIBEE BURGER STEAK		3562559	13-Jan-09	29
United States of America	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN				29, 43
United States of America	JOLLIBEE WORD MARK	JOLLIBEE	4426109	29-Oct-13	29
United States of America	JOLLY SPAGHETTI		3374063	22-Jan-08	30
United States of America	PALABOK FIESTA		3393101	4-Mar-08	29

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
United States of America	YUM		3,363,459	1-Jan-08	30
United States of America	YUMBURGER		3349864	4-Dec-07	30
Vietnam	BEE HEAD DEVICE (BLACK & WHITE) - MAIN		210299	13-Aug-13	29, 43
Vietnam	CHAMP WORD MARK - MAIN	CHAMP	225455	3-Jun-14	30
Vietnam	CHICKENJOY WORD MARK - MAIN	CHICKENJOY	210298	13-Aug-13	29, 43
Vietnam	JOLLIBEE	 Jollibee	89304	20-Sep-07	43

COUNTRY	TRADEMARK	TM LOGO	REGISTRATION NO	REGISTRATION DATE	CLASS/ES
Vietnam	JOLLIBEE	JOLLIBEE	210739	21-Aug-13	29, 43
Vietnam	JOLLIBEE MASCOT		153633	28-Oct-10	29, 43
Vietnam	JOLLIBEE MASCOT DESIGN (Black & White) - MAIN		225456	3-Jun-14	29, 43
Vietnam	JOLLIBEE MASCOT DEVICE		19997	10-Feb-96	29
Vietnam	JOLLIBEE STACKED LOGO		153631	28-Oct-10	29, 43
Vietnam	PEEKING BEE		153632	28-Oct-10	29, 43

Annex "A-5"

Discussion on Properties Legal Proceedings and Financial Information

PROPERTIES

The Company's properties are, primarily, its company-owned Jollibee stores which are located either on Company-owned premises or on land or buildings leased by the Company from third parties under land or building lease agreements. In terms of store floor area, the largest Company-owned Jollibee stores are the following:

STORE LOCATION	SITE OWNER	TYPE OF LEASE
Tuguegarao Tanza Junction	Romeo Babaran	Land
La Carlota	Celso Uy	Land
FTI Sunshine	Shoppers Paradise FTI Corporation	Building
Carmona Highway	Grandworth Resources Corporation	Land
Puerto Princesa Junction	Palawan Jolly Foods Corporation	Land
Palo Leyte	V Lava and Company Incorporated	Land
Paciano / Mayapa	STF Realty and Development Corp.	Land
Fairview Regalado	Brixton Builders Corporation / Sanrox Development Corporation	Land
Davao Talomo	Emelito Yparraguirre	Land
Canlubang	Sugar Junction Inc.	Land
Dolores Junction	Jolly Palate Foods Corp	Land
Ortigas Roosevelt	Alben Holdings Corporation	Land
Bacao	Pablo Tobiano	Land
Mactan Basak (Mepz 2)	Lolita Berdin	Land
Agoo La Union	Niscan Development Corp.	Land
FCIE (Dasmariñas Cavite)	Catherine Angshionga Chua	Land
Calumpang	1.) Criselda Crisologo 2.) Crischona Caparros 3.) Manolito Sayas	Land
Tanauan	1.) D' Leus Allied Kalakalan Inc. 2.) Amprigon Inc.	Land
Molino	Shoppers Paradise Molino Corp.	Land
Ema Town Center	GERCA Development, Inc.	Land

The Company houses its main office in the Jollibee Plaza located in 10 F. Ortigas Jr. Avenue, Ortigas Center, Pasig City (where it occupies an area totaling approximately 10,104.35 square meters) and in the Jollibee Center located in San Miguel Avenue (where it occupies an area totaling approximately 3,089.50 square meters). It also leases additional office spaces in the Jollibee Plaza, Jollibee Center, and the Karina, JJACISS and Sheridan buildings. In Cebu City, satellite main office at the Insular Life Building, Ayala Center Cebu enables the Company to take direct and timely advantage of the business opportunities in the Visayas and Mindanao Areas.

The 10-hectare property occupied by ZFC in Calamba, Laguna is owned by the Company, while the 7,719-square meter property occupied by ZFC in Mandaue City is owned by Freemont Foods Corporation. Additionally and as stated previously, the Company has a warehousing and distribution center in Brgy. Marcelo Green Village, Paranaque City.

To keep up with demand, the Company leases and operates various warehousing and distribution centers nationwide. The latest addition being the building leased at Brgy. La Huerta, Parañaque City.

All of the properties owned by the Company are free of liens and encumbrances.

LEGAL PROCEEDINGS

For purposes of this discussion, a legal proceeding is deemed "material" if the claim involved amounts to at least PhP5,000,000.00. Following are the material pending legal proceedings to which the Company is a party as of December 31, 2015:

SPS. ESCAT, *ET AL.*, VS. JOLLIBEE FOODS CORP., *ET AL.*
Civil Case No. Q-93-17683
Regional Trial Court, Branch 85, Quezon City

This is a claim for damages amounting to PhP5.3 Million arising from various illnesses allegedly suffered by the children of the plaintiffs after dining at the Jollibee Crossroads Arcade, a franchised store owned and operated by Great Foods Corp.

Federal Phoenix Assurance Co. Inc. who was impleaded as third-party defendant by Great Foods Corp. has already presented its case and all of its documentary evidence were admitted by the Court on February 29, 2016. Plaintiffs will be presenting their rebuttal evidence on June 6, 2016.

L.O.L. FOOD VENTURES CORP. VS. JOLLIBEE FOODS CORP., *ET AL.*
Civil Case No. 02-105339
Regional Trial Court, Branch 37, Manila

LOL Food Ventures Corporation, MALL Food Ventures Corporation ("MALL") and Royal Garden Restaurant, Inc. ("Royal Garden") are sub-lessees of the Company. The Company, on the other hand, is the lessee of LOL Realty Corporation. While the Company is the sub-lessor of LOL Food Ventures, MALL and Royal Garden, these sub-lessees remit their rent directly to LOL Realty Corporation, the principal lessor.

LOL Food Ventures filed this case seeking reimbursement from MALL and Royal Garden for the leased premises' common area expenses that LOL Food Ventures allegedly advanced since 1999 on behalf of MALL and Royal Garden in the amount of PhP3,394,482.24 for Royal Garden and PhP2,740,311.57 for MALL. LOL Food Ventures impleaded the Company as a party defendant and holds the Company liable for the total amount of PhP6,134,793.81 in view of the Company's role as the sub-lessor of the leased premises and therefore, according to LOL Food Ventures Corporation, responsible for collecting the common area expenses from MALL and Royal Garden.

On 7 March 2002, the Company filed its "Answer With Counterclaim and Cross-claim" maintaining that the common area expenses pertain to the operation of the common area as a food court and include the following items: electric and water utility charges, security services, janitorial services and other related food court operating expenses. While the Company is the sub-lessor of the plaintiff, MALL and Royal Garden, the Company never agreed to act as the operator of the food court (the common area) charged with collecting the expenses connected with its day-to-day operation.

On 3 December 2014, the Court rendered a Decision holding the Company and other defendants jointly and severally liable to the plaintiff. The total amount awarded was approximately PhP6 Million. On 17 January 2014, the Company filed a Motion for Reconsideration which was subsequently denied. The Company appealed to the Court of Appeals. The parties are in the process of filing their respective briefs with the Court of Appeals.

In January 2016, mediation before the Court of Appeals was terminated due to failure of the parties to enter into an amicable settlement. The case shall proceed to trial.

FINANCIAL INFORMATION

(1) MARKET INFORMATION

Shares traded at the Philippine Stock Exchange

	2015		2014	
	High	**Low**	**High**	**Low**
1st Quarter	235.80	209.60	175.90	151.00
2nd Quarter	224.00	194.80	189.60	168.30
3rd Quarter	196.00	180.00	199.00	173.30
4th Quarter	222.00	192.00	215.00	181.00

Source: Philippine Stock Exchange

The high and low daily closing prices for the first quarter of 2016 are PhP234.40 and PhP194.00, respectively.

(2) HOLDERS

There are approximately 3,106 holders as of May 10, 2016. The Company's top 20 shareholders as of this date are:

Jollibee Foods Corporation
Top 20 Stockholders
As of May 10, 2016

	Total Direct & Indirect Shares	Percentage of Ownership Issued & Outstanding
1 PCD Nominee Corporation (Non-Filipino)	310,584,489	28.98%
2 Hyper Dynamic Corporation	273,218,750	25.49%
3 Honeysea Corporation	127,743,747	11.92%
4 PCD Nominee Corporation (Filipino)	99,136,270	9.25%
5 Winall Holding Corporation	54,140,736	5.05%
6 Honeyworth Corporation	40,065,483	3.74%
7 Kingsworth Corporation	29,168,935	2.72%
8 Centregold Corporation	27,430,964	2.56%
9 Gemma Tanbuntiong	21,910,601	2.04%
10 A-Star Holding Corporation	17,920,393	1.67%
11 Venice Corporation	17,674,602	1.65%
12 Tony Tan Caktiong	8,494,565	0.79%
13 William Tan Untiong	7,676,389	0.72%
14 Azucena T. King	7,491,199	0.70%
15 Ernesto Tanmantiong	5,200,970	0.49%
16 Longshore Corporation	3,610,184	0.34%
17 Susana Tanmantiong	819,857	0.08%
18 Paul Rosenberg	809,320	0.08%
19 Masancay, Anastacia	746,000	0.07%
20 Baysa, Ysmael	511,667	0.05%
Total	1,054,355,121	98.37%
Dthers	17,492,097	1.63%
Total Issued and Outstanding	**1,088,294,558**	
Treasury Shares (per SEC 11-C)	**16,447,340**	1.53%
Total Issued and Outstanding*	**1,071,847,218**	100.00%

*(net of Treasury Shares)

(3) EQUITY OWNERSHIP OF FOREIGNERS

The foreign ownership percentage, as of May 10, 2016, is as follows:

Citizenship	Number of Shares Held	% over Total Issued and Outstanding Shares
French	900	0.00%
Other Alien	311,159,254	29.03%
Singaporean	18,000	0.00%
British	1,250	0.00%
American	525,964	0.05%
Chinese	6,000	0.00%
Total	311,711,368	29.08%

Annex "B"

Summary of Resolutions of the Board of Directors and Executive Committee since the Last Annual Stockholders' Meeting

Date	Resolutions
2015	
June 26, 2015 *(Organizational Meeting of the Board of Directors)*	- Certification of Election of Directors for the year 2015-2016 - Election of Officers for the year 2015-2016 - Designation of Members of Board Committees - Independent Adviser; Appointment of Assistant Corporate Secretary - Ratification of Capital Contribution to Jollibee Vietnam Co. Ltd. - Approval of Capital Contribution to SuperFoods Vung Tau Joint Stock Company - Approval of Setting Up of Additional Standby Credit Facilities with Various Banking Institutions
July 1, 2015 *(Special Meeting of the Board of Directors)*	- Approval of Proposed Amendments to the Stock Option Plan
July 7, 2015 *(Approvals by the Executive Committee)*	- Designation of Authorized Representative for Purchase of Property - Designation of Authorized Representative for Transfer of Ownership of Stores
July 13, 2015 *(Regular Meeting of the Board of Directors)*	- Approval of Minutes of Previous Meeting - Approval of Updated Authorized Signatories - Designation of Authorized Signatories to Escrow Agreement and Escrow Fund Withdrawal Form
August 3, 2015 *(Approvals by the Executive Committee)*	- Designation of Authorized Signatories for Citibank N.A., Philippines - Designation of Authorized Signatories for Visayan Electric Company Electrical Meter Connection Requirements
August 4, 2015 *(Regular Meeting of the Board of Directors)*	- Approval of Minutes of Previous Meeting - Presentation and Approval of 2nd Quarter 2015 Results
August 26, 2015 *(Special Meeting of the Board of Directors)*	- Authorization to Enter into an Agreement with DoubleDragon Properties Corp.
September 7, 2015 *(Regular Meeting of the Board of Directors)*	- Approval of Minutes of Previous Meeting - Approval of Guarantee by Jollibee Foods Corporation of USD3Mn Standard Chartered Facility by Highlands Coffee
September 22, 2015 *(Approvals by the Executive Committee)*	- Designation of Authorized Signatories for Escrow Accounts for Jollibee Metro South - Designation of Authorized Representatives for the Pantawid

Date	Resolutions
	Pamilya Family Day 2015 Project of the Department of Social Welfare and Development
October 1, 2015 *(Regular Meeting of the Board of Directors)*	- Approval of Minutes of Previous Meeting - Approval of Guarantee by Jollibee Foods Corporation for Metrobank Facility to be obtained by Jollibee Worldwide Pte. Ltd. - Designation of Signatories to Escrow Agreement and Escrow Fund Withdrawal Form - Approval of Opening of Brokerage Account with J.P. Morgan Private Bank - Approval of Record Date for Special Stockholders' Meeting
October 13, 2015 *(Special Meeting of the Board of Directors)*	- Approval of Execution of Agreement by its Wholly-owned Subsidiary
November 9, 2015 *(Regular Meeting of the Board of Directors)*	- Approval of Minutes of Previous Meeting - Presentation and Approval of 3rd Quarter 2015 Results - Dividend Declaration
November 10, 2015 *(Approvals by the Executive Committee)*	- Designation of Authorized Representative for Processing of Lost Vehicle Plate Number - Change in Authorized Representative for Certification for USD purchase
November 23, 2015 *(Regular Meeting of the Board of Directors)*	- Approval of Amended Stock Option Plan
December 3, 2015 *(Regular Meeting of the Board of Directors)*	- Approval of Minutes of Previous Meeting - Change in Designated Signatories to the Retirement Fund
December 3, 2015 *(Approvals by the Executive Committee)*	- Designation of Authorized Representative for Transactions with Government Agencies
December 23, 2015 *(Approvals by the Executive Committee)*	- Extension of Loan to Perf Restaurants, Inc. and Designation of Authorized Signatories

Date	Resolutions
2016	
January 4, 2016 *(Approvals by the Executive Committee)*	- Designation of authorized signatories to account with China Banking Corporation - Designation of authorized representatives to claim for refund of bill deposit with MERALCO - Designation of authorized representative for MERALCO transactions of stores - Designation of authorized signatories for contract of lease with SM Prime Holdings Inc.
January 15, 2016 *(Regular Meeting of the Board of Directors)*	- Approval of Minutes of Previous Meeting and Ratification of Acts of Executive Committee for the period May to December 2015 - Designation of Signatories to Escrow Agreement and Escrow Fund Withdrawal Form
February 1, 2016 *(Approvals by the Executive Committee)*	- Designation of Authorized Signatories – Rizal Commercial Banking Corporation Savings Bank
February 9, 2016 *(Regular Meeting of the Board of Directors)*	- Approval of Minutes of Previous Meeting and Ratification of Acts of Executive Committee for the month of January 2016 - Presentation and Approval of the 4th Quarter 2015 Results - Presentation and Approval of the 2016 Code of Business Ethics
February 23, 2016 *(Approvals by the Executive Committee)*	- Acquisition of Partner's Share in Happy Bee Food Processing Pte. Ltd.
March 8, 2016 *(Regular Meeting of the Board of Directors)*	- Approval of Minutes of Previous Meeting and Ratification of Acts of Executive Committee for the month of February 2016
March 14, 2016 *(Approvals by the Executive Committee)*	- Approval for Execution of Letter - Designation of Authorized Representative – Authentication of documents
April 6, 2016 *(Regular Meeting of the Board of Directors)*	- Approval of Minutes of Previous Meeting and Ratification of Acts of Executive Committee for the month of March 2016 - Presentation and Approval of the 2015 Audited Financial Statements - Designation of Authorized Signatories to the Statement of Management Responsibility - Dividend Declaration - Appropriation of Retained Earnings

Date	Resolutions
April 15, 2016 *(Approvals by the Executive Committee)*	- Designation of Authorized Representatives for Execution of Guaranty for Honeybee Foods Corporation - Designation of Authorized Representatives for Deed of Sale of Vehicles - Designation of Authorized representative – Petition for Correction with Securities and Exchange Commission - Designation of Authorized Signatories - Data lines Application
April 20, 2016 *(Special Meeting of the Board of Directors)*	- Authorization to Enter into a Loan Agreement with Metropolitan Bank and Trust Company
April 22, 2016 *(Special Meeting of the Board of Directors)*	- Authorization to Purchase the Remaining 30% Share in Mang Inasal Philippines, Inc.
May 2, 2016 *(Approvals by the Executive Committee)*	- Designation of Authorized Signatories for Toll Free Subscription
May 12, 2016 *(Regular Meeting of the Board of Directors)*	- Approval of Minutes of Previous Meeting and Ratification of Acts of Executive Committee for the month of April 2016 - Presentation and Approval of the 1st Quarter 2016 Results - Approval of Postponement of Annual Stockholders' Meeting - Approval of Record Date for Annual Stockholders' Meeting - Designation of Signatory for Letters and Correspondence Submitted to the Philippine Competition Commission - Designation of Authorized Representative to Receive Settlement Payments for Insurance Claims
May 24, 2016 *(Special Meeting of the Board of Directors)*	- Approval and Authorization to Enter into Agreement with Cargill

Annex "C"

Audited Financial Statements

Annex "C-1"

Audited Consolidated Financial Statements for the year ended December 31, 2015

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES** (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015, 2014 and 2013, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders for the years ended December 31, 2015, 2014 and 2013, has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signed under oath by the following:

TONY TAN CAKTIONG
Chairman of the Board

ERNESTO TANMANTIONG
President and Chief Executive Officer

YSMAEL V. BAYSA
Chief Financial Officer

MARILOU N. SIBAYAN
Vice President and Comptroller - Worldwide

REPUBLIC OF THE PHILIPPINES)
CITY OF PASIG)S.S

Before me, a notary public in and for the city named abnve, personally appeared the following:

Name	Competent Evidence of Identity
Tony Tan Caktiong	SSS Number: 03-5003942-0
Ernesto Tanmantiong	SSS Number: 03-6292699-0
Ysmael V. Baysa	SSS Number: 03-4228219-1
Marilou N. Sibayan	SSS Number: 03-9964176-9

Who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took on oath before me as to such instrument.

Witness my hand and seal this 06 APR 2016.

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Book No. I
Series of 2016

MICHELLE F. ABANITE
Notary Public Pasig City
Appointment No. [illegible] until December 31, 2016
Roll of Attorneys No. [illegible]
PTR No. [illegible] / Pasig City
IBP No. [illegible] / Pasig City
Roll of Attorneys No. 59106

SGV
Building a better working world

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

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

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Jollibee Foods Corporation
10/F Jollibee Plaza Building,
10 F. Ortigas Jr. Ave.,
Ortigas Center, Pasig City.

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

Management's Responsibility for the Consolidated Financial Statements

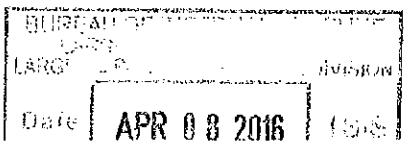
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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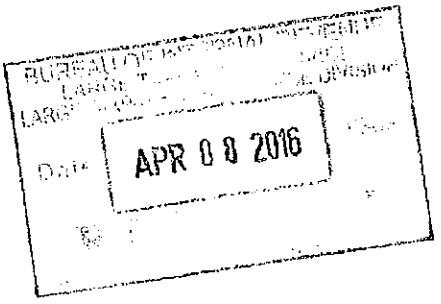
Opinion

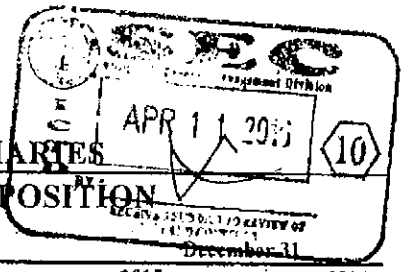
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Jollibee Foods Corporation and its subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Maryduth C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until April 30, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321664, January 4, 2016, Makati City

April 6, 2016

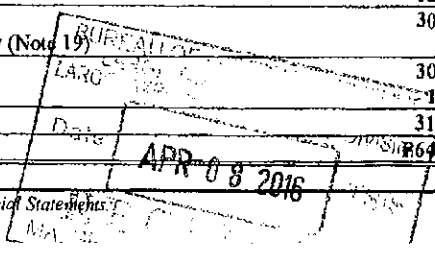




JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 30 and 31)	₱11,497,559,629	₱7,618,473,267
Short-term investments (Notes 6, 30 and 31)	922,317,012	-
Receivables (Notes 7, 30 and 31)	5,432,775,539	7,937,404,797
Inventories (Note 8)	5,478,416,309	5,971,813,991
Derivative asset (Note 18)	9,868,242	-
Other current assets (Note 9)	3,828,229,080	2,493,699,399
Total Current Assets	27,169,165,811	24,021,391,454
Noncurrent Assets		
Available-for-sale financial assets (Notes 10, 30 and 31)	21,462,462	21,479,461
Interests in and advances to joint ventures, co-venturers and an associate (Note 11)	8,449,310,264	3,388,902,606
Property, plant and equipment (Note 12)	14,547,151,906	13,363,567,166
Investment properties (Note 13)	998,113,493	1,025,645,035
Goodwill and other intangible assets (Note 14)	9,412,134,199	9,385,110,293
Operating lease receivables (Notes 29, 30 and 31)	12,516,788	21,089,606
Derivative asset (Note 11)	75,031,052	-
Deferred tax assets - net (Note 24)	1,408,488,536	751,965,318
Other noncurrent assets (Notes 15, 30 and 31)	2,669,673,900	2,139,528,661
Total Noncurrent Assets	37,593,882,600	30,097,288,146
	₱64,763,048,411	₱54,118,679,600
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Notes 16, 30 and 31)	₱19,527,045,864	₱16,295,665,174
Income tax payable	235,980,000	181,829,126
Short-term debt (Notes 18, 30 and 31)	282,360,000	1,865,000,000
Current portion of:		
Long-term debt (Notes 18, 30 and 31)	927,916,273	715,520,000
Liability for acquisition of businesses (Notes 11, 30 and 31)	94,852,231	32,906,018
Total Current Liabilities	21,068,154,368	19,090,920,318
Noncurrent Liabilities		
Provisions (Note 17)	30,500,639	30,500,639
Noncurrent portion of:		
Long-term debt (Notes 18, 30 and 31)	8,790,712,333	4,428,012,970
Liability for acquisition of businesses (Notes 11, 30 and 31)	-	101,064,311
Pension liability (Note 25)	1,466,530,394	832,390,250
Operating lease payables (Notes 29, 30 and 31)	1,615,639,498	1,544,846,191
Derivative liability (Notes 18, 30 and 31)	34,921,275	1,545,472
Deferred tax liabilities - net (Note 24)	-	11,377,928
Total Noncurrent Liabilities	11,938,304,139	6,949,737,761
Total Liabilities	33,006,458,507	26,040,658,079
Equity Attributable to Equity Holders of the Parent Company (Note 30)		
Capital stock (Note 19)	1,086,149,410	1,081,040,314
Subscriptions receivable (Note 19)	(17,177,884)	(17,177,884)
Additional paid-in capital (Note 19)	5,055,293,439	4,452,162,323
Cumulative translation adjustments of foreign subsidiaries and share in cumulative translation adjustment of an interest in a joint venture	107,225,186	(25,789,376)
Remeasurement loss on net defined benefit plan - net of tax	(536,579,937)	(219,900,060)
Comprehensive loss on derivative liability (Note 18)	(35,449,264)	(2,395,155)
Excess of cost over the carrying value of non-controlling interests acquired (Note 19)	(542,764,486)	(542,764,486)
Retained earnings (Notes 19 and 30):		
Appropriated for future expansion	10,200,000,000	10,200,000,000
Unappropriated	15,487,039,084	12,445,662,470
	30,803,735,548	27,370,838,146
Less cost of common stock held in treasury (Note 19)	180,511,491	180,511,491
	30,623,224,057	27,190,326,655
Non-controlling Interests	1,133,365,847	887,694,866
Total Equity	31,756,589,904	28,078,021,521
	₱64,763,048,411	₱54,118,679,600

See accompanying Notes to Consolidated Financial Statements.



JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

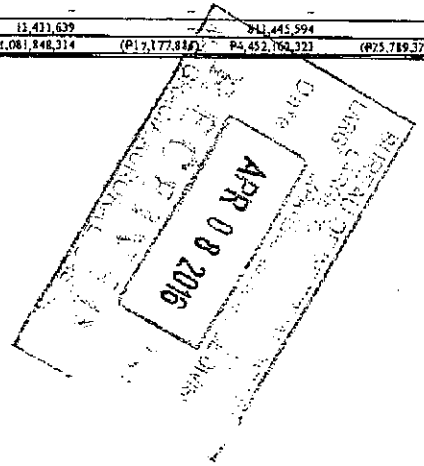
	Years Ended December 31		
	2015	2014	2013
REVENUES			
Net sales	₱95,810,688,792	₱86,209,777,710	₱76,313,489,585
Royalty, franchise fees and others (Note 20)	4,969,028,967	4,461,460,490	3,969,279,614
	100,779,717,759	90,671,238,200	80,282,769,199
COST OF SALES (Note 21)	82,891,701,255	73,727,792,141	65,284,763,064
GROSS PROFIT	17,888,016,504	16,943,446,059	14,998,006,135
EXPENSES			
General and administrative expenses (Note 22)	10,288,042,741	8,953,711,295	7,427,887,196
Advertising and promotions	2,244,943,336	1,852,967,633	1,639,022,544
	12,532,986,077	10,806,678,928	9,066,909,740
INTEREST INCOME (EXPENSE) (Note 23)			
Interest income	257,783,585	242,045,341	245,573,808
Interest expense	(225,544,319)	(152,471,253)	(152,920,028)
	32,239,266	89,574,088	92,653,780
EQUITY IN NET LOSSES OF JOINT VENTURES AND AN ASSOCIATE (Note 11)	(189,085,967)	(126,174,100)	(115,560,608)
OTHER INCOME (Note 23)	1,236,757,580	659,303,926	337,325,031
INCOME BEFORE INCOME TAX	6,434,941,306	6,759,471,045	6,245,514,598
PROVISION FOR INCOME TAX (Note 24)			
Current	1,926,077,984	1,694,768,550	1,521,966,682
Deferred	(537,470,070)	(424,239,011)	741,389
	1,388,607,914	1,270,529,539	1,522,708,071
NET INCOME	5,046,333,392	5,488,941,506	4,722,806,527
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments of foreign subsidiaries and share in cumulative translation adjustment of interests in joint ventures	144,873,513	(76,062,317)	414,851,757
Comprehensive gain (loss) on derivative asset or liability (Note 18)	(31,463,561)	1,882,127	6,806,839
Unrealized loss on available-for-sale financial assets	–	–	(102,626,829)
	113,409,952	(74,180,190)	319,031,767
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains (losses) on pension (Note 25)	(421,504,400)	358,528,285	(350,596,093)
Income tax effect (Note 24)	104,824,523	(106,374,133)	103,199,623
	(316,679,877)	252,154,152	(247,396,470)
	(203,269,925)	177,973,962	71,635,297
TOTAL COMPREHENSIVE INCOME	₱4,843,063,467	₱5,666,915,468	₱4,794,441,824
Net Income Attributable to:			
Equity holders of the Parent Company (Note 28)	₱4,928,236,228	₱5,361,978,768	₱4,671,559,394
Non-controlling interests	118,097,164	126,962,738	51,247,133
	₱5,046,333,392	₱5,488,941,506	₱4,722,806,527
Total Comprehensive Income Attributable to:			
Equity holders of the Parent Company	₱4,711,516,804	₱5,551,053,183	₱4,714,897,553
Non-controlling interests	131,546,663	115,862,285	79,544,271
	₱4,843,063,467	₱5,666,915,468	₱4,794,441,824
Earnings Per Share for Net Income Attributable to Equity Holders of the Parent Company (Note 28)			
Basic	₱4.618	₱5.075	₱4.450
Diluted	4.528	4.955	4.360

See accompanying Notes to Consolidated Financial Statements

BUREAU OF LARGE TAXPAYERS
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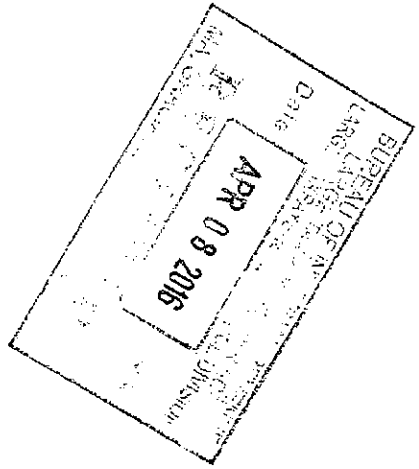
BEE FOODS CORPORATION AND SUBSIDIARIES
)LIDATED STATEMENTS OF CHANGES IN EQUITY
E YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Equity Attributable to Equity Holders of the Parent Company												
								Retained Earnings (Note 19)					
	Capital Stock (Note 19)	Subscriptions Receivable	Additional Paid-in Capital (Note 19)	Cumulative Translation Adjustments of Foreign Subsidiaries, Share in Cumulative Translation Adjustment of an Interest in a Joint venture	Remeasurement Gain (Loss) on Net Defined Benefit Plan - net of tax (Note 25)	Comprehensive Loss on Derivative Asset or Liability (Note 18)	Excess of Cost over the Carrying Value of Non-controlling Interests Acquired (Note 19)	Appropriated for Future Expansion	Unappropriated	Cost of Common Stock Held in Treasury (Note 19)	Total	Non-controlling Interests	Total Equity
ry 1, 2015	₱1,081,048,324	(₱17,177,884)	₱4,452,162,323	(₱25,789,376)	(₱219,900,868)	(₱2,395,155)	(₱542,764,486)	₱10,200,000,000	₱12,445,662,470	(₱280,511,491)	₱27,198,326,655	₱87,694,866	₱28,878,021,521
ative income (loss)	–	–	–	–	–	–	–	–	4,928,236,228	–	4,928,236,228	218,097,164	5,046,333,392
ative income (loss)	–	–	–	133,014,562	(316,679,877)	(33,054,109)	–	–	–	–	(316,719,424)	13,449,499	(203,269,925)
ther equity accounts:	–	–	–	133,014,963	(316,479,877)	(33,058,109)	–	–	4,928,236,228	–	4,731,516,804	131,546,663	4,843,063,467
nd subscriptions to capital stock (Note 19)	5,109,096	–	429,919,423	–	–	–	–	–	–	–	435,028,519	–	435,028,519
options granted (Notes 19, 22 and 26)	–	–	173,211,693	–	–	–	–	–	–	–	173,211,693	–	173,211,693
ls (Note 19)	–	–	–	–	–	–	–	–	–	–	–	–	–
ls received by non-controlling interest	–	–	–	–	–	–	–	–	(1,886,859,614)	–	(1,886,859,614)	–	(1,886,859,614)
incorporation of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(63,503,302)	(63,503,382)
	5,109,096	–	603,131,116	–	–	–	–	–	–	–	–	177,627,620	177,627,620
ember 31, 2015	₱1,886,149,420	(₱17,177,884)	₱5,055,293,439	₱187,225,186	(₱536,579,937)	(₱35,449,264)	(₱542,764,486)	₱10,200,000,000	₱15,487,039,084	(₱280,511,491)	₱30,623,224,057	₱1,233,365,847	₱31,856,589,904
ry 1, 2014	₱1,068,608,675	(₱17,177,884)	₱3,640,716,729	₱58,386,718	(₱472,054,212)	(₱3,411,504)	(₱542,764,486)	₱10,200,000,000	₱8,817,166,243	(₱180,511,491)	₱22,568,874,788	₱82,961,297	₱22,360,940,077
ative income (loss)	–	–	–	–	–	–	–	–	5,361,978,768	–	5,361,978,768	126,962,738	5,488,941,506
ative income (loss)	–	–	–	(64,096,886)	252,154,152	1,016,349	–	–	–	–	189,074,415	(11,103,453)	177,970,962
ther equity accounts:	–	–	–	(64,896,086)	252,154,152	1,016,349	–	–	5,361,978,768	–	5,551,053,183	115,862,285	5,666,915,468
nd subscriptions to capital stock (Note 19)	12,431,639	–	644,954,786	–	–	–	–	–	–	–	657,386,345	–	657,386,345
options granted (Notes 19, 22 and 26)	–	–	166,498,888	–	–	–	–	–	–	–	166,498,888	–	166,498,888
ls (Note 19)	–	–	–	–	–	–	–	–	(1,733,482,541)	–	(1,733,482,541)	–	(1,733,482,541)
ls received by non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	(40,228,714)	(40,228,716)
	12,431,639	–	811,445,594	–	–	–	–	–	(1,733,482,541)	–	(909,685,108)	(40,228,716)	(949,834,024)
ember 31, 2014	₱1,081,848,314	(₱17,177,884)	₱4,452,162,323	(₱25,789,376)	(₱219,900,860)	(₱2,395,155)	(₱542,764,486)	₱10,200,000,000	₱13,445,662,470	(₱188,511,491)	₱27,198,326,655	₱87,694,866	₱28,878,021,521



	Equity Attributable to Equity Holders of the Parent Company													
									Retained Earnings (Note 19)					
	Capital Stock (Note 19)	Subscriptions Receivable	Additional Paid-in Capital (Note 19)	Cumulative Translation Adjustments of Foreign Subsidiaries, Share in Cumulative Translation Adjustment of an Interest in a Joint venture	Remeasurement Gains (Loss) on Net Defined Benefit Plan - net of tax (Note 25)	Unrealized Gain on Available-for-Sale Financial Assets (Note 10)	Comprehensive Loss on Derivative Asset or Liability (Note 18)	Excess of Cost over the Carrying Value of Non-controlling Interests Acquired (Note 19)	Appropriated for Future Expansion	Unappropriated	Cost of Common Stock Held in Treasury (Note 19)	Total	Non-controlling Interests	Total Equity
ary 1, 2013	₱1,063,859,559	(₱17,177,884)	₱3,284,139,309	(₱351,379,055)	(₱224,657,742)	₱102,626,829	(₱7,087,197)	(₱542,764,486)	₱5,000,000,000	₱12,871,154,204	(₱180,511,491)	₱20,998,202,046	₱733,100,982	₱21,731,303,028
nsive income														
e	–	–	–	–	–	–	–	–	–	4,671,559,394	–	4,671,559,394	51,247,133	4,722,806,527
prehensive loss	–	–	–	389,685,765	(247,396,470)	(102,626,829)	3,675,693	–	–	–	–	43,338,159	28,297,138	71,635,297
	–	–	–	389,685,765	(247,396,470)	(102,626,829)	3,675,693	–	–	4,671,559,394	–	4,714,897,553	79,544,271	4,794,441,824
ther equity accounts:														
ued subscriptions to capital stock (Note 19)	4,749,116	–	206,158,679	–	–	–	–	–	–	–	–	218,907,795	–	210,907,795
options granted (Notes 19, 22 and 26)	–	–	150,418,741	–	–	–	–	–	–	–	–	150,418,741	–	150,418,741
ds (Note 19)	–	–	–	–	–	–	–	–	–	(3,525,547,355)	–	(3,525,547,355)	–	(3,525,547,355)
ds received by non-controlling interest (Note 11)	–	–	–	–	–	–	–	–	–	–	–	–	(30,000,000)	(30,000,480)
n during the year (Note 19)	–	–	–	–	–	–	–	–	5,300,000,000	(5,200,000,000)	–	–	–	–
vestments during the year	–	–	–	–	–	–	–	–	–	–	–	–	29,416,044	29,416,044
	4,749,116	–	356,577,420	–	–	–	–	–	5,200,800,000	(8,725,547,355)	–	(3,164,220,819)	(583,956)	(3,166,804,775)
ember 31, 2013	₱1,068,608,675	(₱17,177,884)	₱3,640,716,729	₱38,306,710	(₱472,054,212)	₱–	(₱3,411,504)	(₱542,764,486)	₱10,200,800,000	₱8,817,166,243	(₱180,511,491)	₱22,548,878,780	₱812,061,297	₱23,360,940,077

See Notes to Consolidated Financial Statements.

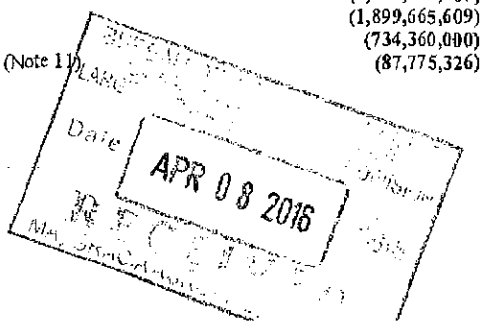




JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

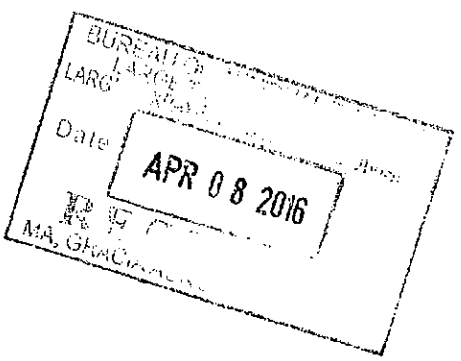
	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱6,434,941,306	₱6,759,471,045	₱6,245,514,598
Adjustments for:			
Depreciation and amortization (Notes 12, 13, 14, 21 and 22)	3,425,676,922	3,186,379,730	3,072,455,820
Interest income (Note 23)	(257,783,585)	(242,045,341)	(245,573,808)
Interest expense (Note 23)	225,544,319	152,471,253	152,920,028
Movement in pension liability (Notes 21, 22 and 25)	212,635,742	187,283,727	86,990,769
Equity in net losses of joint ventures and an associate (Note 11)	189,085,967	126,174,100	115,560,608
Stock options expense (Notes 22 and 26)	173,211,693	166,490,888	150,418,741
Loss on disposals and retirements of property, plant and equipment and investment properties (Notes 12, 13 and 22)	136,746,521	156,615,427	446,158,983
Impairment losses on:			
Receivables (Notes 7 and 22)	325,907,626	36,301,470	34,007,984
Inventories (Notes 8 and 22)	11,048,562	11,066,386	9,367,464
Property, plant and equipment, investment properties and security and other deposits (Notes 12, 13 and 22)	–	2,000,000	–
Reversals of impairment losses on:			
Receivables (Notes 7 and 22)	(4,605,656)	(868,308)	–
Inventories (Notes 8 and 22)	(12,047,290)	(8,489,305)	–
Property, plant and equipment, investment properties and security and other deposits (Notes 12, 13 and 22)	–	(62,647,298)	(13,300,000)
Deferred rent amortization – net	79,366,125	(24,047,625)	110,196,300
Net unrealized foreign exchange loss (gain)	(31,602,975)	6,320,479	(34,235,766)
Write off of AFS financial asset	–	–	4,343,148
Income before working capital changes	10,908,125,277	10,452,476,628	10,134,824,869
Decreases (increases) in:			
Receivables	2,269,039,596	(4,329,136,233)	(517,755,507)
Inventories	494,396,411	(2,413,958,938)	(940,056,121)
Other current assets	(1,510,842,807)	(1,288,316,588)	(447,087,313)
Increases in trade payables and other current liabilities	2,976,473,345	1,794,597,130	2,041,413,463
Net cash generated from operations	15,137,191,822	4,215,661,999	10,271,339,391
Interest received	219,845,694	212,872,623	224,956,889
Income taxes paid	(1,871,927,109)	(1,667,683,961)	(1,446,921,723)
Net cash provided by operating activities	13,485,110,407	2,760,850,661	9,049,374,557
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Interest in a joint ventures (Note 11)	(5,057,543,417)	(74,998,875)	(103,608,000)
Property, plant and equipment (Note 12)	(4,596,786,547)	(5,045,474,419)	(3,907,875,891)
Short-term investments	(922,317,012)	–	–
Intangible assets (Note 14)	(99,980,421)	(318,736,601)	(267,270,178)
Market entry fee (Notes 11 and 15)	(93,870,000)	–	–
Investment property (Note 13)	–	(277,484,623)	–
Available-for-sale financial assets	–	–	(300,000)
Proceeds from disposals of property, plant and equipment and investment properties	46,049,000	291,195,603	50,662,989
Decrease (increase) in other noncurrent assets	(89,368,653)	(270,947,498)	109,573,188
Net cash used in investing activities	(10,813,817,050)	(5,696,446,413)	(4,118,817,892)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Short-term debt (Note 18)	(9,191,000,000)	–	–
Cash dividends (Note 19)	(1,899,665,609)	(1,560,657,861)	(3,232,637,120)
Long-term debt (Note 18)	(734,360,000)	(1,096,987,500)	(3,149,351,766)
Liability for acquisition of businesses (Note 11)	(87,775,326)	(109,920,000)	(149,814,984)

(Forward)



	Years Ended December 31		
	2015	2014	2013
Proceeds from:			
Short-term debt (Note 18)	₱7,594,200,000	₱1,865,000,000	₱–
Long-term debt (Note 18)	5,176,600,000	1,053,535,000	2,582,580,000
Issuances of and subscriptions to capital stock	435,028,519	657,386,344	210,907,795
Interest paid	(188,647,612)	(123,473,583)	(141,263,440)
Contributions from non-controlling interests	177,627,620	–	29,416,042
Dividends paid to non-controlling interests	(63,503,302)	(40,228,716)	(30,000,000)
Net cash provided by (used in) financing activities	1,218,504,290	644,653,684	(3,880,163,473)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,889,797,647	(2,290,942,068)	1,050,393,192
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(10,711,285)	5,538,267	4,892,292
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,618,473,267	9,903,877,068	8,848,591,584
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	₱11,497,559,629	₱7,618,473,267	₱9,903,877,068

See accompanying Notes to Consolidated Financial Statements.



1. Corporate Information

Jollibee Foods Corporation (the Parent Company) was incorporated in the Philippines. The Parent Company and its subsidiaries (collectively referred to as "the Jollibee Group") are involved primarily in the development, operation and franchising of quick service restaurants (QSR) under the trade names "Jollibee", "Chowking", "Greenwich", "Red Ribbon", "Yong He King", "Hong Zhuang Yuan", "Mang Inasal", "Burger King", "San Pin Wang", "Highlands Coffee", "Pho24", "12 Hotpot", "Dunkin' Donuts" and "Smashburger". The other activities of the Jollibee Group include manufacturing and property leasing in support of the quick service restaurant systems and other business activities (see Notes 2 and 5).

The common shares of the Parent Company were listed and have been traded in the Philippine Stock Exchange (PSE) beginning July 14, 1993.

The registered office address of the Parent Company is 10/F Jollibee Plaza Building, 10 F. Ortigas Jr. Ave., Ortigas Center, Pasig City.

The consolidated financial statements as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, were reviewed and recommended for approval by the Audit Committee as well as approved and authorized for issuance by the Board of Directors (BOD) on April 6, 2016.

2. Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Basis of Consolidation

Basis of Preparation
The consolidated financial statements of the Jollibee Group have been prepared on a historical cost basis, except for the derivative assets and liabilities and certain available-for-sale (AFS) financial assets, which are measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency.

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

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new PFRSs and amendments to existing PFRS which became effective on January 1, 2015:

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*

  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

This amendment is not applicable to the Jollibee Group since defined benefit plans of the Jollibee Group do not require contributions from employees and third parties wherein employees or third parties.

Annual Improvements to PFRSs (2010-2012 Cycle)

The following Annual Improvements to PFRS (2010-2012 cycle) are effective for annual periods beginning on or after July 1, 2014 and are not expected to have material impact on the Jollibee Group's consolidated financial statements. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*

  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition
  - A performance target must be met while the counterparty is rendering service
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - A performance condition may be a market or non-market condition
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  While the Jollibee Group has stock options plans, the clarification mentioned above will not change the recognition and measurement of these stock option plans.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*

  The amendment is applied prospectively and clarifies that all contingent consideration. arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit and loss whether or not they fall within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments,* if early adopted). The Jollibee Group is already compliant with this amendment since it currently measures contingent consideration from acquisitions at fair value through profit or loss.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

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

- PAS 16, *Property, Plant and Equipment,* and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*

  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This is not applicable to the Jollibee Group since it has not adopted the revaluation model to subsequently measure items of property, plant and equipment and intangible assets after initial recognition.

- PAS 24, *Related Party Disclosures - Key Management Personnel*

  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- Annual Improvements to PFRSs (2011-2013 Cycle)

  The Annual Improvements to PFRSs (2011-2013 Cycle) are effective for annual periods beginning on or after July 1, 2014 and have no material impact on the Jollibee Group's consolidated financial statements. They include:

  - PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*

    The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
    - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3; and
    - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  - PFRS 13, *Fair Value Measurement - Portfolio Exception*

    The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

  - PAS 40, *Investment Property - Ancillary Services*

    The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). This amendment will be applied only to future acquisition of an asset with ancillary services.

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

The Jollibee Group will adopt the following revised standards, interpretations and amendments when these become effective.

Effective January 1, 2016

- PAS 1, *Presentation of Financial Statements - Disclosure Initiative*

  The amendments in PAS 1 clarify, rather than significantly change, existing PAS 1 requirements. The amendments clarify:

  - The materiality requirements in PAS 1;
  - That specific line items in the statements of comprehensive income and the statements of financial position may be disaggregated;
  - That entities have flexibility as to the order in which they present the notes to financial statements; and
  - That the share of OCI of an associate and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statements of financial position and the statements of comprehensive income. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Jollibee Group is currently assessing the impact of the amendments on the consolidated financial statements but does not currently expect significant changes as a result of the amendments.

- PAS 16, *Property, Plant and Equipment,* and PAS 38, *Intangible Assets - Clarifications of Acceptable Methods of Depreciation and Amortization*

  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Jollibee Group given that the Jollibee Group has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment,* and PAS 41, *Agriculture - Bearer Plants*

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are

retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Jollibee Group as the Jollibee Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Jollibee Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in an Associate and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  These amendments address the conflict between PFRS 10 and PAS 28 (2011) in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in PFRS 3, between an investor and its associate or joint venture is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  These amendments must be applied prospectively and are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. These amendments are not expected to have significant impact to the Jollibee Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 28, *Investments in an Associate and Joint Ventures - Investment Entities: Applying the Consolidation Exception*

  The amendments address issues that have arisen in applying the investment entities exception under PFRS 10. The amendments to PFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

  Furthermore, the amendments of PFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to PAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. These amendments are not expected to have any impact on the Jollibee Group's consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests*

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

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

- PFRS 14, *Regulatory Deferral Accounts*

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

- Annual Improvements to PFRSs (2012-2014 Cycle)

  The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016. They include:

  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

    Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. This amendment must be applied prospectively. This amendment is currently not applicable to the Jollibee Group since it has no non-current asset held for sale and discontinued operations.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*

  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments. This amendment is not applicable to the Jollibee Group, having no servicing contracts for its financial assets.

- PFRS 7, *Financial Instruments: Disclosure - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*

  The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively. These amendments are not expected to have significant impact for the Jollibee Group.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*

  The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. Government bond rates are currently used to calculate the present value of the Group's defined benefit obligation due to the absence of a deep local market for high quality corporate bonds. This amendment must be applied retrospectively. The Jollibee Group is already compliant with the requirements of this amendments even before it became effective since government board rates are currently used to calculate the present value of the Jollibee Group's defined benefit obligation due to the absence of a deep local market for high quality corporate bonds.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*

  The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. The Jollibee Group is already in compliant with the requirements of this amendment.

Effective January 1, 2018

- PFRS 9, *Financial Instruments (2014 or Final Version)*

  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The Jollibee Group plans to adopt the new standard on the required effective date, which is subject to changes arising from a more detailed ongoing analysis.

  Other than the potential changes on the accounting for the Jollibee Group's AFS financial assets, the Jollibee Group does not expect any material change on its accounting for financial assets and financial liabilities. The Jollibee Group, however, expects potential changes in its impairment model as a 'expected credit loss' model replaces the 'incurred credit losses' model under PAS 39.

  The Jollibee Group is currently assessing the impact of adopting this standard and expects that the adoption of PFRS 9 will have an effect on the classification and measurement of the Jollibee Group's financial assets but will have no impact on the classification and measurement of the Jollibee Group's financial liabilities.

The following new standard issued by the International Accounting Standards Board (IASB) has not yet been adopted by the Financial Reporting Standards Council

- IFRS 15, *Revenue from Contracts with Customers*

  IFRS 15 was issued in May 2014 and establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Jollibee Group is primarily engaged in the restaurant and franchising businesses. The Jollibee Group is currently assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15. Furthermore, the Jollibee Group is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.

- IFRS 16, *Leases*

  In January 2016, the IASB issued IFRS 16, *Leases*, which requires lessees to recognize assets and liabilities for most leases. Lessees will have a single accounting model for all leases, with certain exemptions. For lessors, there is little change to the existing accounting in PAS 17, *Leases*.

The new standard will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 has been applied, or is applied at the same date as IFRS 16. The Jollibee Group is currently assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16. For most leases though wherein it is the lessee, the Jollibee Group will be required to recognize both a right to use asset and a lease liability to gross amounts.

With Deferred Effective Date

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

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Jollibee Group as it is not into the business of construction of real estate.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015.

Control is achieved when the Jollibee Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

There is a general presumption that a majority of voting rights results in control. To support this presumption and when the Jollibee Group has less than a majority of the voting or similar rights of an investee, the Jollibee Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; or
- The Jollibee Group's voting rights and potential voting rights.

The Jollibee Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Jollibee Group obtains control over the subsidiary and ceases when the Jollibee Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Jollibee Group gains control until the date the Jollibee Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Jollibee Group's accounting

policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Jollibee Group are eliminated in full on consolidation. The reporting dates of the Parent Company and the associate or joint ventures are identical and the latter's accounting policies conform to those used by the Parent Company for like transactions and events in similar circumstances.

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

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

Non-controlling interests represent the interests in the subsidiaries not held by the Parent Company, and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from equity attributable to holders of the Parent Company.

An increase or decrease in ownership interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in the Jollibee Group's relative interests in the subsidiary. The Jollibee Group recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the equity holders of the Parent Company. These increases or decreases in the ownership interest in a subsidiary do not result in the recognition of a gain or loss.

The consolidated financial statements include the accounts of the Parent Company and the following wholly-owned and majority-owned subsidiaries as at December 31, 2015 and 2014:

	Country of Incorporation	Principal Activities	2015 Direct Ownership	2015 Indirect Ownership	2014 Direct Ownership	2014 Indirect Ownership
Fresh N' Famous Foods, Inc. (Fresh N' Famous):	Philippines	Food service	100	–	100	–
Chawking Food Corporation USA	United States of America (USA)	Holding company	–	100	–	100
Zenith Foods Corporation (Zenith)	Philippines	Food service	100	–	100	–
Freemont Foods Corporation (Freemont)	Philippines	Food service	100	–	100	–
RRB Holdings, Inc. (RRBHI):	Philippines	Holding company	100	–	100	–
Red Ribbon Bakeshop, Inc. (RRBI)	Philippines	Food service	–	100	–	100
Red Ribbon Bakeshop, Inc. USA (RRBI USA)	USA	Food service	–	100	–	100
Mang Inasal Philippines Inc. (Mang Inasal)	Philippines	Food service	70	–	70	–
Grandworth Resources Corporation (Grandwarth):	Philippines	Leasing	100	–	100	–
Adgraphix, Inc. (Adgraphix)	Philippines	Digital printing	–	100	–	100
IConnect Multi Media Network, Inc. (IConnect)	Philippines	Advertising	–	60	–	60
JC Properties & Ventures Co.	Philippines	Inactive	–	50	–	50
Honeybee Foods Corporation (HFC)	USA	Food service	100	–	100	–
Tokyo Teriyaki Corporation (TTC)	USA	Food service	–	100	–	100
Honeybee Foods (Canada) Corporation (HFCC) [a]	Canada	Food service	–	100	–	–
Jollibee Worldwide Pte. Ltd. (JWPL):	Singapore	Holding company	100	–	100	–
Regional Operating Headquarters of JWPL (JWS)	Philippines	Financial accounting, human resources and logistics services	–	100	–	100
Golden Plate Pte., Ltd. (GPPL)	Singapore	Holding company	–	100	–	100
- Golden Beeworks Pte. Ltd.	Singapore	Food service	–	60	–	60
Golden Cup Pte.Ltd. [b]	Singapore	Holding company	–	60	–	60
- Beijing Golden Coffee Cup Food & Beverage Management Co., Ltd. [b]	PRC	Food Service	–	100	–	–
Beijing New Hangzhuangyuan Food and Beverage Management Co., Ltd. (Hong Zhuang Yuan)	PRC	Food service	–	100	–	100
Southsea Binaries Ltd. (Southsea)	British Virgin Island (BVI)	Holding company	–	100	–	100
Beijing Yang He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Shenzhen Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Hangzhau Yongtong Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Hangzhou Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Wuhan Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Tianjin Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Guangxi San Pin Wang Food and Beverage Management Campany Limited (San Pin Wang)	PRC	Food service	–	55	–	55
Happy Bee Foods Processing Pte. Ltd. (HBFPPL)	Singapore	Holding company	–	70	–	70
- Happy Bee Foods Processing (Anhui) Co. Ltd.	PRC	Food service	–	100	–	100
JSF Investments Pte. Ltd. (JSF)	Singapore	Holding company	–	99	–	99
Chow Fun Holdings LLC (Chow Fun)	USA	Food service	–	81	–	81
Jollibee (China) Food & Beverage Management Co. Ltd. (JFCC and formerly Shanghai Chunlv Co. Ltd) [c]	PRC	Management campany	–	100	–	100
Jollibee International (BVI) Ltd. (JIBL):	BVI	Holding company	–	100	–	100
- Jollibee Vietnam Corporation Ltd.	Vietnam	Food service	–	100	–	100
- PT Chowking Indonesia	Indonesia	Food service	–	108	–	100
- PT Jollibee Indonesia	Indonesia	Dormant	–	108	–	100
- Jollibee (Hong Kang) Limited and Subsidiaries	Hong Kong	Dormant	–	85	–	85
- Belmont Enterprises Ventures Limited (Belmont):	BVI	Holding company	–	100	–	100
• Shanghai Belmont Enterprises Management and Adviser Co., Ltd. (SBEMAC)	PRC	Business management service	–	100	–	100
• Yang He Holdings Co., Ltd.	BVI	Holding company	–	100	–	100
• Centenary Ventures Ltd.	BVI	Holding company	–	100	–	100
Bee Good! Inc. (BGI)	USA	Holding company	–	100	–	–
Chanceux, Inc.	Philippines	Holding campany	100	–	100	–
BKTitans, Inc. (BKTitans)	Philippines	Holding campany	–	54	–	54
- PFN Haldings Corparation	Philippines	Holding company	–	53	–	53
• Perf Restaurants, Inc. [d]	Philippines	Food service	–	53	–	53
Donut Magic Phils., Inc. (Donut Magic) [e]	Philippines	Dormant	100	–	100	–
Ice Cream Capenhagen Phils., Inc. (ICCP) [e]	Philippines	Dormant	100	–	100	–
Mary's Foods Carparatian (Mary's) [e]	Philippines	Dormant	100	–	100	–
QSR Builders, Inc.	Philippines	Inactive	100	–	100	–
Jollibee USA	USA	Dormant	100	–	100	–

(a) On May 7, 2015, the Jollibee Group, through HFC, incorporated HFCC to own and operate Jollibee restaurants in Canada.

(b) On December 19, 2014, the Jollibee Group, through JWPL, entered into a joint agreement to form Golden Cup together with Jasmine Asset Holding Ltd. (Jasmine), to own and operate Dunkin' Donuts restaurants in the People's Republic of China (PRC) through Beijing Golden Coffee Cup, which was also incorporated in the same year.

(c) Merged with Shanghai Yang He King Food and Beverage Co. Ltd. in 2014 with JFCC as the surviving entity.

(d) Perf Restaurants, Inc. also holds shares in Perf Trinoma and Perf MOA.

(e) On June 18, 2004, the stockholders of the Jollibee Group approved the Plan of Merger of the three dormant companies. The application is pending approval from the SEC as at December 31, 2015.

3. Significant Accounting Policies

Current versus Noncurrent Classification

The Jollibee Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is classified as current when it is:

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

All other assets are classified as noncurrent.

A liability is classified as current when:

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

The Jollibee Group classifies all other liabilities as noncurrent.

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

Fair Value Measurement

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs where the Jollibee Group has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available an supportable market data as possible).

The Jollibee Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

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

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

The Jollibee Group's management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement. At each reporting date, the management analyzes the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Jollibee Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

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

Short-term Investments
Short-term investments are deposits with original maturities of more than three months to one year from acquisition date that are subject to insignificant risk of change in value.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVPL, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Jollibee Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at FVPL
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

Financial Asset at FVPL. Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by PAS 39. The Jollibee Group has not designated any financial assets at FVPL. Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVPL. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL.

This category generally applies to the Jollibee Group's derivative assets.

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

This category generally applies to cash and cash equivalents, short-term investments, receivables, advances to related parties, refundable deposits and employees' car plan receivables.

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

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited directly in equity until the investment is derecognized, at which time, the cumulative gain or loss is recognized in profit or loss, or the investment is determined to be impaired, when the cumulative loss is reclassified from equity to profit or loss. Dividends and interest earned while holding AFS financial assets is recognized in profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

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

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

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

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

Financial Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Jollibee Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Jollibee Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

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

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

In the case of equity investments classified as AFS financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss is removed from OCI and recognized in profit or loss. For unquoted equity investments that are not carried at fair value because such cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instruments, the amount of loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

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

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

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

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Jollibee Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL. Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Jollibee Group that are not designated as hedging instruments in hedge relationships as defined by PAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PAS 39 are satisfied. The Jollibee Group has not designated any financial liability as at FVPL.

Loans and borrowings. This is the category most relevant to the Jollibee Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the consolidated statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

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

Offsetting of Financial Instruments

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

Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement. The Group uses derivative financial instruments, such as cross currency swaps and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss,except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment, or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Jollibee Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges. The change in the fair value of a hedging instrument is recognized in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in profit or loss.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit and loss.

The Jollibee Group has no fair value hedges as at December 31, 2015 and 2014, respectively.

Cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized in OCI, while any ineffective portion is recognized immediately in the statement of profit or loss.

The Jollibee Group has a cross currency swap to hedge its exposure to foreign currency risk in forecast transactions, as well as an interest rate swap for its exposure to volatility in interest rates. The ineffective portion relating to these swaps are recognized in profit or loss.

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Debt Issue Costs

Debt issue costs are deducted against long-term debt and are amortized over the terms of the relted borrowings.

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs are accounted for as follows:

Processed inventories	- Standard costing, is reviewed on a quarterly basis and revised as necessary to approximate current costs determined using first in, first out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.
Food supplies, packaging, store and other supplies, and novelty items	- Standard costing is reviewed on a quarterly basis and revised as necessary to approximate current costs determined using FIFO.

Net realizable value of processed inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Net realizable value of food supplies, packaging, store and other supplies is the current replacement cost.

Net realizable value of novelty items is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Other Current Assets
Other current assets include deposits which pertain to advance payments to suppliers to be applied for future purchases, prepaid expenses which are paid in advance and recorded as asset before these are utilized; and creditable withholding taxes, which will be applied in the following year against corporate income tax or be claimed for refund with the Bureau of Internal Revenue.

Property, Plant and Equipment
Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of property, plant and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less any impairment in value.

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

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the assets:

Land improvements	5 years
Plant, buildings, condominium units and improvements	5 - 40 years
Leasehold rights and improvements	2 - 10 years or term of the lease, whichever is shorter
Office, store and food processing equipment	1 - 15 years
Furniture and fixtures	3 - 5 years
Transportation equipment	3 - 5 years

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

The residual values, if any, useful lives and depreciation and amortization method of the assets are reviewed and adjusted, if appropriate, at the end of each financial period.

Fully depreciated assets are retained in the accounts until they are disposed or retired.

Construction in progress represents assets under construction and is stated at cost less any impairment in value. This includes the cost of construction and other direct costs. Cost also includes interest on borrowed funds incurred during the construction period. Construction in progress is not depreciated until such time that the relevant assets are completed and readily for use.

Investment Properties

Investment properties consist of land and buildings and building improvements held by the Jollibee Group for capital appreciation and rental purposes. Investment properties, except land, are carried at cost, including transaction costs, less accumulated depreciation and amortization and any impairment in value. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Land is carried at cost less any impairment in value.

The depreciation of buildings and building improvements are calculated on a straight-line basis over the estimated useful lives of the assets which are five (5) to twenty (20) years.

The residual values, if any, useful lives and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at each financial year-end.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers to investment property are made only when there is a change in use, evidenced by ending of ownership-occupation, or commencement of an operating lease to another party. Transfers from investment property are made only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Business Combinations

Business combinations are accounted for using the acquisition method. Applying the acquisition method requires the (a) determination whether the Jollibee Group will be identified as the acquirer, (b) determination of the acquisition-date, (c) recognition and measurement of the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree and (d) recognition and measurement of goodwill or a gain from a bargain purchase.

When the Jollibee Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date.

The cost of an acquisition is measured as the aggregate of the (a) consideration transferred by the Jollibee Group, measured at acquisition-date fair value, (b) amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of the Jollibee Group's previously held equity interest in the acquiree in a business combination achieved in stages. Acquisition costs incurred are expensed and included in "General and administrative expenses" account in the consolidated statement of comprehensive income.

Initial Measurement of Non-controlling Interest. For each business combination, the Jollibee Group measures the non-controlling interest in the acquiree using the proportionate share of the acquiree's identifiable net assets.

Business Combination Achieved in Stages. In a business combination achieved in stages, the Jollibee Group remeasures its previously held equity interests in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in profit or loss.

Measurement Period. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Jollibee Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. The measurement period ends as soon as the Jollibee Group receives the information it was seeking about facts and circumstances that existed as at the acquisition-date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition-date.

Contingent Consideration or Earn-out. Any contingent consideration or earn-out in relation to a business combination is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognized in profit or loss.

Goodwill or Gain on a Bargain Purchase

Initial Measurement of Goodwill or Gain on a Bargain Purchase. Goodwill is initially measured by the Jollibee Group at cost being the excess of the total consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on a bargain purchase. Before recognizing a gain on a bargain purchase, the Jollibee Group determines whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognize any additional assets or liabilities that are identified in that review.

Subsequent Measurement of Goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment Testing of Goodwill. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition-date, allocated to each of the Jollibee Group's CGU, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Jollibee Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment as defined in PFRS 8, *Operating Segments*, before aggregation.

Frequency of Impairment Testing. Irrespective of whether there is any indication of impairment, the Jollibee Group tests goodwill acquired in a business combination for impairment annually as at December 31 and more frequently when circumstances indicate that the carrying amount is impaired.

Allocation of Impairment Loss. An impairment loss is recognized for a CGU if the recoverable amount of the unit or group of units is less than the carrying amount of the unit or group of units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit or group of units first to reduce the carrying amount of goodwill allocated to the CGU or group of units and then to the other assets of the unit or group of units pro rata on the basis of the carrying amount of each asset in the unit or group of units.

Intangible Assets
Intangible assets acquired separately are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. The useful lives of intangible assets are assessed at the individual asset level as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life using the straight-line method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. At a minimum, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

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

The estimated useful lives used in amortizing computer software and other intangible assets are disclosed in Note 14.

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 when the asset is derecognized.

Interests in and Advances to Joint Ventures, Co-venturers and an Associate
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Jollibee Group's investments in its associate and joint ventures are accounted for using the equity method based on the percentage share of ownership and capitalization. Interests in joint ventures are accounted for under the equity method from the date the joint control is obtained.

Under the equity method, the investment in an associate or joint ventures are carried in the consolidated statement of financial position at cost plus the Jollibee Group's share in post-acquisition changes in the net assets of an associate or joint ventures, less any impairment in value. Goodwill relating to the associate or joint ventures is included in the carrying amount of the investment and is not amortized. The consolidated statement of comprehensive income includes the Jollibee Group's share in the financial performance of the associate or joint ventures. The Jollibee Group's share in profit or loss of the associate is shown on the face of the consolidated statement of comprehensive income as "Equity in net losses of joint ventures and an associate", which is the profit or loss attributable to equity holders of the joint ventures and associate.

When the Jollibee Group's share of losses in the associate or joint ventures equals or exceeds its interest, including any other unsecured receivables, the Jollibee Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or joint ventures. Where there has been a change recognized directly in the equity of the associate or joint venture, the Jollibee Group recognizes its share in any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the Parent Company and the associate or joint ventures are identical and the latter's accounting policies conform to those used by the Parent Company for like transactions and events in similar circumstances. Unrealized gains arising from transactions with the associate or joint ventures are eliminated to the extent of the Jollibee Group's interests in the associate or joint ventures against the related investments. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment in the asset transferred.

The Jollibee Group ceases to use the equity method of accounting on the date from which it no longer has joint control in the joint ventures, no longer has significant influence over an associate, or when the interest becomes held for sale.

Upon loss of significant influence over the associate or joint control over the joint ventures, the Jollibee Group measures and recognizes its remaining investment at its fair value. Any difference between the carrying amount of the associate or former jointly controlled entities upon loss of significant influence or joint control, and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss. When the remaining interest in joint ventures constitutes significant influence, it is accounted for as interest in an associate.

Impairment of Nonfinancial Assets

The carrying values of interests in and advances to joint ventures, co-venturers and an associate, property, plant and equipment, investment properties, goodwill and other intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or CGU are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable, willing parties, less costs of disposal. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

For nonfinancial assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value on a systematic basis over its remaining useful life.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Additional paid-in capital is also credited for the cost of the Jollibee Group's equity settled share-based payments to its employees.

Subscriptions Receivable. Subscriptions receivable represents common stock subscribed and issued by the Parent Company but payment from the shareholders has not yet been received.

Retained Earnings. Retained earnings represent the Jollibee Group's accumulated earnings, net of dividends declared.

Dividends. The Jollibee Group recognizes a liability to make cash distribution to its equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in the equity. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the reporting period.

Treasury Shares. Acquisitions of treasury shares are recorded at cost. The total cost of treasury shares is shown in the consolidated statement of financial position as a deduction from the total equity. Upon re-issuance or resale of the treasury shares, cost of common stock held in treasury account is credited for the cost of the treasury shares determined using the simple average method. Gain on sale is credited to additional paid-in capital. Losses are charged against additional paid-in capital but only to the extent of previous gain from original issuance, sale or retirement for the same class of stock. Otherwise, losses are charged to retained earnings.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Jollibee Group and the amount of revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, sales taxes and duties. The Jollibee Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Jollibee Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to credit risks.

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

Sale of Goods. Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the customers, which is normally upon delivery. Sales returns and sales discounts are deducted from sales to arrive at net sales shown in the consolidated statement of comprehensive income.

Royalty Fees. Revenue from royalty fees is recognized as the royalty accrues based on a certain percentage of the franchisees' net sales.

Franchise Fees. Revenue from franchise fees is recognized when all services or conditions relating to the payment of franchise fees have been substantially performed.

Service Fees. Revenue is recognized in the period in which the service has been rendered.

Rent Income. Rent income from operating leases is recognized on a straight-line basis over the lease terms.

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

Other Income. Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Jollibee Group through an increase in asset or reduction in liability and that can be measured reliably.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized as incurred.

Advertising and promotions expenses include costs incurred for advertising schemes and promotional activities for new products. The amount of expenses incurred by the Jollibee Group is reduced by the network advertising and promotional costs reimbursed by the Jollibee Group's franchisees and subsidiaries.

Borrowing Costs

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

Pension Benefits

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

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as part of pension costs in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the pension liability or asset is the change during the period in the liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the pension liability or asset is recognized under "Cost of Sales" and "General and Administrative expenses" in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan liability or assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Jollibee Group, nor can they be paid directly to the Jollibee Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Jollibee Group also participates in various government-defined contribution schemes for the People's Republic of China (PRC)-based and USA-based subsidiaries. Under these schemes, pension benefits of existing and retired employees are guaranteed by the local pension benefit plan, and each subsidiary has no further obligations beyond the annual contribution.

Employee Leave Entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. Jollibee Group recognizes undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period.

Share-based Payments

The Jollibee Group has stock option plans granting its management and employees an option to purchase a fixed number of shares of stock at a stated price during a specified period ("equity-settled transactions").

The cost of the options granted to the Jollibee Group's management and employees that becomes vested is recognized in profit or loss over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant management and employees become fully entitled to the award ("vesting date").

The fair value is determined using the Black-Scholes Option Pricing Model. The cumulative expense recognized for the share-based transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Jollibee Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in profit or loss or the investment account for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, provided that all other performance conditions are satisfied.

Where the terms of a share-based award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment agreement, or is otherwise beneficial to the management and employees as measured at the date of modification.

Where a share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if there were a modification of the original award.

Research Costs
Research costs are expensed as incurred.

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

Jollibee Group as Lessee. Leases which do not transfer to the Jollibee Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term and carried at amortized cost. The related accretion is recognized as interest income and the amortization as rent expense. Associated costs, such as maintenance and insurance, are expensed as incurred. Contingent rent is recognized as expense in the period which they are incurred.

Jollibee Group as Lessor. Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rent income. Rent income from operating leases is recognized as income in profit or loss on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

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

Foreign Currency Transactions and Translations
The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. Each entity in the Jollibee Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of subsidiaries domiciled and operating in the Philippines are also determined to be the Philippine Peso. Where the functional currency is the Philippine Peso, transactions in foreign currencies are recorded in Philippine Peso using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign

currencies are restated using the closing rate of exchange at reporting date. All differences are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The functional currencies of the Jollibee Group's foreign operations are US dollar (USD), PRC Renminbi (RMB), Indonesia rupiah, Vietnam dong and Hong Kong dollar. As of the reporting date, the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Parent Company at the rate of exchange ruling at the reporting date while the income and expense accounts are translated at the weighted average exchange rates for the year. The resulting translation differences are included in the consolidated statement of changes in equity under the account "Cumulative translation adjustments of foreign subsidiaries and share in cumulative translation adjustment of an interest in a joint venture". On disposal of a foreign subsidiary, the accumulated exchange differences are recognized in profit or loss.

Taxes

Current Tax. Current tax liabilities for the current and prior periods are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity (not in the profit or loss). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interest in a joint venture, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transactions, affects neither the accounting profit nor taxable profit; and

- in respect of taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as reduction in goodwill, as long as it does not exceed goodwill, if it was incurred during the measurement period or recognize in profit or loss.

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

Value Added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of tax, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Other current assets" or "Trade payables and other current liabilities" accounts in the consolidated statement of financial position.

Earnings per Share (EPS) Attributable to Equity Holders of the Parent Company

Basic EPS is calculated by dividing the net income for the year attributable to the equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend declaration, if any.

Diluted EPS is computed by dividing the net income for the year attributable to the equity holders of the Parent Company by the weighted average number of common shares outstanding during the period, adjusted for any potential common shares resulting from the assumed exercise of outstanding stock options. Outstanding stock options will have dilutive effect under the treasury stock method only when the average market price of the underlying common share during the period exceeds the exercise price of the option.

Where the EPS effect of the shares to be issued to management and employees under the stock option plan would be anti-dilutive, the basic and diluted EPS would be stated at the same amount.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Business Segments
The Jollibee Group is organized and managed separately according to the nature of operations and geographical locations of businesses. The three major operating businesses of the Jollibee Group are food service, franchising and leasing while geographical segments are segregated to Philippine businesses and international businesses. These operating and geographical businesses are the basis upon which the Jollibee Group reports its primary segment information presented in Note 5.

Events after the Reporting Period
Post year-end events that provide additional information about the Jollibee Group's financial position at reporting date (adjusting events) are reflected in the Jollibee Group's consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. The Jollibee Group believes the following represents a summary of these significant judgments, estimates and assumptions and the related impact and associated risks on the Jollibee Group's consolidated financial statements.

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

Functional Currency. Management has determined that the functional and presentation currency of the Parent Company and its Philippine-based subsidiaries is the Philippine peso, being the currency of the primary environment in which the Parent Company and its major subsidiaries operate. The functional currencies of its foreign operations are determined as the currency in the country where the subsidiary operates. For consolidation purposes, the foreign subsidiaries' balances are translated to Philippine peso which is the Parent Company's functional and presentation currency.

Operating Lease Commitments - Jollibee Group as Lessee. The Jollibee Group has entered into commercial property leases for its QSRs and offices as a lessee. Management has determined, based on an evaluation of the terms and condition of the arrangements that all the significant risks and benefits of ownership of these properties, which the Jollibee Group leases under various lease arrangements, remain with the lessors. Accordingly, the leases are accounted for as operating leases.

Rent expense amounted to ₱7,841.9 million, ₱7,702.7 million and ₱6,287.3 million in 2015, 2014 and 2013, respectively (see Notes 21, 22 and 29).

Operating Lease Commitments - Jollibee Group as Lessor. The Jollibee Group has entered into commercial property leases on its investment property portfolio and various sublease agreements. Management has determined, based on an evaluation of the terms and conditions of the arrangements, that the Jollibee Group retains all the significant risks and benefits of ownership of the properties which are leased out. Accordingly, the leases are accounted for as operating leases.

Rent income amounted to ₱92.4 million, ₱90.6 million and ₱97.5 million in 2015, 2014 and 2013, respectively (see Notes 20 and 29).

Assessing Joint Control of an Arrangement and the Type of Arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Jollibee Group assessed that it has joint control in all joint arrangements by virtue of a contractual agreement with other stockholders. The Jollibee Group's joint ventures have separate legal entity and the shareholders have right to their net assets (see Note 11).

Material Partly-Owned Subsidiaries
The consolidated financial statements include additional information about subsidiaries that have non-controlling interests that are material to the Jollibee Group (see Note 11). Management determined material partly-owned subsidiaries as those with balance of non-controlling interest greater than 5% of total non-controlling interests and those subsidiaries which type of activities they engage in is important to the Jollibee Group as at end of the year.

Material Associates and Joint Ventures
The consolidated financial statements include additional information about associates and joint ventures that are material to the Jollibee Group (see Note 11). Management determined material associates as those associates where the Jollibee Group's carrying amount of investment is greater than 5% of the total investments in an associate and interest in joint ventures as at end of the year.

Estimates and Assumptions
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Jollibee Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to changes on market circumstances arising beyond the control of the Jollibee Group. Such changes are reflected in the assumptions when they occur.

Impairment of Receivables. The Jollibee Group maintains an allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of allowance is evaluated on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Jollibee Group's relationship with the customers and counterparties, average age of accounts and collection experience. The Jollibee Group performs a regular review of the age and status of these accounts, designed to identify accounts with objective evidence of impairment and provide the appropriate allowance for impairment losses. The review is done quarterly and annually using a combination of specific and collective assessments. The amount and timing of recorded expenses for any period would differ if the Jollibee Group made different judgments or utilized different methodologies. An increase in allowance account would increase general and administrative expenses and decrease current assets

Provision for impairment loss on receivables in 2015, 2014 and 2013 amounted to ₱325.9 million, ₱36.3 million and ₱34.0 million, respectively, resulting from specific and collective assessments (see Note 22). In addition, reversal of previously recognized provisions amounting to ₱4.6 million and ₱0.9 million were recognized in 2015 and 2014, respectively (see Note 22). The carrying amount of receivables amounted to ₱5,432.8 million and ₱7,937.4 million as at December 31, 2015 and 2014, respectively (see Note 7).

Net Realizable Value of Inventories. The Jollibee Group writes down inventories to net realizable value, through the use of an allowance account, whenever the net realizable value of inventories becomes lower than the cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

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

The Jollibee Group assessed that the net realizable value for some inventories is lower than cost, hence, it recognized provision for inventory obsolescence amounting to ₱11.0 million, ₱11.1 million and ₱9.4 million in 2015, 2014 and 2013, respectively (see Note 22). In addition, reversal of previously recognized provisions amounting to ₱12.0 million and ₱8.5 million were recognized in 2015 and 2014, respectively, while no reversal was recognized in 2013 (see Note 22). No write-offs were made in 2015 and 2014. The carrying amount of inventories amounted to ₱5,478.4 million and ₱5,971.8 million as at December 31, 2015 and 2014, respectively (see Note 8).

Impairment of Property, Plant and Equipment, Investment Properties, Interests in and Advances to Joint Ventures, Co-venturers and an Associate. The Jollibee Group performs impairment review of property, plant and equipment, investment properties, interests in and advances to joint ventures, co-venturers and an associate when certain impairment indicators are present. Determining the fair value of assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Jollibee Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Jollibee Group to conclude that the assets are impaired. Any resulting impairment loss could have a material adverse impact on the Jollibee Group's financial position and performance.

Reversal of impairment loss amounted to nil, ₱62.6 million and ₱13.3 million in 2015, 2014 and 2013, respectively, while provision for impairment loss amounted to ₱2.0 million in 2014 (see Note 22). The aggregate carrying values of property, plant and equipment, investment properties, interests in and advances to joint ventures, co-venturers and an associate amounted to ₱23,994.6 million and ₱17,778.1 million as at December 31, 2015 and 2014, respectively (see Notes 11, 12 and 13).

Estimation of Useful Lives of Property, Plant and Equipment and Investment Properties. The Jollibee Group estimates the useful lives of property, plant and equipment and investment properties based on the period over which the property, plant and equipment and investment properties are expected to be available for use and on the collective assessment of the industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property, plant and equipment and investment properties are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits in the use of property, plant and equipment and investment properties. However, it is possible that future financial performance could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amount and timing of recording the depreciation and amortization for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and amortization and decrease noncurrent assets.

There was no change in the estimated useful lives of property, plant and equipment and investment properties in 2015 and 2014.

Impairment of Goodwill and Other Intangible Assets. The Jollibee Group determines whether goodwill and other intangible assets with indefinite useful life is impaired at least on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the Jollibee Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Management has determined that goodwill and other intangible assets are not impaired. The carrying amount of goodwill and other intangible assets amounted to ₱9,412.1 million and ₱9,385.1 million as at December 31, 2015 and 2014, respectively (see Note 14).

Realizability of Deferred Tax Assets. The carrying amounts of deferred tax assets at each reporting date is reviewed and reduced to the extent that sufficient taxable profits available to allow all or part of the deferred tax assets to be utilized. The Jollibee Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income. This forecast is based on past results and future expectations on revenue and expenses.

The carrying amount of deferred tax assets amounted to ₱2,275.2 million and ₱1,535.0 million as at December 31, 2015 and 2014, respectively (see Note 24).

Present Value of Defined Benefit Obligation. The pension expense as well as the present value of the defined benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates and the future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

Future salary increases are based on budgetary salary increases.

The carrying amount of pension liability amounted to ₱1,466.5 million and ₱832.4 million as at December 31, 2015 and 2014, respectively (see Note 25).

Share-based Payments. The Parent Company measures the cost of its equity-settled transactions with management and employees by reference to the fair value of the equity instruments at the grant date. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about these inputs. The fair value of the share option is being determined using the Black-Scholes Option Pricing Model. The expected life of the stock options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of the Parent Company.

Total expense arising from share-based payment recognized by the Jollibee Group amounted to ₱173.2 million, ₱166.5 million and ₱150.4 million in 2015, 2014 and 2013, respectively (see Notes 22 and 26).

Fair Value of Financial Assets and Liabilities. When the fair values of financial assets and financial liabilities recorded or disclosed in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair value of financial assets and liabilities are discussed in Note 31.

Derivative on Put / Call Rights on SJBF LLC. The Jollibee Group has derivatives arising from put / call rights on the controlling interest in SJBF LLC.

The derivative from put / call rights derive value from the fair value of SJBF LLC's equity, which considers forecasted cash flows from its operations and its cost of capital, and the price to exercise such put / call rights, which consider SJBF LLC's EBITDA near transaction date and exit multiples based on SJBF LLC's achievement of sales targets. Such derivative is valued using the binomial option pricing model, which also takes into account assumptions on the volatility of the fair value of SJBF LLC's equity and discount rate to arrive at present value, among others. Changes in the assumptions mentioned above can result to change in the amount recognized as derivative and may result to either a derivative asset or liability as recognized in the consolidated statement of financial position.

As at December 31, 2015, the Jollibee Group recognized a derivative asset amounting to ₱75.0 million from put / call rights (see Note 11).

Contingent Consideration or Earn-out. The Jollibee Group has existing joint venture agreements with contingent consideration or earn-out provisions. This requires the estimation of payout associated with the probability-weighted discounted cash flow model, taking into consideration the specific conditions outlined in the purchase agreement that must be met to satisfy the contingency.

Jollibee Group estimated nil earn-out as at December 31, 2015 and 2014.

Provisions. The Jollibee Group recognizes a provision for an obligation resulting from a past event when it has assessed that it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These assessments are made based on available evidence, including the opinion of experts. Future events and developments may result in changes in these assessments which may impact the Jollibee Group's financial position and performance.

There were no additional provisions recorded in 2015, 2014 and 2013. Total outstanding provisions amounted to ₱30.5 million as at December 31, 2015 and 2014 (see Note 17).

Contingencies. The Jollibee Group is involved in litigations, claims and disputes which are normal to its business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with the Jollibee Group's legal counsels and based upon an analysis of potential results. Management believes that the ultimate liability, if any, with respect to the litigations, claims and disputes will not materially affect the financial position and performance of the Jollibee Group.

5. Segment Information

For management purposes, the Jollibee Group is organized into segments based on the nature of the products and services offered and geographical locations. The Executive Management Committee monitors the operating results of its segments separately for resource allocation and performance assessment. Segment results are evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Business Segments

The Jollibee Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

- The food service segment is involved in the operations of QSRs and the manufacture of food products to be sold to Jollibee Group-owned and franchised QSR outlets.
- The franchising segment is involved in the franchising of the Jollibee Group's QSR store concepts.
- The leasing segment leases store sites mainly to the Jollibee Group's independent franchisees.

The following tables present certain information on revenues, expenses, assets and liabilities and other segment information of the different business segments as at and for the years ended December 31, 2015 and 2014:

	2015				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
			(In Thousands)		
Revenues from external customers	₱96,052,830	₱4,518,123	₱208,764	₱–	₱100,779,717
Inter-segment revenues	31,188,088	1,493,169	4,284,181	(36,965,438)	–
Segment revenues	127,240,918	6,011,292	4,492,945	(36,965,438)	100,779,717
Segment expenses	(126,142,365)	(1,493,169)	(4,434,288)	36,965,438	(95,104,384)
Impairment losses on receivables, property, plant and equipment, investment properties and security deposit, net of reversals	(320,303)	–	–	–	(320,303)
Equity in net losses of joint ventures and an associate	(189,086)	–	–	–	(189,086)
Other segment income	1,229,687	–	7,070	–	1,236,757
Segment result	₱1,818,851	₱4,518,123	₱65,727	₱–	6,402,701
Interest income					257,784
Interest expense					(225,544)
Income before income tax					6,434,941
Provision for income tax					(1,388,608)
Net income					₱5,046,333
Assets and Liabilities					
Segment assets	₱62,990,298	₱–	₱364,262	₱–	₱63,354,560
Deferred tax assets – net	1,401,800	–	6,688	–	1,408,488
Consolidated assets	₱64,392,098	₱–	₱370,950	₱–	₱64,763,048
Segment liabilities	₱22,968,364	₱–	₱83,486	₱–	₱23,051,850
Long-term debt - including current portion	9,718,629	–	–	–	9,718,629
Income tax payable	233,609	–	2,371	–	235,980
Consolidated liabilities	₱32,920,602	₱–	₱85,857	₱–	₱33,006,459
Other Segment Information					
Capital expenditures	₱4,696,767	₱–	₱–	₱–	₱4,696,767
Depreciation and amortization	3,431,249	–	4,428	–	3,435,677

	2014				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
			(In Thousands)		
Revenues from external customers	₱86,508,256	₱3,986,141	₱176,841	₱–	₱90,671,238
Inter-segment revenues	27,496,871	766,560	3,680,420	(31,943,851)	–
Segment revenues	114,005,127	4,752,701	3,857,261	(31,943,851)	90,671,238
Segment expenses	(111,886,809)	(766,560)	(3,847,589)	31,943,851	(84,557,107)
Impairment losses on receivables, property, plant an equipment, investment properties and security deposit, net of reversals	22,637	–	–	–	22,637
Equity in net losses of joint ventures and an associate	(126,174)	–	–	–	(126,174)
Other segment income	653,783	–	5,521	–	659,304
Segment result	₱2,668,564	₱3,986,141	₱15,193	₱–	6,669,898
Interest income					242,045
Interest expense					(152,471)
Income before income tax					6,759,472
Provision for income tax					(1,270,530)
Net income					₱5,488,942
Assets and Liabilities					
Segment assets	₱52,993,539	₱–	₱373,176	₱–	₱53,366,715
Deferred tax assets – net	743,530	–	8,435	–	751,965
Consolidated assets	53,737,069	₱–	₱381,611	₱–	₱54,118,680

(Forward)

	2014				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
Segment liabilities	₱20,605,297	₱–	₱98,621	₱–	₱20,703,918
Deferred tax liabilities – net	11,378	–	–	–	11,378
Long-term debt - including current portion	5,143,533	–	–	–	5,143,533
Income tax payable	178,872	–	2,957	–	181,829
Consolidated liabilities	₱25,939,080	₱–	₱101,578	₱–	₱26,040,658
Other Segment Information					
Capital expenditures	₱5,641,696	₱–	₱–	₱–	₱5,641,696
Depreciation and amortization	3,179,208	–	7,172	–	3,186,380

	2013				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
			(In Thousands)		
Revenues from external customers	₱76,595,268	₱3,503,960	₱183,541	₱–	₱80,282,769
Inter-segment revenues	23,891,327	665,299	3,130,550	(27,687,176)	–
Segment revenues	100,486,595	4,169,259	3,314,091	(27,687,176)	80,282,769
Segment expenses	(98,062,007)	(665,299)	(3,281,467)	27,687,176	(74,321,597)
Impairment losses on receivables, property, plant and equipment, investment properties and security deposit, net of reversals	(30,075)	–	–	–	(30,075)
Equity in net loss of joint ventures and an associate	(115,561)	–	–	–	(115,561)
Other segment income	329,816	–	7,509	–	337,325
Segment result	₱2,608,768	₱3,503,960	₱40,133	₱–	6,152,861
Interest income					245,574
Interest expense					(152,920)
Income before income tax					6,245,515
Provision for income tax					(1,522,708)
Net income					₱4,722,807
Assets and Liabilities					
Segment assets	₱44,909,353	₱–	₱361,084	₱–	₱45,270,437
Deferred tax assets – net	740,289	–	15,908	–	756,197
Consolidated assets	45,649,642	₱–	₱376,992	₱–	₱46,026,634
Segment liabilities	₱16,913,356	₱–	₱110,190	₱–	₱17,023,546
Deferred tax liabilities – net	315,170	–	2,987	–	318,157
Long-term debt - including current portion	5,169,246	–	–	–	5,169,246
Income tax payable	152,387	–	2,358	–	154,745
Consolidated liabilities	₱22,550,159	₱–	₱115,535	₱–	₱22,665,694
Other Segment Information					
Capital expenditures	₱4,175,146	₱–	₱–	₱–	₱4,175,146
Depreciation and amortization	3,063,998	–	8,458	–	3,072,456

Geographical Segments

The Jollibee Group's geographical segments are based on the location of the assets producing revenues in the Philippines and in other locations (which includes PRC, USA, UAE, Hongkong Brunei, Saudi Arabia, Singapore, Kuwait, Qatar and Vietnam). Sales to external customers disclosed in the geographical segments are based on the geographical location of the customers.

Majority of the Jollibee Group's revenues were generated from the Philippines, which is the Jollibee Group's country of domicile.

The Jollibee Group does not have a single external customer which revenue amounts to 10% or more of the Jollibee Group's revenues.

The following table presents revenues, segment assets and capital expenditures of the Jollibee Group's geographical segments:

	2015			
	Philippines	**International**	**Eliminations**	**Consolidated**
		(In Thousands)		
Segment revenues	**₱78,421,700**	**₱22,675,693**	**(₱317,676)**	**₱100,779,717**
Segment assets	**39,026,027**	**24,328,533**	**–**	**63,354,560**
Capital expenditures	**3,547,641**	**1,149,126**	**–**	**4,696,767**

	2014			
	Philippines	International	Eliminations	Consolidated
		(In Thousands)		
Segment revenues	₱70,179,960	₱20,689,510	(₱198,232)	₱90,671,238
Segment assets	36,417,986	16,948,729	–	53,366,715
Capital expenditures	4,529,006	1,112,690	–	5,641,696

	2013			
	Philippines	International	Eliminations	Consolidated
		(In Thousands)		
Segment revenues	₱62,002,412	₱18,439,768	(₱159,411)	₱80,282,769
Segment assets	29,402,035	15,868,402	–	45,270,437
Capital expenditures	2,686,332	1,488,814	–	4,175,146

6. Cash and Cash Equivalents and Short-term Investments

This account consists of:

	2015	2014
Cash on hand	**₱292,751,687**	₱403,680,062
Cash in banks	**5,936,387,052**	4,165,160,508
Short-term deposits	**5,268,420,890**	3,049,632,697
	₱11,497,559,629	₱7,618,473,267

Cash in banks earn interest at the respective savings or special demand deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Jollibee Group, and earn interest at the respective short-term deposit rates.

The Jollibee Group also has short-term investments amounting to ₱922.3 million as at December 31, 2015. These pertain to deposits with maturities of more than three months but less than a year.

Interest income earned from cash in bank, short-term deposits and short-term investments amounted to ₱118.0 million, ₱111.8 million and ₱145.6 million for 2015, 2014 and 2013, respectively (see Note 23).

7. Receivables

This account consists of:

	2015	2014
Trade	₱5,575,193,914	₱7,795,413,797
Less allowance for impairment loss	520,055,036	208,940,071
	5,055,138,878	7,586,473,726
Advances to employees	154,670,011	157,067,206
Current portion of employee car plan receivables	67,461,983	65,327,161
Others	155,504,667	128,536,704
	₱5,432,775,539	₱7,937,404,797

Trade receivables are noninterest-bearing and are generally settled on 30-60 day terms.

Advances to employees, current portion of employee car plan receivables and other receivables are normally collectible within the next financial year. Other receivables consist of receivables from the retirement plan and the Social Security System (SSS) and insurance claims. Certain current assets in 2014 totaling ₱316.2 million were reclassified to trade receivables to conform with 2015 presentation.

The movements in the allowance for impairment loss on trade receivables as at December 31 are as follows:

	2015	2014
Balance at beginning of year	₱208,940,071	₱274,461,795
Provisions (see Note 22)	325,907,626	36,301,470
Write-offs	(11,154,044)	(101,112,448)
Reversals (see Note 22)	(4,605,656)	(868,308)
Translation adjustments	967,039	157,562
Balance at end of year	₱520,055,036	₱208,940,071

The provisions in 2015 and 2014 resulted from specific and collective impairment assessments performed by the Jollibee Group.

8. Inventories

This account consists of:

	2015	2014
At cost:		
Food supplies and processed inventories	₱5,222,435,586	₱5,677,944,750
Packaging, store and other supplies	183,664,631	245,482,727
	5,406,100,217	5,923,427,477
At net realizable value -		
Novelty items	72,316,092	48,386,514
Total inventories at lower of cost and net realizable value	₱5,478,416,309	₱5,971,813,991

The cost of novelty items carried at net realizable value amounted to ₱90.5 million and ₱67.5 million as at December 31, 2015 and 2014, respectively.

The movements in the allowance for inventory obsolescence as at December 31 are as follows:

	2015	2014
Balance at beginning of year	**₱19,143,425**	₱16,566,344
Provisions (see Note 22)	**11,048,562**	11,066,386
Reversals (see Note 22)	**(12,047,290)**	(8,489,305)
Translation adjustments	**35,691**	–
Balance at end of year	**₱18,180,388**	₱19,143,425

9. Other Current Assets

This account consists of:

	2015	2014
Deposits to suppliers and other third parties (see Note 7)	**₱2,221,639,595**	₱1,206,100,202
Prepaid expenses:		
Taxes	**743,623,466**	512,684,524
Rent	**589,550,139**	493,117,721
Others	**192,836,136**	185,355,486
Supplies	**80,579,744**	96,441,466
	₱3,828,229,080	₱2,493,699,399

Deposits to suppliers are generally applied to purchase of inventories and availment of services within the next financial year.

Prepaid taxes mainly represent creditable withholding taxes that can be applied in the following year against the corporate income tax due from Jollibee Group or can be claimed as tax refund from the BIR.

Prepaid expenses - others include unused portion of advance payment for advertising, insurance and other expenses in 2015 and 2014.

10. Available-for-Sale Financial Assets

This account consists mainly of shares in golf and leisure clubs amounting to ₱21.5 million each as at December 31, 2015 and 2014.

11. Business Combinations, Incorporation of New Subsidiaries, and Interests in and Advances to Joint Ventures, Co-venturers and an Associate

A. Business Combinations

Business Combination through Acquisition of Equity Shares

Acquisitions in 2012 and Prior

San Pin Wang. On March 9, 2012, the Jollibee Group, through JWPL, completed its acquisition of 55% equity interest Guangxi San Pin Wang Food and Beverage Management Company Limited ("San Pin Wang") which operates the San Pin Wang beef noodle business in South China for a total acquisition cost of RMB30.0 million (₱195.9 million). The Jollibee Group paid RMB20.0 million (₱135.1 million) as of December 31, 2012. The remaining RMB10.0 million (₱67.6 million) was paid in March 2013. The other 45% of San Pin Wang is held by Guangxi Zong Kai Food Beverage Investment Company Limited ("GZK").

Subsequent to the acquisition date, the Jollibee Group and GZK contributed additional investments amounting to RMB11.0 million (₱74.6 million) and RMB9.0 million (₱59.2 million), respectively.

The primary reason for the acquisition of San Pin Wang was to expand the Jollibee Group's chain of QSRs and to serve high-quality but affordable noodles to urban areas in the PRC.

A contingent consideration had been agreed as part of the purchase agreement with GZK. This consideration is contingent on meeting target net income after tax of San Pin Wang for the next three years. In May 2013, the Jollibee Group paid RMB7.5 million (₱50.1 million) as the contingent consideration for the year 2012. In May 2015, another payment was made amounting to RMB6.8 million (₱50.1 million) as the contingent consideration for the year 2014. The remaining contingent consideration is due for final measurement and payment to GZK in May 2016.

As at December 31, 2015 and 2014, accrual for contingent consideration from the acquisition of San Pin Wang amounted to ₱23.6 million (RMB3.1 million) and ₱72.1 million (RMB9.8 million), respectively.

Mang Inasal. On November 22, 2010, the Jollibee Group, through the Parent Company, acquired 70% of the issued and outstanding shares of Mang Inasal from Injap Investments, Inc. (the seller), owner and operator of Mang Inasal restaurant business in the Philippines, for a total acquisition cost of ₱2,976.2 million. The Jollibee Group paid ₱2,700.0 million as at December 31, 2010. The remaining 10%, net of deferred financing component, of the purchase price, is payable over a 3-year period as follows:

50%	12 months from November 22, 2010 (closing date)
25%	24 months from closing date
25%	36 months from closing date

In 2014, the Jollibee Group has fully settled its liability for the acquisition of Mang Inasal.

Business Combination through Purchase of Assets

Chowking US Operations. On May 27, 2011, the Jollibee Group, through its wholly-owned subsidiary, TTC, entered into an Asset Purchase Agreement with Fortune Capital Corporation (FCC), owner and operator of all Chowking stores in the USA as the master licensee therein, to purchase the property and equipment, inventories and security deposits of the twenty (20) existing stores of FCC. The purchase consideration amounted to USD16.0 million (₱693.3 million). The Jollibee Group paid USD12.0 million (₱520.0 million) of the total consideration as at December 31, 2011, balance is payable over the next five (5) years.

The balance of the liability for acquisition of Chowking US operations amounted to USD0.7 million (₱34.6 million) and USD1.4 million (₱61.8 million) as at December 31, 2015 and 2014, respectively. The last installment is expected to be settled in May 2016.

With this acquisition, the Jollibee Group took a more active role to further the growth of the Chowking business in the USA.

B. Incorporation of New Subsidiaries

Honeybee Foods (Canada) Corporation (HFCC). On May 7, 2015, the Jollibee Group, through HFC, incorporated HFCC to own and operate Jollibee restaurants in Canada. As at December 31, 2015, no capital investment has been made other than the investment to incorporate.

Golden Cup Pte. Ltd. (Golden Cup). On December 19, 2014, the Jollibee Group, through JWPL, entered into a joint agreement to form Golden Cup together with Jasmine Asset Holding Ltd. (Jasmine), to own and operate Dunkin' Donuts restaurants in the PRC.

JWPL owns 60% of the business and Jasmine owns the other 40%. JWPL and Jasmine have committed to invest up to USD300.0 million to the Joint Venture, of which up to USD180.0 million will be contributed by JWPL in proportion to its ownership in the business. Golden Cup was incorporated on December 22, 2014 but has not yet started commercial operations as at December 31, 2015.

As at December 31, 2015, capital contributions of the Jollibee Group to Golden Cup amounted to USD6.0 million (₱266.4 million).

Pursuant to the Master Franchise Agreement signed on January 5, 2015 between Dunkin Donuts Franchising LLC and Golden Cup, a market entry fee amounting to USD2.1 million (₱93.9 million) was paid by Golden Cup to Dunkin Donuts on the signing date (see Note 15).

C. Partly-owned Subsidiaries with Material Non-Controlling Interests

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

	Country of incorporation and operation	2015	2014
Mang Inasal	Philippines	30%	30%
HBFPPL	Singapore	30%	30%
San Pin Wang	People's Republic of China	45%	45%

The summarized financial information of these subsidiaries are provided below. These information are based on amounts before intercompany eliminations.

Summarized Statement of Comprehensive Income for 2015

	Mang Inasal	HBFPPL	San Pin Wang
Revenues	₱7,263,114,848	₱1,702,402,983	₱1,229,334,894
Net income	453,297,379	73,410,582	56,672,330
Other comprehensive income	2,624,012	5,778,032	2,811,873
Total comprehensive income	455,921,391	79,188,614	59,484,203
Total comprehensive income attributable to non-controlling interests	133,084,903	22,023,175	25,502,548
Dividends paid to non-controlling interests	58,500,000	–	–

Summarized Statement of Comprehensive Income for 2014

	Mang Inasal	HBFPPL	San Pin Wang
Revenues	₱6,113,830,460	₱1,366,618,701	₱1,009,152,336
Net income	333,620,513	72,129,007	44,378,997
Other comprehensive income (loss)	(8,489,686)	25,727,395	9,631,698
Total comprehensive income	325,130,827	97,856,402	54,010,695
Total comprehensive income attributable to non-controlling interests	97,161,103	21,638,702	20,571,520
Dividends paid to non-controlling interests	36,000,000	–	–

Summarized Statement of Comprehensive Income for 2013

	Mang Inasal	HBFPPL	San Pin Wang
Revenues	₱5,024,650,246	₱922,513,905	₱88,524,112
Net income (loss)	243,925,820	(23,880,385)	(22,758,697)
Other comprehensive income (loss)	(858,376)	33,534,645	28,127,143
Total comprehensive income	243,067,444	9,654,260	5,368,446
Total comprehensive income attributable to non-controlling interests	77,455,459	2,700,169	3,865,149
Dividends paid to non-controlling interests	30,000,000	–	–

Summarized Statement of Financial Position as at December 31, 2015

	Mang Inasal	HBFPPL	San Pin Wang
Current assets	₱2,176,382,490	₱450,607,662	₱261,324,261
Noncurrent assets	442,100,692	933,937,095	125,731,328
Current liabilities	1,449,329,972	369,497,486	100,353,245
Noncurrent liabilities	167,163,686	465,894,000	16,209,497
Total equity	1,001,989,524	549,153,271	270,492,847
Equity attributable to non-controlling interests	729,268,757	137,965,112	120,669,456

Summarized Statement of Financial Position as at December 31, 2014

	Mang Inasal	HBFPPL	San Pin Wang
Current assets	₱1,937,781,602	₱512,981,429	₱197,034,498
Noncurrent assets	382,460,649	735,873,410	126,397,868
Current liabilities	1,427,536,973	425,432,584	96,116,405
Noncurrent liabilities	151,894,483	442,728,000	16,307,317
Total equity	740,810,795	380,694,255	211,008,644
Equity attributable to non-controlling interests	654,683,854	114,208,276	93,901,565

Summarized Cash Flow Information for 2015

	Mang Inasal	**HBFPPL**	**San Pin Wang**
Net cash provided by operating activities	**₱876,412,572**	**₱215,266,710**	**₱18,527,573**
Net cash provided by (used in) investing activities	**(130,216,558)**	**(194,468,160)**	**3,265,718**
Net cash used in financing activities	**(195,000,000)**	–	–
Net increase in cash and cash equivalents	**551,196,014**	**20,798,550**	**21,793,291**

Summarized Cash Flow Information for 2014

	Mang Inasal	HBFPPL	San Pin Wang
Net cash provided by (used in) operating activities	(₱397,772,916)	₱14,304,136	₱6,339,091
Net cash used in investing activities	(102,666,251)	(294,084,243)	(15,301,329)
Net cash provided by financing activities	250,000,000	265,148,000	–
Net decrease in cash and cash equivalents	(250,439,167)	(14,632,107)	(8,962,238)

Summarized Cash Flow Information for 2013

	Mang Inasal	HBFPPL	San Pin Wang
Net cash provided by (used in) operating activities	₱360,181,397	(₱97,598,466)	(₱4,249,883)
Net cash used in investing activities	(69,758,734)	(41,977,010)	(34,800,901)
Net cash provided by (used in) financing activities	(100,000,000)	177,580,000	–
Net increase in cash and cash equivalents	190,422,663	38,004,524	(39,050,784)

D. Interests in and Advances to Joint Ventures, Co-venturers and an Associate

	2015	2014
Interests in and advances to SuperFoods joint ventures and co-venturers	**₱3,345,553,021**	₱3,144,855,846
Interests in joint ventures:		
SJBF LLC	**4,742,732,683**	–
WJ	**220,809,356**	165,339,382
Golden Bee	**47,943,083**	–
	8,357,038,143	3,310,195,228
Interest in an associate – Entrek	**92,272,121**	78,707,378
	₱8,449,310,264	₱3,388,902,606

Interests in Joint Ventures

SuperFoods Group. On January 20, 2012, upon fulfillment of certain legal and regulatory requirements in Vietnam, the Jollibee Group, through JWPL, acquired effective ownership of 50% share in the business of the SuperFoods Group (includes SF Vung Tau Joint Stock Company, Higlands Coffee Service JSC, Quantum Corp., Pho24 Corp., Blue Sky Holding Limited Hongkong, Sino Ocean Asia Limited Hongkong, Blue Sky Holdings Limited Macau, and China Co.) through formation of joint ventures. This consists of a 49% share in SF Vung Tau Joint Stock Company, in Vietnam and a 60% share in Blue Sky Holding Limited in Hongkong (the SuperFoods Holding Companies). The formation of joint ventures is an implementation of the Framework Agreement made on May 20, 2011 between the Jollibee Group, through JSF, a 99% subsidiary of JWPL, and its co-venturers, Viet Thai International Joint Stock Company and Viet Thai International Company Limited. The SuperFoods Group operates the chain of Highlands Coffee shops, Pho 24 restaurants and Hard Rock Cafe stores, whose market is mostly in Vietnam, Hong Kong and Macau. The Framework Agreement provided for the Jollibee Group to contribute a total of USD25.0 million to gain 50% effective ownership in the joint ventures. Loans and deposits were made to the SuperFoods Group and the co-venturers prior to the formation of the joint ventures in 2012.

Pursuant to the Framework Agreement, the preliminary consideration for the 50% share in SuperFoods Group amounted to a cash payment of USD25.0 million in 2011.

On October 22, 2015, JSF contributed additional investment in SuperFoods amounting to USD0.7 million (₱34.1 million).

The Supplemental Agreement further provides that JWPL shall be required to pay the co-venturers an additional amount in 2016 based upon achieving a positive amount determined in accordance with a formula contained in the agreement (earn-out formula). Based on management's assessment using the earn-out formula, no additional consideration needs to be recognized as at January 20, 2012, date of acquisition, and as at December 31, 2012 to 2015.

In accordance with the Framework Agreement, JWPL, through its 99%-owned subsidiary JSF, extended loans to the SuperFoods Group with the following details:

Loans to Co-venturers

Loan to the co-venturers in the SuperFoods Group joint venture amounting to USD35.0 million (₱1,523.9 million), extended on June 30, 2011, is payable in June 2016. The loan bears interest of 5% per annum payable in lump sum also in June 2016. The loan was agreed to be used for general corporate purposes. Total interest from this loan recognized as interest income amounted to USD1.8 million (₱83.5 million), USD1.8 million (₱80.5 million) and USD1.4 million (₱65.9 million) for the years ended December 31, 2015, 2014 and 2013, respectively. The USD35.0 million loan is secured by a mortgage by the co-venturers of all their shares in SuperFoods Holding Companies.

On April 30, 2013, an additional loan was extended to the co-venturers in the SuperFoods Group amounting to USD1.0 million (₱41.2 million) payable in February 2014 but was extended to December 2015. The loan bears interest of 5% per annum payable in lump sum also in December 2015. December 2015, the loan was further extended to June 2016, subject to 4.99% interest per annum. The loan was agreed to be used for general corporate purposes. Total interest from this loan recognized as interest income amounted to USD0.05 million (₱2.6 million), USD0.05 million (₱2.2 million) and USD0.03 million (₱1.6 million) for the years ended December 31, 2015, 2014 and 2013, respectively.

On August 22, 2013, an additional loan was extended to the co-venturers in the SuperFoods Group amounting to USD1.0 million (₱44.1 million) payable in August 2014. As of August 2014, the principal was subject to 5% interest per annum. However, with the extension to December 2015, the sum of principal and the accumulated interest as of August 2014 were subjected to 4.99% interest per annum. In December 2015, the loan was further extended to June 2016, subject to 4.99%. The loan was agreed to be used for general corporate purposes. Total interest from this loan amounted to USD0.05 million (₱2.5 million), USD0.05 million (₱2.4 million) and USD0.02 million (₱0.9 million) for the years ended December 31, 2015, 2014 and 2013, respectively.

Loan to Blue Sky

On June 10, 2011, a loan was extended to Blue Sky Holdings Limited (Blue Sky), the Hong Kong-based holding company, amounting to USD5.0 million (₱216.0 million) payable in June 2014. As of June 2014, the principal was subject to 5% interest per annum. However, with the extension to December 2015, the sum of principal and the accumulated interest as of June 2014 were subjected to 4.99% interest per annum. In December 2015, the loan was further extended to June 2016, subject to 4.99%. Total interest from this loan recognized as interest income amounted to USD0.3 million (₱13.9 million), USD0.3 million (₱10.4 million) and USD0.3 million (₱11.9 million) for the years ended December 31, 2015, 2014 and 2013, respectively.

On May 7, 2012, an additional loan was extended to Blue Sky amounting to USD2.5 million (₱105.9 million) payable in May 2014. As of May 2014, the principal was subjected to 5% interest per annum. However, with the extension to December 2015, the sum of principal and the accumulated interest as of May 2014 were subjected to 4.99% interest per annum.
In December 2015, the loan was further extended to June 2016, subject to 4.99%. Total interest from this loan amounted to USD0.1 million (₱6.7 million), USD0.1 million (₱6.1 million) and USD0.1 million (₱6.0 million) for the years ended December 31, 2015, 2014 and 2013, respectively.

The carrying value of the loans to co-venturers and Blue Sky, including the accrued interest, amounted to ₱2,548.2 million and ₱2,317.9 as of December 31, 2015 and 2014, respectively.

The details of the Jollibee Group's interests in the SuperFoods joint venture and advances to co-venturers as at December 31, 2015 and 2014 are as follows:

	2015	2014
Interest in a joint venture – cost		
Balance at beginning of year	**₱1,086,562,975**	₱1,086,562,975
Additions during the year	**34,095,847**	–
Balance at the end of the year	**1,120,658,822**	1,086,562,975
Cumulative equity in net losses:		
Balance at beginning of year	**(259,539,871)**	(172,909,359)
Equity in net loss for the year	**(63,791,063)**	(86,630,512)
Balance at the end of year	**(323,330,934)**	(259,539,871)
	797,327,888	827,023,104
Advances to the joint ventures and co-venturer:		
Balance at beginning of year	**2,317,832,742**	2,200,148,676
Accrual of interest	**109,110,458**	101,577,556
Translation adjustments	**121,281,933**	16,106,510
Balance at end of year	**2,548,225,133**	2,317,832,742
	₱3,345,553,021	₱3,144,855,846

Summarized financial information of the SuperFoods Group based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2015	2014
Current assets	**₱500,473,793**	₱391,071,679
Noncurrent assets	**1,196,430,982**	1,092,536,978
Total assets	**₱1,696,904,775**	₱1,483,608,657
Current liabilities	**₱576,963,970**	₱580,354,963
Noncurrent liabilities	**1,007,931,851**	768,588,861
Total liabilities	**₱1,584,895,821**	₱1,348,943,824

	2015	2014
Cash and cash equivalents	**₱97,215,799**	₱66,982,823
Current financial liabilities (excluding trade payables and other current liabilities and provisions)	–	19,619,006
Noncurrent financial liabilities (excluding provisions)	**1,007,931,851**	768,588,861

The amounts of the income and expense accounts include the following:

	2015	2014
Revenues	**₱2,299,834,784**	₱2,317,386,922
Depreciation and amortization	**128,394,217**	99,921,184
Interest income	**13,652**	102,437
Interest expense	**56,206,489**	55,331,753
Provision for income tax	**14,796,812**	2,162,576
Net loss	**(127,582,126)**	(173,261,023)
Total comprehensive loss	**(127,582,126)**	(173,261,023)

	2015	2014
Net assets	**112,008,954**	134,664,833
Proportion of the Jollibee Group's ownership	**50%**	50%
	56,004,477	67,332,416
Goodwill	**708,890,600**	674,794,753
Cumulative translation adjustments	**32,432,811**	84,895,935
	₱797,327,888	₱827,023,104

SJBF LLC (SJBF). On October 8, 2015, the Jollibee Group, through JWPL, incorporated Bee Good! Inc. (BGI) in the state of Delaware, USA.

On October 13, 2015, BGI entered into an agreement with Smashburger Master LLC (Master) to acquire 40% of the outstanding equity interest of SJBF, the parent company of the entities comprising the Smashburger business, a fast casual better burger restaurant business based in the United States.

The consideration for BGI's 40% stake in SJBF amounted to USD99.5 million (₱4,629.5 million). Thereafter, a post-closing adjustment of USD0.8 million (₱36.6 million) to the purchase price at the closing date was recognized based on a pre-agreed mechanism with Master. The Jollibee Group settled with Master USD99.5 million (₱4,629.5 million) of the transaction price in December 2015. The remaining USD0.8 million (₱36.6 million) was carried as part of the "Current portion of liability for acquisition of business" account in the 2015 consolidated statement of financial position and was settled in January 2016. In addition, acquisition related costs consisting of professional fees for the Jollibee Group's financial, tax, accounting and legal advisors for the transaction amounted to ₱221.8 million.

The agreement between BGI and Master provides for a mechanism wherein Master can sell or BGI can purchase up to an additional 35% equity interest in SJBF (First Put / Call Right) between January 1, 2018 and January 1, 2021, and up to an additional 25% equity interest from the closing date or after expiration of the First Put / Call Right and five years thereafter (Second Put / Call Right). The purchase price of the remaining 60% will be based on the achievement of certain financial performance targets agreed between BGI and Master.

As a result of the first and second Put / Call Rights in the agreement, the Jollibee Group allocated ₱75.0 million of the purchase price to a derivative asset, representing the fair value of the First and Second Put / Call Rights on transaction date.

The details of Jollibee Group's interest in SJBF as at December 31, 2015 are as follows:

Investment during the year	₱4,812,854,343
Equity in net loss during the year	(70,121,660)
Balance at end of year	₱4,742,732,683

Summarized financial information of the SJBF based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Current assets	₱1,489,289,278
Noncurrent assets	4,698,052,225
Total assets	₱6,187,341,503
Current liabilities	₱2,549,999,466
Noncurrent liabilities	3,898,129,921
Total liabilities	₱6,448,129,387

The amounts of assets and liabilities above include the following:

Cash and cash equivalents	₱586,506,568
Current financial liabilities (excluding trade payables and other current liabilities and provisions)	–
Noncurrent financial liabilities (excluding provisions)	3,791,307,722

The amounts of the income and expense accounts include the following:

	2015
Revenues	₱1,590,616,719
Depreciation and amortization	85,023,451
Interest expense	45,587,810
Net loss	(175,304,150)
Total comprehensive loss	(175,304,150)
Net assets	(₱260,787,884)
Proportion of the Jollibee Group's ownership	40%
	(104,315,154)
Provisional goodwill	4,837,671,526
Cumulative translation adjustments	9,376,311
	₱4,742,732,683

WJ Investments Limited (WJ). On August 22, 2012, the Jollibee Group, through JWPL and GPPL, entered into an agreement with Hoppime Ltd., a subsidiary of Wowprime Corporation of Taiwan (Wowprime) and some key executives of Wowprime, to establish a joint venture entity to own and operate the 12 Hotpot brand in the People's Republic of China, Hong Kong and Macau. The "12 Hotpot" restaurant is known in Taiwan for its low-priced hotpot dishes.

The joint venture entity, incorporated as WJ Investments Limited (WJ), is 48%-owned by the Jollibee Group and 48%-owned by Wowprime's subsidiary and executives. The remaining 4% is owned by certain individuals with experience in the retail sector in China. Through their subsidiaries, Jollibee and Wowprime have joint control and management of WJ.

The Jollibee Group has invested USD2.4 million (₱98.0 million) in 2012. The first store started commercial operations in January 2013. The Jollibee Group made additional investments of USD3.1 million (₱138.2 million), USD1.7 million (₱75.0 million) and USD2.4 million (₱103.6 million) during 2015, 2014 and 2013, respectively.

The details of Jollibee Group's interest in WJ as at December 31, 2015 and 2014 are as follows:

	2015	2014
Interest in a joint venture - cost:		
Balance at beginning of year	**₱276,646,875**	₱201,648,000
Investment during the year	**138,225,240**	74,998,875
Balance at end of year	**414,872,115**	276,646,875
Cumulative equity in net loss:		
Balance at beginning of year	**(111,307,493)**	(43,972,047)
Equity in net loss during the year	**(82,755,266)**	(67,335,446)
Balance at end of year	**(194,062,759)**	(111,307,493)
Balance at end of year	**₱220,809,356**	₱165,339,382

Summarized financial information of WJ based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2015	2014
Current assets	**₱360,433,195**	₱231,353,675
Noncurrent assets	**181,127,783**	184,734,574
Total assets	**₱541,560,978**	₱416,088,249
Current liabilities	**₱52,611,918**	₱49,968,723

The amounts of assets and liabilities above include the following:

	2015	2014
Cash and cash equivalents	**₱299,488,233**	₱146,008,593
Current financial liabilities (excluding trade payables and other current liabilities and provisions)	**–**	303,141

The amounts of the income and expense accounts include the following:

	2015	2014
Revenues	**₱441,197,402**	₱239,974,834
Depreciation and amortization	**46,811,259**	30,365,317
Interest expense - net	**3,308,549**	3,173,567
Net loss	**(172,406,804)**	(140,282,180)
Total comprehensive loss	**(172,406,804)**	(140,282,180)

	2015	2014
Net assets	**₱488,949,060**	₱366,119,526
Proportion of the Jollibee Group's ownership	**48%**	48%
	234,695,549	175,737,372
Cumulative translation adjustments	**(13,886,193)**	(10,397,990)
	₱220,809,356	₱165,339,382

Golden Bee Foods Restaurants LLC (Golden Bee). On February 25, 2014, the Jollibee Group, through GPPL, signed a joint agreement with Golden Crown Foods LLC (GCFL) to establish a joint venture entity to own and operate the Jollibee brand in the United Arab Emirates.

The joint venture entity, incorporated as Golden Bee on January 28, 2015, is 49% owned by GPPL and 51% owned by GCFL. GPPL and GCFL will share joint control and management of Golden Bee.

GPPL has invested USD0.8 million (₱33.9 million) in 2015. The first store started commercial operations on May 4, 2015.

The details of the Jollibee Group's interest in the Golden Bee joint venture as at December 31, 2015 are as follows:

Investment during the year	₱33,925,803
Equity in net earnings during the year	14,017,280
Balance at end of year	₱47,943,083

Summarized financial information of Golden Bee based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Current assets	₱98,590,566
Noncurrent assets	44,005,319
Total assets	₱142,595,885
Current liabilities	₱53,735,001

The amounts of assets and liabilities above include the following:

Cash and cash equivalents	₱52,451,311
Current financial liabilities (excluding trade payables and other current liabilities and provisions)	–

The amounts of the income and expense accounts include the following:

Revenues	₱203,010,467
Depreciation and amortization	2,530,556
Net income	28,606,695
Total comprehensive income	28,606,695
Net assets	88,860,884
Proportion of the Jollibee Group's ownership	49%
	43,541,833
Cumulative translation adjustments	4,401,250
	₱47,943,083

Interest in an Associate

Entrek (B) SDN BHD (Entrek). The Jollibee Group, through JIBL, has 1/3 or 33.3% ownership in Entrek, a company that operates Jollibee stores in Brunei.

The details of the Jollibee Group's interest in an associate as at December 31, 2015 and 2014 are as follows:

	2015	2014
Interest in an associate - cost	**₱16,660,000**	₱16,660,000
Cumulative equity in net earnings:		
Balance at beginning of year	**62,047,378**	50,915,520
Equity in net earnings during the year	**13,564,743**	27,791,858
Impairment loss	**–**	(16,660,000)
Balance at end of year	**75,612,121**	62,047,378
	₱92,272,121	₱78,707,378

Summarized financial information of Entrek based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2015	2014
Current assets	**₱474,524,666**	₱413,250,302
Noncurrent assets	**92,958,117**	74,443,908
Total assets	**₱567,482,783**	₱487,694,210
Current liabilities	**₱244,262,858**	₱210,041,343
Noncurrent liabilities	**4,356,052**	–
Total liabilities	**₱248,618,910**	₱210,041,343

The amounts of the income and expense accounts include the following:

	2015	2014
Revenues	**₱507,255,229**	₱519,839,966
Total comprehensive income	**40,694,227**	83,375,574

	2015	2014
Net assets	**₱318,863,873**	₱277,652,867
Proportion of the Jollibee Group's ownership	**33.33%**	33.33%
	106,287,958	92,550,956
Impairment loss recognized in 2011	**(16,660,000)**	(16,660,000)
Cumulative translation adjustments	**2,644,163**	2,816,422
	₱92,272,121	₱78,707,378

12. Property, Plant and Equipment

The rollforward analysis of property, plant and equipment are as follows:

	2015							
	Land and Land Improvements	Plant, Buildings, Condominium Units and Improvements	Leasehold Rights and Improvements	Office, Store and Food Processing Equipment	Furniture and Fixtures	Transportation Equipment	Construction in Progress	Total
	(In Thousands)							
Cost								
Balance at beginning of year	₱666,643	₱2,513,950	₱13,266,463	₱11,986,533	₱988,981	₱511,145	₱1,275,237	₱31,208,872
Additions	–	16,322	740,028	1,038,269	126,336	43,782	2,648,849	4,596,786
Transfers	–	–	4,784	(4,084)	84	–	(784)	–
Retirements and dispasals	–	–	(467,853)	(407,990)	(55,888)	(19,738)	(6,677)	(957,346)
Reclassificatians (see Note 13)	–	348,641	1,224,413	1,089,394	61,189	6,792	(2,644,468)	77,889
Translation adjustments	3,092	3,048	144,227	65,755	18,495	780	4,533	231,930
Balance at end of year	669,735	2,873,961	14,912,782	13,759,957	1,123,037	542,761	1,267,898	35,158,131
Accumulated Depreciation and Amortizntian								
Balance at beginning of year	7,428	1,001,352	7,773,154	8,103,470	659,396	290,513	–	17,835,305
Depreciation and amortizatiaa (see Notes 21 and 22)	108	98,857	1,610,406	1,432,084	139,774	64,411	–	3,345,640
Transfers	–	–	2,274	(2,238)	(36)	–	–	–
Retirements and disposals	–	–	(325,757)	(378,999)	(54,560)	(15,234)	–	(774,550)
Reclassifications (see Note 13)	–	57,437	(1,461)	1,577	(116)	–	–	57,437
Translation adjustments	–	314	79,497	58,640	6,138	558	–	137,147
Balance at end of year	7,528	1,157,968	9,138,113	9,206,534	750,596	340,248	–	20,600,979
Accumulated Impairment Losses								
Balance at beginning and end of year	–	–	–	2,008	–	–	–	2,000
Net Book Value	₱662,287	₱1,716,801	₱5,774,669	₱4,551,423	₱372,441	₱202,513	₱1,267,898	₱14,547,152

	2814							
	Land and Land Improvements	Plant, Buildings, Condominium Units and Improvements	Leasehold Rights and Improvements	Office, Store and Food Processing Equipment	Furniture and Fixtures	Transportation Equipment	Construction in Progress	Total
	(In Thousands)							
Cost								
Balance at beginning of year	₱666,214	₱1,698,277	₱12,985,033	₱11,845,453	₱888,507	₱376,573	₱548,004	₱28,288,061
Additions	–	109,475	993,813	1,146,091	132,650	29,461	2,634,785	5,845,475
Transfers	–	1,097	198,923	42,376	48	–	(242,444)	–
Retirements and disposals	–	(141,190)	(814,067)	(908,748)	(91,236)	(27,295)	(33,817)	(2,016,353)
Reclassifications (see Note 13)	–	717,112	(47,826)	680,489	49,308	133,118	(1,628,397)	(96,196)
Translation adjustments	429	129,179	(48,613)	(19,128)	1,624	(712)	(2,894)	59,885
Balance at end of year	666,643	2,513,950	13,266,463	11,986,533	980,901	511,145	1,275,237	31,200,872
Accumulated Depreciation and Amortization								
Balance at beginning of year	7,313	720,755	7,197,208	7,608,975	618,496	266,673	–	16,419,420
Depreciation and amortization (see Notes 21 and 2	107	86,354	1,522,480	1,358,648	130,898	43,664	–	3,142,151
Transfers	–	–	(150)	102	48	–	–	–
Retirements and dispasals	–	(41,001)	(678,063)	(852,408)	(86,703)	(25,664)	–	(1,683,839)
Reclassifications (see Note 13)	–	212,372	(237,424)	(4,486)	(4,261)	6,161	–	(27,638)
Translation adjustments	–	22,872	(30,897)	(7,361)	918	(321)	–	(14,789)
Balance at end of year	7,420	1,001,352	7,773,154	8,103,470	659,396	290,513	–	17,835,305
Accumulated Impairment Losses								
Balance at beginning of year	–	–	–	16,200	–	–	–	16,200
Additions during the year	–	–	–	2,000	–	–	–	2,000
Reversals during the year (see Note 22)	–	–	–	(16,200)	–	–	–	(16,200)
Balance at end of year	–	–	–	2,000	–	–	–	2,000
Net Book Value	₱659,223	₱1,512,598	₱5,493,309	₱3,881,063	₱321,505	₱220,632	₱1,275,237	₱13,363,567

The cost of fully depreciated property, plant and equipment still in use amounted to ₱8,690.5 million and ₱7,405.7 million as at December 31, 2015 and 2014, respectively.

Construction in progress account mainly pertains to costs incurred for ongoing construction of properties, including soon-to-open stores.

Provision for impairment losses on property, plant and equipment amounted to ₱2.0 million in 2014 (see Note 22). No provisions for impairment losses were recognized in 2015.

In 2014 and 2013, management reassessed the recoverable amount of the Jollibee Group's office, store and food processing equipment which includes actual inspection of the Jollibee Group's existing assets, and recognized a reversal of provision amounting to ₱16.2 million and ₱13.3 million, respectively, based on fair value less cost to sell, presented under the "General and administrative expenses" account in the 2014 statement of comprehensive income (see Note 22).

The recoverable amount of the impaired office, store and food processing equipment amounted to ₱16.2 million and ₱2.0 million as at December 31, 2014 and 2013, respectively. The recoverable amount is based on fair value less cost to dispose. Management expects minimal costs to dispose the items.

Loss on disposals and retirements of property, plant and equipment and investment properties amounted to ₱136.7 million, ₱156.6 million and ₱446.2 million in 2015, 2014 and 2013, respectively.

No property, plant and equipment as at December 31, 2015 and 2014 have been pledged as security or collateral.

13. Investment Properties

The rollforward analysis of this account follows:

	2015		
	Land	Buildings and Building Improvements	Total
		(In Thousands)	
Cost			
Balance at beginning and end of year	₱983,428	₱277,840	₱1,261,268
Reclassifications (see Note 12)	–	(77,889)	(77,889)
Balance at end of year	983,428	199,951	1,183,379
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	235,623	235,623
Depreciation (see Notes 21 and 22)	–	7,080	7,080
Reclassifications (see Note 12)	–	(57,437)	(57,437)
Balance at end of year	–	185,266	185,266
Net Book Value	₱983,428	₱14,685	₱998,113

	2014		
	Land	Buildings and Building Improvements	Total
		(In Thousands)	
Cost			
Balance at beginning of year	₱714,455	₱336,030	₱1,050,485
Additions	276,252	1,233	277,485
Retirements and disposals	(7,279)	(167,312)	(174,591)
Reclassifications (see Note 12)	–	96,196	96,196
Translation adjustments	–	11,693	11,693
Balance at end of year	983,428	277,840	1,261,268
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	252,271	252,271
Depreciation (see Notes 21 and 22)	–	6,965	6,965
Retirements and disposals	–	(59,293)	(59,293)
Reclassifications (see Note 12)	–	27,638	27,638
Translation adjustments	–	8,042	8,042
Balance at end of year	–	235,623	235,623
Accumulated Impairment Losses			
Balance at beginning year	46,447	–	46,447
Reversals during the year (see Note 22)	(46,447)	–	(46,447)
Balance at end of year	–	–	–
Net Book Value	₱983,428	₱42,217	₱1,025,645

In 2014, the Jollibee Group transferred certain units of a building with carrying amount ₱68.6 million as at December 31, 2014 from property, plant and equipment to investment property due to end of owner-occupation.

During 2015, the Jollibee Group reclassified its buildings held as investment property with a carrying amount of ₱20.5 million as at December 31, 2015 to property, plant and equipment due to the change in its use to owner-occupied property.

The cost of fully depreciated buildings and building improvements still being leased out by the Jollibee Group amounted to ₱182.0 million as at December 31, 2015 and 2014, respectively.

The Jollibee Group's investment properties have an aggregate fair value of ₱1,414.3 million as at December 31, 2014 as determined by independent qualified appraisers. Management does not expect a significant change in the aggregate fair value of the Jollibee Group's investment properties in 2015. The fair value represents the amount at which the assets and liabilities can be exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions in accordance with International Valuation Standards.

In determining the fair value of the investment properties, the independent appraisers used the market data approach for land and cost approach for buildings and building improvements. For land, fair value is based on sales and listings of comparable properties within the vicinity after adjustments for differences in location, size and shape of the lot, time elements and other factors between the properties and their comparable properties. For buildings and building improvements, fair value is based on the current cost to replace the properties in accordance with prevailing market prices for materials, labor, and contractors' overhead, profit and fees in the

economic obsolescence based on personal inspection of the buildings and building improvements and in comparison to similar new properties. Fair value hierarchy disclosures for investment properties have been provided in Note 31.

Rent income derived from income-generating properties amounted to ₱92.4 million, ₱90.6 million and ₱97.5 million in 2015, 2014 and 2013, respectively (see Notes 20 and 29).

Direct operating costs relating to the investment properties which include depreciation and maintenance expenses totaled to ₱24.8 million, ₱24.5 million and ₱23.2 million in 2015, 2014 and 2013, respectively.

In 2014, the Company reversed the allowance for impairment loss recognized in 2011 amounting to ₱46.4 million for its land held as investment property as a result of the increase in the fair value of the asset compared to the carrying amount had there been no impairment loss recognized. The reversal of impairment loss is presented in the statement of comprehensive income (see Note 22).

No investment properties as at December 31, 2015 and 2014 have been pledged as security or collateral for the Jollibee Group's debts.

14. Goodwill and Other Intangible Assets

This account consists of:

	2015	2014
Goodwill	**₱6,822,526,341**	₱6,822,526,341
Trademark	**2,004,255,942**	2,004,255,942
Computer software, net of accumulated amortization	**559,241,901**	536,291,694
Other intangible assets, net of accumulated amortization	**26,110,015**	22,036,316
	₱9,412,134,199	₱9,385,110,293

Goodwill and trademark
Goodwill and trademark acquired through business combinations are attributable to the following group of CGUs as at December 31, 2015 and 2014:

Goodwill:	
Hong Zhuang Yuan	₱2,497,252,906
Mang Inasal	1,781,266,639
Red Ribbon Bakeshop:	
Philippine operations	737,939,101
US operations	434,651,055
Yong He King:	
Yong He King	429,016,109
Hangzhou Yonghe	106,264,544
Chowking US operations	383,855,247
San Pin Wang (see Note 11)	292,141,532
Jinja Bar & Bistro	154,894,001
Burger King	5,245,207
Total goodwill	6,822,526,341
Trademark -	
Mang Inasal	2,004,255,942
Goodwill and trademark	₱8,826,782,283

Computer software
The Jollibee Group's computer software pertains to the Enterprise Resource Planning (ERP) system which the Jollibee Group started to use on August 1, 2014.

In 2015, the Jollibee Group conducted a reassessment of the useful life of its ERP system which resulted in a change in its expected usage. Considering the substantial amount of investment made by the Jollibee Group to implement the new application, the alternative applications currently available in the market and the Jollibee Group's historical experience with its previous ERP system, management now expects and intends to use the new ERP application for ten (10) years from commissioning date. Management has previously estimated the expected useful life of the new ERP application at five (5) years. This change will result to annual amortization expense to be lower by ₱58.0 million in 2015, by ₱64.0 million in 2016 to 2018, and by ₱33.0 million in 2019; and amortization expense which is higher by ₱58.0 million in 2020 thereafter.

The rollforward analysis of the Jollibee Group's computer software as at December 31 is as follows:

	2015	2014
Cost:		
Balance at beginning of year	**₱567,750,478**	₱267,270,178
Additions	**88,426,801**	300,480,300
Balance at end of year	**₱656,177,279**	₱567,750,478
Accumulated amortization:		
Balance at beginning of year	**₱31,458,784**	₱–
Amortizations (see Note 22)	**65,476,594**	31,458,784
Balance at end of year	**₱96,935,378**	₱31,458,784
Net book value:		
At December 31	**₱559,241,901**	₱536,291,694
At January 1	**536,291,694**	267,270,178

Other intangible assets
The Jollibee Group's other intangible assets include trademarks and patents amortized over its useful life of five years.

The rollforward analysis of other intangible assets as at December 31 is as follows:

	2015	2014
Cost:		
Balance at beginning of year	**₱36,309,205**	₱18,052,904
Additions	**11,553,620**	18,256,301
Balance at end of year	**₱47,862,825**	₱36,309,205
Accumulated amortization:		
Balance at beginning of year	**₱14,272,889**	₱8,468,517
Amortizations (see Note 22)	**7,479,921**	5,804,372
Balance at end of year	**₱21,752,810**	₱14,272,889
Net book value:		
At December 31	**₱26,110,015**	₱22,036,316
At January 1	**22,036,316**	9,584,387

Impairment Testing of Goodwill and Trademark
Goodwill acquired through business combinations have been allocated to nine (9) groups of CGUs, which are subsidiaries of the Parent Company, owned directly or indirectly. The recoverable amounts of the groups of CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by BOD covering a five-year period. Furthermore, the trademark of Mang Inasal is allocated to the CGU of Mang Inasal.

The calculation of value in use is most sensitive to the following assumptions which vary per geographical location:

CGUs	Geographical Location	Pre-tax Discount Rate	Long-term Growth Rate
Hong Zhuang Yuan	PRC	11.7%	6.2%
Mang Inasal	Philippines	13.1%	6.5%
Red Ribbon Bakeshop:			
Philippine operations	Philippines	12.9%	6.5%
US operations	USA	9.7%	2.5%
Yong He King	PRC	11.4%	6.2%
Chowking US operations	USA	9.5%	2.5%
San Pin Wang	PRC	11.7%	6.2%
Jinja Bar & Bistro	USA	7.9%	2.5%
Burger King	Philippines	12.4%	6.5%

Key assumptions with respect to the calculation of value in use of the groups of CGUs as at December 31, 2015 and 2014 used by management in its cash flow projections to undertake impairment testing of goodwill are as follows:

a) Discount rates - discount rates represent the current market assessment of the risks specific to each group of CGUs, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Jollibee Group's group of CGUs, derived from weighted average cost of capital (WACC) of each group of CGUs. The WACC takes into account both the cost of debt and equity. The cost of equity is calculated using the Capital Asset Pricing Model (CAPM). The cost of debt is based on the assumed interest-bearing borrowings each group of CGUs is obliged to service. CGU-specific risk is incorporated by applying individual alpha and beta factors. The beta factors are evaluated annually based on publicly available market data.

b) Long-term growth rates - rates are determined in consideration of historical and projected results, as well as the economic environment where the group of CGUs operates.

c) Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) margin - is based on the most recent value achieved in the year preceding the start of the budget period, and adjusted for planned efficiency improvement, if any.

A rise in the pre-tax discount rate for Jinja Bar & Bistro to 12.0% (+4.0%) will result in impairment.

A reduction by 6.0% in the long-term growth rate for Jinja Bar & Bistro to -3.5% long-term growth rate decline would result to impairment.

Decreased demand can lead to a decline in the gross margin. A decrease in the gross margin of -3.5% and -2.1% from 2016 onwards would result in impairment for Jinja Bar & Bistro, respectively.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the other groups of CGUs to exceed its recoverable amount.

No impairment losses were recognized for goodwill and trademark for the years ended December 31, 2015, 2014 and 2013.

15. Other Noncurrent Assets

This account consists of:

	2015	2014
Security and other deposits (see Notes 30 and 31)	**₱1,794,988,953**	₱1,522,942,799
Noncurrent portion of:		
Rent and other long-term prepayments	**376,602,568**	318,547,751
Employee car plan receivables (see Notes 30 and 31)	**130,156,134**	130,234,889
Market entry fee (see Note 11)	**93,870,000**	–
Returnable containers and others	**68,896,728**	44,299,472
Deferred compensation	**13,196,517**	13,236,501
Deferred rent expense	**58,751,612**	65,588,610
Other assets	**133,211,388**	44,678,639
	₱2,669,673,900	₱2,139,528,661

Security and other deposits generally represent deposits for operating leases entered into by the Jollibee Group as lessee. The security deposits are recoverable from the lessors at the end of the lease terms, which range from three to twenty years. These are carried at amortized cost. The discount rates used range from 2.67%-5.50% in 2015 and 2014. The difference between the fair value at initial recognition and the notional amount of the security deposits is charged to "Deferred rent expense" account and amortized on straight-line basis over the lease terms.

Employees' car plan receivables are presented at amortized cost. The difference between the fair value at initial recognition and the notional amount of the employees' car plan receivables is recognized as deferred compensation and is amortized on a straight-line basis over the credit period.

Market entry fee represents upfront fee paid to the franchisor prior to the operations of Dunkin' Donuts restaurants in the PRC for a period of twenty (20) years (see Note 11).

Other assets include tools for repairs and maintenance of office and store equipment which were still unused as at December 31, 2015 and 2014.

Accretion of interest on security and other deposits and employee car plan receivables amounted to ₱19.8 million, ₱25.2 million and ₱18.9 million in 2015, 2014 and 2013, respectively (see Note 23).

16. Trade Payables and Other Current Liabilities

This account consists of:

	2015	2014
Trade	**₱9,433,766,730**	₱6,575,866,203
Accruals for:		
Salaries, wages and employee benefits	**1,577,551,002**	1,356,033,704
Local and other taxes	**1,297,183,541**	2,129,608,286
Store operations	**1,062,570,902**	1,017,989,839
Advertising and promotions	**934,634,342**	1,022,030,971
Rent	**856,335,222**	727,097,312
Professional fees	**379,863,402**	152,476,539
Utilities	**351,679,763**	326,583,023
Freight	**335,996,262**	270,636,918
Repairs and maintenance	**255,114,294**	219,646,777
Operating supplies	**252,667,293**	232,297,364
Corporate events	**212,493,276**	154,244,861
Security	**105,173,678**	86,808,033
Communication	**78,288,924**	63,206,594
Trainings and seminars	**64,129,887**	51,502,121
Transportation and travel	**39,609,756**	30,354,737
Interest (see Note 18)	**36,766,361**	19,763,966
Insurance	**18,174,378**	15,274,095
Service fees and others	**811,325,174**	667,413,426
Customers' deposits	**764,790,680**	731,790,996
Unearned revenue from gift certificates	**108,845,361**	67,634,181
Dividends payable	**43,544,875**	56,350,870
Other current liabilities	**506,540,761**	321,054,358
	₱19,527,045,864	₱16,295,665,174

Trade payables to suppliers are noninterest-bearing and are normally settled on a 30 to 60-day term.

Accrued expenses are noninterest-bearing and are normally settled within the next financial year.

Customers' deposits pertain to security deposits from operating leases with franchisees and subsidiaries, which are refundable at the end of the lease term.

Other current liabilities consist of stale checks, amounts payable for mascots and various subscriptions in newspapers given to customers as a complementary to their meals.

Accretion of interest on financial liabilities amounted to ₱19.9 million, ₱18.1 million and ₱19.1 million in 2015, 2014 and 2013, respectively (see Note 23).

17. Provisions

The Jollibee Group has outstanding provisions amounting to ₱30.5 million as at December 31, 2015 and 2014, consisting mainly of provisions for asserted claims.

These include estimates of legal services, settlement amounts and other costs of claims made against the Jollibee Group. Other information on the claims are not disclosed as this may prejudice the Jollibee Group's position on such claims.

18. Short and Long-term Debts

Short-term Debt
Short-term debt consists of unsecured bank loans as follows:

	2015	2014
USD-denominated -		
Loan 1	**₱282,360,000**	₱–
PHP-denominated:		
Loan 2	–	550,000,000
Loan 3	–	815,000,000
Loan 4	–	500,000,000
	₱282,360,000	₱1,865,000,000

USD-denominated:
Loan 1. On February 12, 2015, JWPL availed a short-term loan amounting to USD6.0 million (₱268.2 million) with an interest rate of 1.5%, subject to monthly repricing. The principal is payable on February 5, 2016. The loan was paid on its due date.

PHP-denominated:
Loans of the Parent Company. Loan 2 consists of a short-term loan amounting to ₱550.0 million availed on October 31, 2014 with an interest rate of 1.9% payable on January 30, 2015. The principal amount was paid in full on maturity date.

Loan 3 consists of a short-term loan amounting to ₱815.0 million availed on December 12, 2014 with an interest rate of 1.8% payable on January 12, 2015. The principal amount was paid in full on maturity date.

Loan 4 consists of a short-term loan amounting to ₱500.0 million availed on December 23, 2014 with an interest rate of 1.8% payable on January 30, 2015. The principal amount was paid in full on maturity date.

The Parent Company, Zenith and Mang Inasal also availed various short-term loans during the year. Details of the short-term debts availed and fully paid at maturity follow:

Borrower	Date Availed	Maturity Date	Interest Rate	Principal Amount
Parent Company	January 14, 2015	February 27, 2015	1.9%	₱815,000,000
	January 30, 2015	February 27, 2015	2.1%	1,050,000,000
	February 12, 2015	June 30, 2015	2.5%	681,000,000
	February 27, 2015	August 27, 2015	2.4%	1,865,000,000
	August 27, 2015	September 28, 2015	2.5%	1,365,000,000
	September 28, 2015	November 11, 2015	2.5%	865,000,000
Zenith	March 20, 2015	September 18, 2015	2.5%	200,000,000
	March 27, 2015	September 25, 2015	2.5%	170,000,000
Mang Inasal	February 27, 2015	June 30, 2015	2.4%	315,000,000

The agreements for the short-term debts above did not provide any restrictions or requirements with respect to maintenance of required financial ratios.

Interest expense recognized on short-term debt amounted to ₱52.4 million and ₱3.2 million in 2015 and 2014, respectively (see Note 23). The Jollibee Group did not avail of short-term loans in 2013.

Long-term Debt

The long-term debt consists of the following:

	2015	2014
Principal	**₱9,726,068,000**	₱5,153,136,000
Unamortized debt issue cost	**(7,439,394)**	(9,603,030)
	₱9,718,628,606	₱5,143,532,970

The details of long-term debt follow:

	2015	2014
USD-denominated:		
Loan 1	**₱5,176,600,000**	₱–
Loan 2	**1,058,850,000**	1,453,400,000
Loan 3	**564,720,000**	804,960,000
Loan 4	**188,240,000**	178,880,000
Loan 5	**277,654,000**	263,848,000
PHP-denominated:		
Loan 6	**1,495,227,273**	1,493,863,636
Loan 7	**797,333,333**	796,533,334
Loan 8	**160,004,000**	152,048,000
	9,718,628,606	5,143,532,970
Less current portion - net of debt issue costs of ₱47,727 in 2015	**927,916,273**	715,520,000
	₱8,790,712,333	₱4,428,012,970

USD-denominated loans of JWPL. Loan 1 consists of a 10-year unsecured loan acquired from a local bank on October 21, 2015 amounting to USD110.0 million (₱5,111.7 million) subject to a variable interest rate based on three-month London Interbank Offered Rate (LIBOR) plus spread of 1.20% which is payable and is reset on a quarterly basis. The spread applies provided the Republic of the Philippines' 5-year credit default swap remains under 1.10%.
As at December 31, 2015, the carrying value of the loan amounted to ₱5,176.6 million.

Under the loan agreement, the Parent Company as the guarantor is subject to certain debt covenants which include among others, maintaining a Debt-to-Equity ratio and Debt-to-EBITDA ratio of 3.0 or below.

Loan 2 consists of a 5-year unsecured loan acquired on February 25, 2013 amounting to USD40.0 million (₱1,632.0 million) subject to quarterly interest repricing with one-time option to fix in the future. The interest rate is based on three-month US Dollar LIBOR plus spread of 1.00%. The principal is payable in 16 quarterly installments commencing on May 26, 2014 up to February 26, 2018, the maturity date. As at December 31, 2015 and 2014, the carrying value of the loan amounted to ₱1,058.9 million and ₱1,453.4 million, respectively.

Loan 3 consists of a 4-year unsecured loan acquired on October 25, 2013 amounting to USD18.0 million (₱777.8 million) with an interest rate based on three-month USD LIBOR plus spread of 1.00% subject to interest repricing every quarter. The principal is payable in 12 quarterly installment commencing on January 25, 2015 up to October 25, 2017, the date of maturity. As at December 31, 2015 and 2014, the carrying value of the loan amounted to ₱564.7 million and ₱805.0 million, respectively.

The loan agreements above (Loans 2-3) provide certain restrictions and requirements with respect to maintaining financial ratios, which include Debt-to-Equity ratio which is not to exceed 1.5 and below and Debt Service Coverage ratio of at least 2.0. As at December 31, 2015 and 2014, JWPL is in compliance with the terms of its loan covenants.

USD-denominated loans of HBFPPL. Loan 4 consists of a 5-year unsecured loan acquired on May 8, 2013 amounting to USD4.0 million (₱163.3 million) with an interest rate based on three-month USD LIBOR plus spread of 1.00% basis points subject to repricing every quarter. The principal is payable on May 7, 2018, the maturity date. As at December 31, 2015 and 2014, the carrying value of the loan amounted to ₱188.2 million and ₱178.9 million, respectively.

Loan 5 consists of a 5-year unsecured loan acquired on April 25, 2014 amounting to USD5.9 million (or ₱257.5 million) with an interest rate of 1.48% subject to repricing every quarter. The principal is payable on April 24, 2019, the maturity date. As at December 31, 2015 and 2014, the carrying value of the loan amounted to ₱277.7 million and ₱263.8 million, respectively.

The loan agreements above (Loans 4-5) provide certain restrictions and requirements with respect to maintaining financial ratios, which include Debt-to-Equity ratio and Debt-to-EBITDA ratio not to exceed 3.0. As at December 31, 2015 and 2014, the HBFPPL is in compliance with the terms of its loan covenants.

PHP-denominated loans of the Parent Company. On December 9, 2013, the Parent Company refinanced its ₱1,500.0 million term loan from a local bank due on December 16, 2013 by availing a term loan of the same amount (Loan 6). The new loan is payable over five years and six months from the date of drawdown with annual principal repayments of ₱15.0 million starting on the 30th month from the date of drawdown and ₱1,455.0 million upon maturity. The loan is subject to a variable interest rate based on three-month Philippine Dealing System Treasury Fixing (PDST-F) rate plus spread of 1.25%, which is payable and is reset on a quarterly basis, and to an interest rate floor based on the Bangko Sentral ng Pilipinas (BSP) Overnight Reverse Repurchase Agreement Rate. The loan was drawn on December 16, 2013 and will mature on June 17, 2019. The Parent Company incurred debt issue costs of ₱7.5 million, representing documentary stamp tax, in relation to this loan in 2013.

Under the loan agreement, the Parent Company is subject to certain debt covenants which include among others, the maintenance of a required Debt-to-Equity ratio and Debt-to-EBITDA ratio of 3.0 or below. The Parent Company is in compliance with these debt covenants as at December 31, 2015 and 2014.

Loan 7 consists of a 5-year unsecured loan acquired from a local bank on April 21, 2014 amounting to ₱800.0 million. The loan is subject to a variable interest rate based on three-month PDST-F rate plus spread of 1.00%, and to an interest rate floor based on the BSP Special Deposit Account Rate plus spread of 1.00% or BSP Overnight Borrowing Rate plus spread of 1.0%. The Parent Company incurred debt issue costs of ₱4.0 million, representing documentary stamp tax, in relation to this loan in 2014. The principal is payable on April 21, 2019, the date of maturity.

Under the loan agreement, the Parent Company is subject to certain debt covenants which include, among others, maintaining a Debt-to-Equity ratio of 3.0 and below and Debt Service Coverage ratio of at least 3.0 and 1.3, respectively. The Parent Company is in compliance with these debt covenants as at December 31, 2015 and 2014.

The Parent Company's PHP denominated long-term debt (Loans 6 and 7) amounts to ₱2,292.6million and ₱2,290.4 million, net of unamortized debt issue cost of ₱7.4 million and ₱9.6 million as of December 31, 2015 and 2014, respectively. The current portion is payable in 2016 amounting to ₱15.0 million, net of debt issue costs of ₱0.05 million as of December 31, 2015.

PHP-denominated loan of PERF Restaurants, Inc. (PERF). Loan 8 is a 5-year unsecured USD3.4 million (or ₱149.2 million) bearing fixed interest rate of 5.32% per annum. The principal is payable on December 20, 2016.

The loan contains certain restrictive covenants and requirements with respect to the following:
(a) Maintenance of the following ratios for the duration of the loan agreements: (1) minimum debt service coverage of 1.5:1; and (2) maximum debt to (EBITDA) of 4:1.
(b) Restrictions on changes in ownership structure; incurrence of any additional loans with term of more than one year; repayment of intercompany borrowings from the Parent Company except those agreed upon signing of this Facility Agreement; investing or entering into any business substantially different from the business in which PERF is presently engaged; and enter into merger or consolidation, except where PERF is the surviving corporation, and the Parent Company remains as the majority beneficial owner of the surviving corporation.

As at December 31, 2015, PERF ratios of debt service coverage cost and debt to EBITDA is 0.43:1 and 2.43:1, respectively. The loan is part of the current portion of the long-term debt.

Interest expense recognized on long-term debt including amortization of debt issue cost, amounted to ₱153.2 million, ₱131.2 million and ₱133.8 million in 2015, 2014 and 2013, respectively (see Note 23).

The future expected principal settlements of the Jollibee Group's loans follow:

2016	₱927,964,000
2017	767,960,000
2018	320,890,000
2019 to 2025	7,709,254,000
	9,726,068,000
Less debt issue costs	(7,439,394)
	₱9,718,628,606

Embedded Derivatives
Certain long-term loans of the Jollibee Group include provisions for an option to convert the variable interest rate into a fixed interest rate. Certain long-term loans are also subject to an interest rate floor. In addition, the Jollibee Group's long-term loans generally provide an option to pre-pay the loan in full before the maturity date.

The Jollibee Group assessed that the derivatives embedded in the loan contract need not be bifurcated since they are clearly and closely related to the economic characteristics and risks of the host loan contract and do not qualify for separate accounting as at December 31, 2015 and 2014.

Freestanding Derivatives, Hedges and Hedge Effectiveness Testing
On November 20, 2015, the Jollibee Group entered into an Interest Rate Swap (IRS) with a bank to convert its exposure in the variable interest rate of Loan 1 to a fixed interest rate. The IRS will terminate and the loan will mature simultaneously on October 21, 2025. The Jollibee Group has designated the IRS as a cash flow hedge.

The IRS with a notional amount equal to the principal amount of the loan requires the Jollibee Group to pay fixed interest payments at 3.36% in exchange of variable interest payments at three-month LIBOR plus spread of 1.20% from the bank throughout the term of the IRS on the notional amount. The IRS settles quarterly on a net basis.

The fair value of the IRS amounted to a ₱34.9 million liability, which was presented as a derivative liability in the 2015 statement of financial position. The terms of the IRS approximately match the terms of the interest payments on the loan. Accordingly, there is no hedge ineffectiveness to be recognized in profit or loss. An unrealized loss of ₱34.9 million was recognized in under other comprehensive income in 2015.

In 2012, Loan 7 was converted into a deliverable cross-currency swap transaction to hedge in full the foreign currency risk and interest rate risk on its floating rate. Under the cross-currency swap, PERF received at inception PHP notional amount of ₱149.2 million and paid USD notional amount of USD3.4 million based on the PHP/USD spot reference rate of ₱43.87. At every interest payment date, PERF will receive variable interest based on 3-month US Dollar LIBOR plus spread and will pay fix interest rate. At maturity date, PERF will receive USD notional amount of USD3.4 million and pay PHP notional amount of ₱149.2 million. The USD receipts from the cross-currency swap correspond to the expected interest fixed principal amount due on the hedged loan. Similar to the hedged loan, the cross-currency swap is non-amortizing and will mature on December 21, 2016.

Effectively, the cross-currency swap transformed the floating rate USD loan into a fixed rate PHP loan.

The fair value of the cross-currency swap resulted to a derivative asset amounting to ₱9.9 million in 2015, and a derivative liability amounting to ₱1.5 million in 2014.

Since the critical terms of the hedged loan and cross-currency swap matched, the hedge was assessed to be highly effective. As such, there was no ineffectiveness recognized in the profit or loss for the years ended December 31, 2015, 2014 and 2013.

The movements in fair value of cash flow hedges relative to the cross-currency swap presented in equity under other comprehensive loss in 2015 and 2014 follow:

	2015	2014
Balance at beginning of year	**₱4,435,473**	₱6,317,600
Changes in fair value of the cash flow hedge	**(13,351,855)**	(4,998,710)
Transfer to profit or loss	**9,894,141**	3,116,583
Net movement on cash flow hedge	**(3,457,714)**	(1,882,127)
Balance at end of year	**977,759**	4,435,473
Non-controlling interests' share	**(449,770)**	(2,040,318)
	₱527,989	₱2,395,155

The foreign exchange revaluation of the hedged loan, amounting to ₱9.9 million and ₱3.1 million, was recognized in other comprehensive loss on derivative liability in 2015 and 2014, respectively.

19. Equity

a. Capital Stock

The movements in the number of shares are as follows:

	2015	2014
Authorized - ₱1 par value	**₱1,450,000,000**	₱1,450,000,000
Issued and subscribed:		
Balance at beginning of the year	**₱1,081,040,314**	₱1,068,608,675
Issuances during the year	**5,109,096**	12,431,639
Balance at end of year	**1,086,149,410**	1,081,040,314
Subscription receivable	**(17,177,884)**	(17,177,884)
	₱1,068,971,526	₱1,063,862,430

The total number of shareholders of the Parent Company is 3,118 and 3,173 as at December 31, 2015 and 2014, respectively.

b. Additional Paid-in-Capital

The movements in the Additional paid in capital pertain to the difference between the exercised prices of stock options exercised and the par value of Parent Company's shares. In 2015, 2014 and 2013, stock options totaling 5,109,096 shares, 12,431,639 shares and 4,749,116 shares, respectively, were exercised (see Note 26). These resulted to an additional paid in capital amounted to ₱429.9 million, ₱645.0 million and ₱206.2 million in 2015, 2014 and 2013, respectively.

Stock options expense, amounting to ₱173.2 million, ₱166.5 million and ₱150.4 million in 2015, 2014 and 2013 were also recognized as part of additional paid in capital (see Notes 22 and 26).

As at December 31, 2015 and 2014, total additional paid in capital amounted to ₱5,055.3 million and ₱4,452.2 million, respectively.

c. Treasury Shares

The cost of common stock of the Parent Company held in treasury of ₱180.5 million consists of 16,447,340 shares as at December 31, 2015 and 2014.

d. Excess of Cost over the Carrying Value of Non-controlling Interests Acquired

The amount of excess of cost over the carrying value of non-controlling interests acquired as at December 31, 2015 and 2014, recognized as part of "Equity Attributable to Equity Holders of the Parent Company" section in the consolidated statements of financial position, resulted from the following acquisitions of non-controlling interests:

20% of Greenwich in 2006	₱168,257,659
15% of Belmont in 2007	375,720,914
40% of Adgraphix in 2010	(1,214,087)
	₱542,764,486

e. Retained Earnings

The Jollibee Group has a cash dividend policy of declaring one-third of the Jollibee Group's net income for the year as cash dividends. It uses best estimate of its net income as basis for declaring cash dividends. Actual cash dividends per share declared as a percentage of the EPS are 38.3%, 32.3% and 75.5% in 2015, 2014 and 2013, respectively.

The Parent Company's retained earnings available for dividend declaration, computed based on the guidelines provided in SEC Memorandum Circular No. 11, amounted to ₱11,409.3 million and ₱9,423.8 million as at December 31, 2015 and 2014, respectively.

The Parent Company's cash dividend declarations for 2015, 2014 and 2013 follow:

Declaration Date	Record Date	Payment Date	Cash Dividend per Share	Total Cash Dividends Declared
2015				
April 7	May 7	May 29	**₱0.80**	**₱851,349,864**
November 9	November 25	December 9	0.97	**1,035,509,750**
				₱1,886,859,614
2014				
April 7	May 8	May 30	₱0.75	₱788,176,867
November 12	November 27	December 18	0.89	945,305,674
				₱1,733,482,541
2013				
April 11	May 7	May 30	₱0.65	₱680,017,923
August 6	September 19	October 14	2.00	2,099,932,206
November 12	November 29	December 16	0.71	745,597,226
				₱3,525,547,355

An important part of the Jollibee Group's growth strategy is the acquisition of new businesses in the Philippines and abroad. Examples were acquisitions of 85% of Yonghe King in 2004 in PRC (₱1,200.0 million), 100% of Red Ribbon in 2005 (₱1,700.0 million), the remaining 20% minority share in Greenwich in 2007 (₱384.0 million), the remaining 15% share of Yonghe

King in 2007 (₱413.7 million), 100% of Hong Zhuang Yuan restaurant chain in PRC in 2008 (₱2,600.0 million), 70% of Mang Inasal in 2010 (₱2,976.2 million), 100% of Chowking US operations in 2011 (₱693.3 million), 55% of San Pin Wang in 2012 (₱195.9 million plus a contingent consideration), 48% of WJ Investments Limited (₱98.0 million) in 2012 and 40% of SJBF LLC, the parent company of the entities comprising the Smashburger business (₱4,812.8 million), including transaction costs, in 2015.

The Jollibee Group plans to continue to make substantial acquisitions in the coming years. The Jollibee Group uses its cash generated from operations to finance these acquisitions and capital expenditures. These limit the amount of cash dividends that it can declare and pay, making the level of the retained earnings higher than the paid-up capital stock.

In support of the Jollibee Group's strategy, the BOD approved an additional appropriation of ₱5,200.0 million, ₱3,800.0 million and ₱1,200.0 million on April 11, 2013, February 15, 2012 and in 2009, respectively, for future acquisitions and capital expenditures. Details of the appropriated retained earnings as at December 31, 2015 and 2014 follow:

Projects	Timeline	Amount
Acquisition of Businesses	2013 - 2018	₱7,600,000,000
Capital Expenditures	2013 - 2018	2,600,000,000
		₱10,200,000,000

The unappropriated retained earnings of the Parent Company is also restricted to the extent of cost of common stock held in treasury amounting to ₱180.5 million in both years as well as the undistributed retained earnings of its subsidiaries which amounted to ₱2,718.1million and ₱2,841.3 million as at December 31, 2015 and 2014, respectively.

In relation with the SRC Rule 68, as Amended (2011), Annex 68-D, below is the summary of the Parent Company's track record of registration of securities.

	Number of Shares registered	Issue/offer price	Date of approval	2015 Number of holders of securities as of December 31	2014 Number of holders of securities as of December 31
Common shares	75,000,000	₱9	June 21, 1993	3,118	3,173

20. Royalty, Franchise Fees and Others

This account consists of:

	2015	2014	2013
Royalty fees	**₱4,329,041,212**	₱3,914,101,302	₱3,470,663,663
Franchise fees	**189,082,523**	152,531,503	104,671,216
Rent income (see Note 29)	**92,423,615**	90,642,833	97,500,225
Service fees	**65,727,123**	78,544,132	86,040,358
Scrap sales	**146,660,284**	101,579,151	89,323,594
Other revenues	**146,094,210**	124,061,569	121,080,558
	₱4,969,028,967	₱4,461,460,490	₱3,969,279,614

The Jollibee Group has existing Royalty and Franchise Agreements with independent franchisees for the latter to operate quick service restaurant outlets under the "Jollibee", "Chowking", "Greenwich", "Red Ribbon", "Mang Inasal", "Yong He King" and "Hong Zhuang Yuan" concepts and trade names. In consideration thereof, the franchisees agree to pay franchise fees and monthly royalty fees equivalent to a certain percentage of the franchisees' net sales.

Other revenues pertain to delivery fees and other miscellaneous revenues earned by the Jollibee Group.

21. Cost of Sales

This account consists of:

	2015	2014	2013
Cost of inventories	**₱49,202,289,886**	₱43,228,221,857	₱38,227,726,820
Personnel costs:			
Salaries, wages and other employee benefits	**9,870,706,295**	9,205,954,169	8,416,655,196
Pension expense (see Note 25)	**153,311,191**	119,911,904	102,196,339
Rent (see Note 29)	**7,450,951,945**	6,671,204,628	5,962,800,559
Electricity and other utilities	**3,808,056,122**	3,767,659,068	3,443,712,321
Contracted services and professional fees	**3,219,562,920**	2,445,048,396	1,733,982,204
Depreciation and amortization (see Notes 12 and 13)	**3,084,155,170**	2,859,700,438	2,811,677,195
Supplies	**1,887,539,611**	2,149,191,146	1,809,763,316
Repairs and maintenance	**1,107,658,833**	943,277,853	809,564,647
Security and janitorial	**502,856,479**	382,980,808	325,281,623
Communication	**160,536,728**	151,658,421	135,038,254
Entertainment, amusement and recreation	**33,039,290**	27,276,536	26,748,242
Others	**2,411,036,785**	1,775,706,917	1,479,616,348
	₱82,891,701,255	₱73,727,792,141	₱65,284,763,064

22. General and Administrative Expenses

This account consists of:

	2015	2014	2013
Personnel costs:			
Salaries, wages and other employee benefits	**₱4,837,802,315**	₱4,675,596,092	₱3,731,010,808
Stock options expense (see Note 26)	**173,211,693**	166,490,888	150,418,741
Pension expense (see Note 25)	**159,324,553**	125,671,823	104,094,429
Taxes and licenses	**1,143,765,493**	970,757,479	885,250,840
Contracted services	**544,278,767**	295,691,791	73,413,676
Transportation and travel	**438,990,277**	393,123,071	339,949,959
Professional fees	**418,556,086**	356,335,140	290,661,328
Rent (see Note 29)	**390,934,123**	401,539,745	324,481,811
Depreciation and amortization (see Notes 12, 13 and 14)	**341,521,752**	326,679,292	260,778,625
Provisions for impairment losses on:			
Receivables (see Note 7)	**325,907,626**	36,301,470	34,007,984
Inventories (see Note 8)	**11,048,562**	11,066,386	9,367,464
Property, plant and equipment (see Note 12)	**–**	2,000,000	–
Corporate events	**163,136,175**	167,816,029	102,935,319

(Forward)

	2015	2014	2013
Loss on retirement of assets	**₱136,746,521**	₱156,615,427	₱446,158,983
Repairs and maintenance	**136,227,644**	105,738,442	88,207,428
Communication	**113,654,250**	97,197,031	80,101,891
Donations	**105,831,264**	88,575,310	92,513,001
Training	**101,565,353**	47,586,227	59,429,198
Supplies	**74,256,546**	53,892,109	52,966,197
Entertainment, amusement and recreation	**64,584,834**	80,269,589	105,201,772
Electricity and other utilities	**56,807,247**	64,955,121	51,858,492
Association dues	**52,509,182**	30,468,480	24,571,302
Security and janitorial	**19,605,607**	14,613,774	18,596,895
Insurance	**16,146,870**	14,678,441	12,275,733
Reversals of provision for impairment losses on:			
Receivables (see Note 7)	**(4,605,656)**	(868,308)	–
Inventories (see Note 8)	**(12,047,290)**	(8,489,305)	–
Property, plant and equipment (see Note 12)	–	(16,200,000)	(13,300,000)
Investment properties (see Note 13)	–	(46,447,298)	–
Others	**478,282,947**	342,057,049	102,935,320
	₱10,288,042,741	₱8,953,711,295	₱7,427,887,196

23. Interest Income (Expense) and Other Income (Expense)

	2015	2014	2013
Interest income:			
Cash and cash equivalents and short-term investments (see Note 6)	**₱118,031,881**	₱111,812,888	₱145,624,891
Accretion of interest on security and other deposits and employee car plan receivables (see Note 15)	**19,774,432**	25,238,222	18,909,301
Loans and advances* (see Note 11)	**119,977,272**	104,994,231	81,039,616
	₱257,783,585	₱242,045,341	₱245,573,808

**Including interest income from other subsidiaries other than those mentioned in Note 11.*

	2015	2014	2013
Interest expense:			
Long-term debt (see Note 18)	**(₱153,205,938)**	(₱131,178,351)	(₱133,771,329)
Short-term debt (see Note 18)	**(52,444,070)**	(3,155,167)	–
Accretion of interest on the liability and remeasurement of contingent consideration from acquisition of businesses and accretion of customers' deposits (see Notes 11 and 16)	**(19,894,311)**	(18,137,735)	(19,148,699)
	(₱225,544,319)	(₱152,471,253)	(₱152,920,028)

(Forward)

	2015	2014	2013
Other income (expense):			
Write-off of other liabilities and excess accruals	**₱905,088,473**	₱357,935,555	₱97,044,819
Rebates and suppliers' incentives	**228,960,676**	258,778,135	122,379,003
Penalties and charges	**45,335,593**	27,448,182	17,438,114
Foreign exchange gain (loss) - net	**36,823,347**	(1,143,310)	46,628,738
Charges to franchisees	**18,264,553**	13,826,878	24,360,500
Other rentals	**13,821,195**	13,607,060	6,820,323
Pre-termination of operating leases	**3,460,645**	25,797,871	13,058,342
Bank charges, insurance claims and others - net	**(14,996,902)**	(36,946,445)	9,595,192
	₱1,236,757,580	₱659,303,926	₱337,325,031

24. Income Taxes

The Jollibee Group's provision for current income tax consists of the following:

	2015	2014	2013
Final tax withheld on:			
Royalty and franchise fee income	**₱965,199,097**	₱868,377,737	₱755,140,320
Interest income	**10,891,198**	12,837,513	40,615,554
RCIT:			
With itemized deduction	**552,757,433**	467,843,856	414,800,104
With optional standard deduction	**229,911,748**	207,318,757	175,871,530
MCIT	**167,318,508**	138,390,687	135,539,174
	₱1,926,077,984	₱1,694,768,550	₱1,521,966,682

For the years ended December 31, 2015, 2014 and 2013, Zenith, Grandworth and RRBHI, wholly-owned subsidiaries, elected to use OSD in computing for their taxable income. The total tax benefits from the availment of OSD amounted to ₱40.4 million, ₱67.0 million and ₱60.0 million in 2015, 2014 and 2013, respectively.

The components of the Jollibee Group's recognized net deferred tax assets follow:

	2015	2014
Deferred tax assets:		
NOLCO:		
Philippine-based entities	**₱596,843,454**	₱128,403,747
PRC-based entities	**185,766,984**	158,529,557
Operating lease payables	**434,947,435**	223,282,139
Pension liability and other benefits	**420,940,255**	143,289,648
Excess of MCIT over RCIT	**318,340,224**	29,318,298
Accumulated impairment loss in value of receivables, property, plant and equipment, investment properties, and other nonfinancial assets	**164,750,267**	46,917,454

(Forward)

	2015	2014
Unrealized foreign exchange loss	₱106,324,834	₱87,101
Unamortized past service costs	25,459,340	22,234,208
Unaccreted discount on security deposits and employee car plan receivables	13,849,282	7,709,222
Others	7,966,614	7,776,928
Total	2,275,188,689	767,548,302
Deferred tax liabilities:		
Excess of fair value over book value of identifiable assets of acquired businesses	682,326,007	–
Unrealized foreign exchange gain	118,662,126	225,174
Prepaid rent	42,854,387	–
Unaccreted discount on employee car plan receivable, security and product security deposit	11,139,822	5,989,024
Deferred rent expense	10,645,399	1,954,470
Operating lease receivables	1,072,412	2,304,308
Others	–	5,110,008
	866,700,153	15,582,984
Deferred tax assets - net	₱1,408,488,536	₱751,965,318

The components of the Jollibee Group's recognized net deferred tax liabilities in 2014 follow:

	2014
Deferred tax assets:	
NOLCO - Philippine-based	₱258,019,288
Operating lease payables	188,905,938
Excess of MCIT over RCIT	131,039,374
Pension liability and other benefits	101,993,678
Unrealized foreign exchange loss	39,909,725
Unamortized past service costs	11,158,566
Accumulated impairment loss in value of property, plant and equipment, investment properties, and other nonfinancial assets	9,798,861
Unaccreted discount on security deposits and employee car plan receivables	9,633,569
Provisions for legal claims	9,150,192
Allowance for impairment loss on receivables	7,849,611
Others	2,310
	767,461,112
Deferred tax liabilities:	
Excess of fair value over book value of identifiable assets of acquired businesses	692,125,788
Unrealized foreign exchange gain	39,156,609
Prepaid rent	34,082,168
Deferred rent expense	9,531,966
Others	3,942,509
	778,839,040
Deferred tax liabilities - net	₱11,377,928

As at December 31, 2015, the Parent Company and all its subsidiaries are in the net deferred tax asset position resulting to a nil net deferred tax liability.

The rollforward analysis of the net deferred tax assets and liabilities follows:

	2015	2014
Balance at beginning of year	**₱740,587,390**	₱438,039,742
Additions	**537,470,070**	424,239,011
Income tax effect of other remeasurements of net defined benefit plan	**104,824,523**	(106,374,133)
Translation adjustments	**25,606,553**	(15,317,230)
	₱1,408,488,536	₱740,587,390

OSD

The availment of the OSD method also affected the recognition of several deferred tax assets and liabilities. Deferred tax assets and liabilities, for which the related income and expense are not considered in determining gross income for income tax purposes, are not recognized. This is because the manner by which the Jollibee Group expects to recover or settle the underlying assets and liabilities, for which the deferred tax assets and liabilities were initially recognized, would not result to any future tax consequence under the OSD method. Meanwhile, deferred tax assets and liabilities, for which the related income and expense are considered in determining gross income for income tax purposes, are recognized only to the extent of their future tax consequence under OSD method. Hence, the tax base of these deferred tax assets and liabilities is reduced by the 40% allowable deduction provided for under the OSD method.

Accordingly, the Jollibee Group's deferred tax assets and liabilities, which were not recognized due to the use of the OSD method, are as follows:

	2015	2014
Deferred tax assets:		
Pension liability	**₱9,696,538**	₱11,271,916
Operating lease payables	**9,562,295**	12,037,179
Allowance for impairment losses on receivables	**6,009,062**	3,963,705
Unamortized past service cost	**383,003**	505,008
Unaccreted discount on financial instruments	**279,918**	261,468
Others	**26,316**	118,378
	25,957,132	28,157,654
Deferred tax liabilities:		
Operating lease receivables	**4,772,417**	6,518,762
Deferred rent expense	**82,338**	133,167
Others	**200,959**	249,331
	5,055,714	6,901,260
	₱20,901,418	₱21,256,394

As at December 31, 2015, NOLCO and excess of MCIT over RCIT of the Philippine-based entities that can be claimed as deductions from taxable income and income tax due, respectively, are as follows:

Year Incurred/Paid	Carry Forward Benefit up to	NOLCO	Excess of MCIT over RCIT
2015	December 31, 2018	₱1,042,330,392	₱167,318,506
2014	December 31, 2017	1,269,523,632	138,387,628
2013	December 31, 2016	79,089,765	12,634,090
		₱2,390,943,789	₱318,340,224

The PRC enterprise income tax law provides that income tax rates are unified at 25%. As at December 31, 2015, NOLCO of the PRC-based entities that can be claimed as deductions from taxable income are as follows:

Year Incurred	Carry Forward Benefit Up to	Tax Losses	Deferred Tax at 25%
2015	December 31, 2020	₱234,392,612	₱58,598,153
2014	December 31, 2019	157,497,816	39,374,454
2013	December 31, 2018	145,788,888	36,447,222
2012	December 31, 2017	133,737,020	33,434,255
2011	December 31, 2016	71,651,599	17,912,900
		₱743,067,935	₱185,766,984

The following are the movements in deferred tax assets on NOLCO:

	2015	2014	2013
Balance at beginning of year	**₱544,952,592**	₱310,601,984	₱319,518,742
Additions	**365,752,990**	268,941,247	82,759,673
Utilized during the year	**(126,173,592)**	(25,648,675)	(20,017,365)
Write-offs and expirations	**(4,221,281)**	(8,363,448)	(85,576,892)
Translation adjustments	**2,299,729**	(578,516)	13,917,826
	₱782,610,438	₱544,952,592	₱310,601,984

The following are the movements in deferred tax assets on Excess of MCIT over RCIT:

	2015	2014	2013
Balance at beginning of year	**₱160,357,672**	₱22,820,958	₱12,127,543
Additions	**167,318,506**	137,536,714	16,383,798
Utilized during the year	–	–	(1,874,880)
Write-offs and expirations	**(9,335,954)**	–	(3,815,503)
Translation adjustments	–	–	–
	₱318,340,224	₱160,357,672	₱22,820,958

The reconciliation of provision for income tax computed at the statutory income tax rates to provision for income tax as shown in the consolidated statements of comprehensive income are as follows:

	2015	2014	2013
Provision for income tax at various statutory income tax rates	**₱1,925,372,345**	₱2,027,841,314	₱1,873,654,379
Income tax effects of:			
Effect of different tax rate for royalty and franchise fees and interest income	**(485,654,945)**	(437,765,322)	(395,069,768)
Intrinsic value of stock options exercised	**(109,091,659)**	(368,250,335)	(109,909,193)
Nondeductible expenses	**60,270,557**	52,200,315	52,598,260
Difference between OSD and itemized deductions	**(40,391,546)**	(66,824,198)	(54,787,415)
Expired/written off NOLCO and excess of MCIT over RCIT	**13,557,235**	8,363,448	89,392,395
Net movement in unrecognized DTA	**6,882,429**	(1,598,671)	7,401,902
Others	**17,663,498**	56,562,988	59,427,511
	₱1,388,607,914	₱1,270,529,539	₱1,522,708,071

25. Pension Liability

Defined Benefit Plan

The Parent Company and certain Philippine-based subsidiaries have funded, independently-administered, non-contributory defined benefit pension plan covering all permanent employees. The benefits are based on the employees' projected salaries and number of years of service.

The funds are administered by trustee banks. Subject to the specific instructions provided by the Jollibee Group in writing, the Jollibee Group directs the trustee banks to hold, invest and reinvest the funds and keep the same invested, in its sole discretion, without distinction between principal and income in, but not limited to, certain government securities and bonds, term loans, short-term fixed income securities and other loans and investments.

Under the existing regulatory framework, Republic Act No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of pension expense, included under "Cost of sales" and "General and administrative expenses" accounts in the consolidated statements of comprehensive income and pension liability in the consolidated statements of financial position, which are based on actuarial valuations.

Changes in pension liability of the Jollibee Group in 2015 are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Pension Liability
At January 1, 2015	₱2,329,211,722	₱1,496,821,472	₱832,390,250
Pension expense (see Notes 21 and 22):			
Current service cost	244,819,845	–	244,819,845
Net interest	136,917,250	69,101,351	67,815,899
	381,737,095	69,101,351	312,635,744
Benefits paid	(85,855,905)	(85,855,905)	–
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	–	(47,445,163)	47,445,163
Actuarial changes arising from changes in financial assumptions	(367,215,450)	–	(367,215,450)
Actuarial changes due to experience adjustment	741,274,687	–	741,274,687
	374,059,237	(47,445,163)	421,504,400
Contributions	–	100,000,000	(100,000,000)
At December 31, 2015	₱2,999,152,149	₱1,532,621,755	₱1,466,530,394

Changes in pension liability of the Jollibee Group in 2014 are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Pension Liability
At January 1, 2014	₱2,405,920,441	₱1,473,079,332	₱932,841,109
Pension expense (see Notes 21 and 22):			
Current service cost	195,996,581	–	195,996,581
Net interest	125,947,807	76,360,661	49,587,146
	321,944,388	76,360,661	245,583,727
Benefits paid	(144,682,477)	(144,682,477)	–
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	–	104,557,655	(104,557,655)
Actuarial changes arising from changes in financial assumptions	224,517,003	–	224,517,003
Actuarial changes due to experience adjustment	(478,487,633)	–	(478,487,633)
	(253,970,630)	104,557,655	(358,528,285)
Contributions	–	58,300,000	(58,300,000)
Other adjustments	–	(70,793,699)	70,793,699
At December 31, 2014	₱2,329,211,722	₱1,496,821,472	₱832,390,250

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The following table presents the carrying amounts, which approximate the estimated fair values, of the assets of the plan:

	2015	2014
Cash and cash equivalents	**₱202,421,524**	₱122,140,365
Investments in government and corporate debt securities	**1,097,109,433**	1,116,827,875
Investments in quoted equity securities		
Holding firms	**125,772,547**	95,898,420
Food, beverage and tobacco	**58,378,590**	64,476,681
Property	**55,849,704**	65,193,429
Banks	**37,093,701**	43,416,176
Electricity, energy, power and water	**19,903,050**	29,694,338
Telecommunications	**17,092,000**	24,632,600
Others	**13,941,890**	26,584,565
Interest and dividends receivable	**16,367,289**	15,445,663
Fund liabilities	**(111,307,973)**	(107,488,640)
	₱1,532,621,755	₱1,496,821,472

The plan assets consist of the following:

- Investments in government securities which consist of retail treasury bonds that bear interest ranging from 2.35%-8.13% and have maturities from February 2015 to August 2037 and fixed-rate treasury notes that bear interest ranging from 2.88%-11.70% and have maturities from September 2016 to October 2037.

- Investments in equity securities consist of investments in listed equity securities, including equity securities of the Parent Company, for certain retirement plans of the Jollibee Group (see Note 27).

- Investments in debt securities consist of long-term corporate bonds in the power sector, which bear interest ranging from 6.30%-7.75% maturing from April 2017 to April 2037.

- Other financial assets held by the retirement plan are primarily accrued interest income on cash and cash equivalents, debt instruments and other securities.

Pension expense as well as the present value of the pension liability are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension expense and liability for the defined benefit plans are shown below:

	December 31, 2015	December 31, 2014	January 1, 2014
Discount rate	**5.00% - 5.10%**	4.60% - 4.70%	5.00% - 6.00%
Salary increase rate	**6.00%**	7.00%	6.50% - 7.11%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	December 31, 2015	
	Increase (Decrease)	**Philippine Plan**
Discount rates	**+0.50 %**	**(₱144,519,317)**
	-0.50 %	**156,998,632**
Future salary increases	**+0.50%**	**₱154,737,578**
	-0.50%	**(143,898,307)**

	December 31, 2014	
	Increase (Decrease)	Philippine Plan
Discount rates	+0.50 %	(₱757,777,465)
	-0.50 %	1,029,419,507
Future salary increases	+0.50%	₱1,015,034,231
	-0.50%	(778,272,017)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2015:

Less than 1 year	₱424,284,936
More than 1 year to 5 years	904,330,471
More than 5 years to 10 years	1,687,578,041
More than 10 years to 15 years	2,066,460,644
More than 15 years to 20 years	2,136,735,329
More than 20 years	6,678,572,246

The Jollibee Group does not have a formal asset-liability matching strategy. The overall investment policy and strategy of the retirement plan is based on the client suitability assessment, as provided by its trustee banks, in compliance with the Bangko Sentral ng Pilipinas requirements. Nevertheless, the Jollibee Group ensures that there will be sufficient assets to pay the retirement benefits as they fall due while attempting to mitigate the various risks of the plan.

The plan assets are primarily exposed to financial risks such as liquidity risk and price risk. Liquidity risk pertains to the plan's ability to meet its obligation to the employees upon retirement. To effectively manage liquidity risk, the trustee banks maintain assets in cash and short-term deposits. Price risk pertains mainly to fluctuation in market prices of the retirement funds marketable securities. In order to effectively manage price risk, the trustee banks continuously assess these risks by closely monitoring the market value of the securities and implementing prudent investment strategies.

The Jollibee Group expects to contribute ₱424.3 million to the defined benefit pension plans in 2016.

The average duration of the defined benefit obligation is 10 years as at December 31, 2015 and 2014.

Defined Contribution Plan
The employees of the PRC-domiciled and USA-based subsidiaries of the Jollibee Group are members of a state-managed pension benefit scheme operated by the national governments. These subsidiaries are required to contribute a specified percentage of their payroll costs to the pension benefit scheme to fund the benefits. The only obligation of these subsidiaries with respect to the pension benefit scheme is to make the specified contributions.

The contributions made to the scheme and recognized as part of other employee benefits amounted to ₱354.4 million in 2014.

26. Stock Option Plans

Senior Management Stock Option and Incentive Plan
On December 17, 2002, the SEC approved the exemption requested by the Jollibee Group on the registration requirements of the 101,500,000 options underlying the Parent Company's common shares to be issued pursuant to the Jollibee Group's Senior Management Stock Option and Incentive Plan (the Plan). The Plan covers selected key members of management of the Jollibee Group.

The Plan is divided into two programs, namely, the Management Stock Option Program (MSOP) and the Executive Long-term Incentive Program (ELTIP). The MSOP provides a yearly stock option grant program based on company and individual performance while the ELTIP provides stock ownership as an incentive to reinforce entrepreneurial and long-term ownership behavior of executive participants.

MSOP. The MSOP is a yearly stock option grant program open to members of the senior management committee of the Jollibee Group and members of the management committee, key talents and designated consultants of some of the business units.

Each MSOP cycle refers to the period commencing on the MSOP grant date and ending on the last day of the MSOP exercise period. Vesting is conditional on the employment of the employee-participants in the Jollibee Group within the vesting period. The options will vest at the rate of one-third of the total options granted on each anniversary of the MSOP grant date until the third anniversary.

The exercise price of the stock options is determined by the Jollibee Group with reference to prevailing market prices over the three months immediately preceding the date of grant for the 1st up to the 7th MSOP cycle. Starting with the 8th MSOP cycle, the exercise price of the option is determined by the Jollibee Group with reference to the market closing price at date of grant.

For instance, on July 1, 2004, the Compensation Committee of the Jollibee Group granted 2,385,000 options under the 1st MSOP cycle to eligible participants. The options will vest at the rate of one-third of the total options granted from the start of the grant date on each anniversary date which will start after a year from the grant date. One-third of the options granted, or 795,000 options, vested and may be exercised starting July 1, 2005 and expired on June 30, 2012. From July 1, 2005 to 2015, the Compensation Committee granted series of MSOP grants under the 2nd to 12th MSOP cycle to eligible participants.

On August 25, 2015, the Compensation Committee granted 3,142,600 options under the 12th MSOP cycle to eligible participants. These options are similar to the 1st MSOP cycle. The 2nd, 3rd and 4th MSOP cycles expired on June 30, 2013, 2014 and 2015, respectively.

The movements in the number of stock options outstanding and related weighted average exercise prices (WAEP) are as follows:

	2015		2014		2013	
	Number of Options	WAEP	Number of Options	WAEP	Number of Options	WAEP
Total options granted as at end of year	40,120,794	₱82.22	36,863,194	₱73.58	33,404,194	₱62.69
Outstanding at beginning of year	13,609,275	₱117.51	16,915,937	₱83.77	16,788,056	₱63.90
Options granted during the year	3,257,600	179.99	3,459,000	178.66	3,595,500	142.51
Options exercised during the year	(1,380,628)	100.42	(6,765,662)	63.57	(3,373,561)	46.34
Options forfeited during the year	(617,810)	104.73	–	–	(94,058)	74.45
Outstanding at end of year	14,868,437	₱133.32	13,609,275	₱117.51	16,915,937	₱83.77
Exercisable at end of year	8,262,670	₱100.95	6,865,265	₱79.42	10,216,427	₱57.83

The weighted average share price of the Parent Company common shares is ₱206.05, ₱181.34 and ₱143.27 in 2015, 2014 and 2013, respectively. The weighted average remaining contractual life for the stock options outstanding as of December 31, 2015, 2014 and 2013 is 5.19 years, 5.83 years and 4.83 years, respectively.

The weighted average fair value of stock options granted in 2015, 2014 and 2013 is ₱26.13, ₱32.39 and ₱30.55, respectively. The fair value of share options as at the date of grant is estimated using the Black-Scholes Option Pricing Model, taking into account, the terms and conditions upon which the options were granted. The option style used for this plan is the American style because the option plan allows exercise before the expiry date. The inputs in the valuation of the options granted on the dates of grant for each MSOP cycle are shown below:

MSOP Cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
1st	2004	1.72%	36.91%	6.20%	5-7 years	₱24.00	₱20.00
2nd	2005	1.72%	36.91%	6.20%	5-7 years	29.00	27.50
3rd	2006	1.72%	36.91%	6.20%	5-7 years	35.00	32.32
4th	2007	1.70%	28.06%	6.41%	3-4 years	52.50	50.77
5th	2008	1.80%	26.79%	8.38%	3-4 years	34.00	39.85
6th	2009	2.00%	30.37%	5.28%	3-4 years	48.00	45.45
7th	2010	2.00%	29.72%	5.25%	3-4 years	70.00	57.77
8th	2011	2.00%	34.53%	4.18%	3-4 years	89.90	89.90
9th	2012	2.00%	28.72%	3.50%	3-4 years	107.90	107.90
10th	2013	2.00%	29.38%	2.68%	3-4 years	145.00	145.00
11th	2014	2.00%	24.87%	2.64%	3-4 years	179.80	179.80
12th	2015	2.00%	18.94%	2.98%	3-4 years	180.00	180.00

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

ELTIP. The ELTIP entitlement is given to members of the senior management committee and designated consultants of the Jollibee Group.

Each ELTIP cycle refers to the period commencing on the ELTIP entitlement date and ending on the last day of the ELTIP exercise period. Actual grant and vesting is conditional upon achievement of the Jollibee Group's minimum medium to long-term goals and individual targets in a given period, and the employment of the employee-participants in the Jollibee Group within the vesting period. If the goals are achieved, the options will be granted. For the 3rd ELTIP cycle, a percentage of the options to be granted are based on the percentage of growth in annual earnings per share such that 100%, 50% or 25% of the options granted when percentage of growth

in annual earnings per share are 12% and above, 10% to less than 12% or 8% to less than 10%, respectively. For the upcoming 4th ELTIP cycle, the percentage of the options to be granted and the targeted percentage of growth in annual earnings per share have been further revised such that 150%, 100% or 50% of the options granted when percentage of growth in annual earnings per share are 15% and above, 12% to less than 15% or 10% to less than 12%, respectively.

The exercise price of the stock options is determined by the Jollibee Group with reference to prevailing market prices over the three months immediately preceding the date of entitlement for the first and second ELTIP cycles.

Starting with the 3rd ELTIP cycle, the exercise price of the option is determined by the Jollibee Group with reference to the closing market price as of the date of entitlement.

For instance, on July 1, 2004, the Compensation Committee gave an entitlement of 22,750,000 options under the 1st ELTIP cycle to eligible participants. The options will vest at the rate of one-third of the total options granted on each anniversary date which will start after the goals were achieved. One-third of the options granted, or 7,583,333 options, vested and may be exercised starting July 1, 2007 and expired on June 30, 2012. On July 1, 2008, October 19, 2012 and August 25, 2015, entitlement to 20,399,999, 24,350,000 and 11,470,000 options were given to eligible participants under the 2nd, 3rd and 4th ELTIP cycles, respectively.

The Jollibee Group does not pay cash as a form of settlement.

The movements in the number of stock options outstanding for the 2nd to 4th ELTIP cycles and related WAEP for the years ended December 31, 2015, 2014 and 2013 follow:

	2015		2014		2013	
	Number of Options	WAEP	Number of Options	WAEP	Number of Options	WAEP
Total options given as at end of year	78,969,999	₱74.58	67,499,999	₱56.66	67,499,999	₱56.66
Outstanding at beginning of year	31,270,560	₱90.06	37,186,110	₱82.51	37,811,665	₱80.51
Options granted during the year	11,470,000	180.00	–	–	750,000	105.00
Options exercised during the year	(3,728,468)	79.46	(5,665,977)	39.85	(1,375,555)	39.85
Options forfeited during the year	(667,093)	105.00	(249,573)	105.00	–	–
Outstanding at end of year	38,344,999	₱117.74	31,270,560	₱90.06	37,186,110	₱82.51
Exercisable at end of year	10,808,048	₱70.59	7,170,133	₱39.85	12,836,110	₱39.85

The weighted average remaining contractual life for the stock options outstanding as of 2015, 2014 and 2013 is 4.85 years, 4.85 years and 5.30 years, respectively.

The fair value of stock options granted is ₱26.13 in 2015 and ₱22.96 in 2014. The fair value of share options as at the date of grant is estimated using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The option style used for this plan is the American style because this option plan allows exercise before the maturity date. The stock options granted under the 2nd, 3rd and 4th ELTIP cycles will expire on April 30, 2017, 2020 and 2023, respectively.

The inputs to the model used for the options granted on the dates of grant for each ELTIP cycle are shown below:

ELTIP Cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
1st	2004	1.72%	36.91%	6.20%	5 years	₱24.00	₱20.00
2nd	2008	1.80%	26.79%	8.38%	3-4 years	34.00	39.85
3rd	2012	2.00%	28.74%	3.60%	3-4 years	105.00	105.00
4th	2015	2.00%	18.94%	2.98%	3-4 years	180.00	180.00

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The cost of the stock options expense charged to operations for both MSOP and ELTIP in the "General and administrative expenses" account amounted to ₱173.2 million, ₱166.5 million and ₱150.4 million in 2015, 2014 and 2013, respectively (see Note 22). Correspondingly, a credit was made to additional paid-in-capital.

27. Related Party Transactions

The Jollibee Group has transactions with related parties. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Jollibee Group, including holding companies, subsidiaries and fellow subsidiaries are related entities of the Jollibee Group. Individuals owning, directly or indirectly, an interest in the voting power of the Jollibee Group that give them significant influence over the enterprise; key management personnel, including directors and officers of the Jollibee Group, and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

Compensation of Key Management Personnel of the Jollibee Group

The aggregate compensation and benefits to key management personnel of the Jollibee Group in 2015, 2014 and 2013 are as follows:

	2015	2014	2013
Salaries and short-term benefits	**₱798,882,199**	₱687,549,458	₱584,663,115
Stock options expense (see Note 26)	**173,211,693**	166,490,888	150,418,741
Net pension expense	**47,583,693**	59,134,502	46,292,773
Employee car plan and other long-term benefits	**42,803,342**	41,335,689	34,443,875
	₱1,062,480,927	₱954,510,537	₱815,818,504

Transactions with the Retirement Plans

As at December 31, 2015 and 2014, certain retirement funds of the Jollibee Group include investment in equity securities of the Parent Company with details as follows:

	2015	2014
Number of shares	**188,390**	187,340
Market value	**₱41,257,410**	₱40,278,100
Cost	**8,205,035**	7,963,810
Unrealized gain	**₱33,052,375**	₱32,314,290

The Jollibee Group's receivable from retirement fund amounted to ₱109.6 million and ₱107.5 million as at December 31, 2015 and 2014, respectively.

Transactions with a Joint Venture
As at December 31, 2015 and 2014, the Jollibee Group has outstanding advances to SuperFoods Group. The terms of these advances are disclosed in Note 11.

Terms and Conditions of Transactions with Related Parties
Transactions with related parties are made at market prices and are normally settled in cash.

28. Earnings Per Share

Basic and diluted EPS are computed as follows:

	2015	2014	2013
(a) Net income attributable to the equity holders of the Parent Company	**₱4,928,236,228**	₱5,361,978,768	₱4,671,559,394
(b) Weighted average number of shares - basic	**1,067,293,108**	1,056,590,489	1,049,704,316
Weighted average number of shares outstanding under the stock option plan	**42,717,799**	51,249,701	54,309,458
Weighted average number of shares that would have been purchased at fair market value	**(21,689,263)**	(25,692,236)	(32,513,336)
(c) Adjusted weighted average shares - diluted	**1,088,321,644**	1,082,147,954	1,071,500,438
EPS:			
Basic (a/b)	**₱4.618**	₱5.075	₱4.450
Diluted (a/c)	**4.528**	4.955	4.360

There were no anti-dilutive options outstanding as at December 31, 2015 and 2014.

29. Commitments and Contingencies

a. Operating lease commitments - Jollibee Group as lessee

The Jollibee Group has various operating lease commitments for quick service restaurant outlets and offices. The noncancellable periods of the leases range from 3 to 20 years, mostly containing renewal options. Some of the leases contain escalation clauses. The lease contracts on certain sales outlets provide for the payment of additional rentals based on certain percentages of sales of the outlets. Contingent rent expense amounted to ₱1,428.2 million, ₱1,322.5 million and ₱1,447.0 million in 2015, 2014 and 2013, respectively.

The future minimum lease payments for the noncancellable periods of the operating leases follows:

	2015	2014	2013
Within one year	**₱1,532,583,258**	₱1,669,685,553	₱2,500,831,215
After one year but not more than five years	**5,581,731,024**	6,449,433,284	8,090,153,478
More than five years	**6,443,630,529**	4,897,338,004	3,911,301,278
	₱13,557,944,811	₱13,016,456,841	₱14,502,285,971

Rent expense recognized on a straight-line basis amounted to ₱7,841.9 million, ₱7,072.7 million and ₱6,287.3 million in 2015, 2014 and 2013, respectively (see Notes 21 and 22). The difference of rent expense recognized under the straight-line method and the rent amounts due in accordance with the terms of the lease agreements are charged to "Operating lease payables" account which amounted to ₱1,615.6 million and ₱1,544.8 million as at December 31, 2015 and 2014, respectively.

b. Operating lease commitments - Jollibee Group as lessor

The Jollibee Group entered into commercial property leases for its investment property units and various sublease agreements. Noncancellable periods of the leases range from 3 to 20 years, mostly containing renewal options. Leases generally include a clause to enable upward revision of the rent charges on an annual basis based on prevailing market conditions.

The future minimum lease payments for the noncancellable periods of the operating leases, wherein Jollibee Group is the lessor, follow:

	2015	2014	2013
Within one year	**₱63,358,455**	₱55,256,411	₱46,453,095
After one year but not more than five years	**244,123,192**	199,537,668	157,623,110
More than five years	**598,950,095**	432,616,032	359,274,585
	₱906,431,742	₱687,410,111	₱563,350,790

Rent income recognized on a straight-line basis amounted to ₱92.4 million, ₱90.6 million and ₱97.5 million in 2015, 2014 and 2013, respectively.(see Note 20). The difference of rent income recognized under the straight-line method and the rent amounts in accordance with the terms of the lease are included under "Operating lease receivables" which amounted to ₱12.5 million and ₱21.1 million as at December 31, 2015 and 2014, respectively.

c. Contingencies

The Jollibee Group is involved in litigations, claims and disputes which are normal to its business. Management believes that the ultimate liability, if any, with respect to these litigations, claims and disputes will not materially affect the financial position and financial performance of the Jollibee Group. Thus, other than the provisions in Note 17, there were no other provisions made for contingencies.

30. Financial Risk Management Objectives and Policies

The Jollibee Group is exposed to a variety of financial risks from its operating, investing and financing activities. The Jollibee Group's risk management policies focus on actively securing the Jollibee Group's short-term to medium-term cash flows by minimizing the exposure to financial markets.

The Jollibee Group's principal financial instruments comprise of cash and cash equivalents and receivables. The main purpose of these financial instruments is to obtain financing for the Jollibee Group's operations. The Jollibee Group has other financial assets and liabilities such as other noncurrent assets and trade payables and other current liabilities which arise directly from its operations.

The main risks arising from these financial instruments are equity price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Jollibee Group does not engage in any long-term debt and foreign currency-denominated transactions that may cause exposure to interest rate risk and foreign currency risk, respectively. The policies for managing each of these risks are summarized as follows:

Interest Rate Risk
Interest rate risk arises from the possibility that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

The Jollibee Group's exposure to interest rate risk relates primarily to long-term debt with floating interest rates. Floating rate financial instruments are subject to cash flow interest rate risk. The Jollibee Group's interest rate exposure management policy centers on reducing the Company's overall interest expense and exposure to changes in the interest rates.

To manage the interest rate risk related to the Jollibee Group's long-term debt, the Jollibee Group used a derivative instrument to fix the interest rate over the term of two of its long-term debts (see Note 18).

There is minimal exposure on the other sources of the Jollibee Group's interest rate risk. These other sources are from the Jollibee Group's cash in bank, short-term deposits, short-term investments refundable deposits and employees' car plan receivables.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's equity as at December 31, 2015 and 2014. The impact on the Company's equity is due to changes in the fair value of cross-currency swaps designated as cash flow hedges, floating rate investments and interest rate swaps.

Derivative Instrument

Derivative asset – put/call rights

	Increase/ Decrease in Basis Points	Effect in Profit or Loss Before Income Tax	Effect in Equity Before Income Tax
2015			
USD	+30	(₱33)	₱1,530
	-30	34	(1,598)
PHP	+100	(23,625)	(3,127,521)
	-100	22,113	2,916423

Derivative asset – cross-currency swap

	Increase/ Decrease in Basis Points	Effect in Profit or Loss Before Income Tax	Effect in Equity Before Income Tax
2014			
USD	+100	(₱203)	₱110,192
	-100	215	(114,914)
PHP	+100	(26,800)	(4,927,786)
	-100	27,802	5,138,954

Long-term Debt with Floating Interest Rates

	Increase/ Decrease in Basis Points	Effect in Profit or Loss Before Income Tax
2015		
USD	+100	(72,660,640)
	-100	72,660,640
PHP	+100	(24,525,646)
	-100	24,525,646

	Increase/ Decrease in Basis Points	Effect in Profit or Loss Before Income Tax
2014		
USD	+100	(27,010,880)
	-100	27,010,880
PHP	+100	(22,903,970)
	-100	22,903,970

Foreign Currency Risk

The Jollibee Group's exposure to foreign currency risk arises from the Parent Company's investments outside the Philippines, which are mainly in PRC and USA. The net assets of foreign businesses account for only 6.23% and 9.12% of the consolidated net assets of the Jollibee Group as at December 31, 2015 and 2014, respectively, and the businesses have been rapidly growing.

The Jollibee Group also has transactional foreign currency exposures. Such exposure arises from the Jollibee Group's Philippine operations' cash and cash equivalents, receivables and long-term debt in foreign currencies.

The following table shows the Jollibee Group's Philippine operations' foreign currency-denominated monetary assets and liabilities and their peso equivalents as at December 31, 2015 and 2014:

	2015			2014		
	USD	**RMB**	**PHP Equivalent**	USD	RMB	PHP Equivalent
Assets						
Cash and cash equivalents	**569,392**	**8,076**	**26,854,314**	814,608	8,074	36,487,269
Receivables	**269,926**	–	**12,702,717**	291,896	–	13,053,586
Liability						
Long-term debt	–	–	–	(3,400,000)	–	(152,048,000)
Net exposure	**839,318**	**8,076**	**39,557,031**	(2,293,496)	8,074	(102,507,145)

Foreign Currency Risk Sensitivity Analysis
The Jollibee Group has recognized in profit or loss, foreign currency exchange gains (losses) included under "Other income" account which amounted to a net foreign exchange gain of ₱36.8 million and ₱46.6 million in 2015 and 2013, respectively, and net foreign exchange loss of ₱1.1 million on its net foreign currency-denominated assets in 2014 (see Note 23). This resulted from the movements of the Philippine peso against the USD and RMB as shown in the following table:

	Peso to	
	USD	RMB
December 31, 2015	**47.06**	**7.27**
December 31, 2014	44.72	7.18

The following table demonstrates the sensitivity to a reasonably possible change in USD and RMB to Philippine peso exchange rate, with all other variables held constant, of the Jollibee Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as at December 31, 2015 and 2014:

	2015		2014	
Appreciation (Depreciation) of ₱ against Foreign Currency	**Effect on Income before Income Tax**	**Effect on Equity before Income Tax**	Effect on Income before Income Tax	Effect on Equity before Income Tax
		(In Thousands)		
USD				
₱1.50	**(₱1,259)**	**(₱1,259)**	₱3,440	(₱3,440)
(1.50)	**1,259**	**1,259**	(3,440)	3,440
1.00	**(839)**	**(839)**	2,293	(2,293)
(1.00)	**839**	**839**	(2,293)	2,293
RMB				
0.95	**7.7**	**7.7**	(7.7)	(7.7)
(0.95)	**(7.7)**	**(7.7)**	7.7	7.7
0.63	**5.1**	**5.1**	(5.1)	(7.7)
(0.63)	**(5.1)**	**(5.1)**	5.1	5.1

Equity Price Risk
The Jollibee Group is not exposed to significant equity price risk on its investment in quoted equity securities consisting of investment in club shares.

Credit Risk
Credit risk is the risk that a customer or counterparty fails to fulfill its contractual obligations to the Jollibee Group. This includes risk of non-payment by borrowers, failed settlement of transactions and default on outstanding contracts.

The Jollibee Group has a strict credit policy. Its credit transactions are with franchisees and customers that have gone through rigorous screening before granting them the franchise. The credit terms are very short, while deposits and advance payments are also required before rendering the service or delivering the goods, thus, mitigating the possibility of non-collection. In cases of non-collection, defaults of the debtors are not tolerated; the exposure is contained the moment a default occurs and transactions that will further increase the exposure of the Jollibee Group are discontinued.

The Jollibee Group has no significant concentration of credit risk with counterparty. The Jollibee Group's franchisee profile is such that no single franchisee accounts for more than 5% of the total system wide sales of the Jollibee Group.

The aging analysis of loans and receivables as at December 31, 2015 and 2014 are as follows:

	2015						
		Neither Past Due nor	Past Due but not Impaired (Age in Days)				
	Total	Impaired	1-30	31-60	61-120	Over 120	Impaired
			(In Millions)				
Cash and cash equivalents*	₱11,204.8	₱11,204.8	₱–	₱–	₱–	₱–	₱–
Short-term investments	922.3	922.3	–	–	–	–	–
Receivables:							
Trade	5,575.2	2,646.5	711.8	183.0	416.7	1,097.1	520.1
Employee car plan receivables**	197.6	197.6	–	–	–	–	–
Advances to employees	154.7	154.7	–	–	–	–	–
Other receivables***	145.2	145.2	–	–	–	–	–
Other noncurrent assets:							
Security and other deposits	1,795.0	1,795.0	–	–	–	–	–
Operating lease receivables	12.5	12.5	–	–	–	–	–
	20,007.3	17,078.6	711.8	183.0	416.7	1,097.1	520.1
AFS Financial Assets	21.5	21.5	–	–	–	–	–
	₱20,028.8	₱17,100.1	₱711.8	₱183.0	₱416.7	₱1,097.1	₱520.1

	2014						
		Neither Past Due nor	Past Due but not Impaired (Age in Days)				
	Total	Impaired	1-30	31-60	61-120	Over 120	Impaired
			(In Millions)				
Cash and cash equivalents*	₱7,214.8	₱7,214.8	₱–	₱–	₱–	₱–	₱–
Short-term investments	–	–	–	–	–	–	–
Receivables:							
Trade	7,795.4	3,231.1	1,771.6	808.0	940.2	835.6	208.9
Employee car plan receivables**	195.6	195.6	–	–	–	–	–
Advances to employees	157.1	157.1	–	–	–	–	–
Other receivables***	121.6	121.6	–	–	–	–	–
Other noncurrent assets:							
Security and other deposits	1,522.9	1,522.9	–	–	–	–	–
Operating lease receivables	21.1	21.1	–	–	–	–	–
	17,028.5	12,464.2	1,771.6	808.0	940.2	835.6	208.9
AFS Financial Assets	21.5	21.5	–	–	–	–	–
	₱17,050.0	₱12,485.7	₱1,771.6	₱808.0	₱940.2	₱835.6	₱208.9

**Excluding cash on hand amounting to ₱292.8 million and ₱403.7 million in 2015 and 2014, respectively.*

***Including noncurrent portion of employee car plan receivables.*

****Excluding receivables from government agencies amounting to ₱10.3 million and ₱6.9 million in 2015 and 2014, respectively.*

Credit Risk Exposure. The tables below show the maximum exposure to credit risk of the Jollibee Group as at December 31, 2015 and 2014 without considering the effects of collaterals and other credit risk mitigation techniques:

	2015		
	Gross Maximum Exposure (a)	Fair Value and Financial Effect of Collateral or Credit Enhancement (b)	Net Exposure (c) = (a) - (b)
		(In Millions)	
Financial Assets			
Cash and cash equivalents*	**₱11,204.8**	**₱223.3**	**₱10,981.5****
Short-term investments	922.3	–	922.3
Receivables:			
Trade	5,055.1	137.7	4,917.4***
Employee car plan receivables	197.6	–	197.6
Advances to employees	154.7	–	154.7
Other receivables****	145.2	–	145.2
Other noncurrent assets:			
Security and other deposits	1,795.0	–	1,795.0
Operating lease receivables	12.5	–	12.5
AFS financial asset	21.5	–	21.5
	₱19,508.7	₱361.0	₱19,147.7

	2014		
	Gross Maximum Exposure (a)	Fair Value and Financial Effect of Collateral or Credit Enhancement (b)	Net Exposure (c) = (a) - (b)
		(In Millions)	
Financial Assets			
Cash and cash equivalents*	₱7,214.8	₱149.6	₱7,065.2**
Receivables:			
Trade	7,586.5	197.6	7,388.9***
Employee car plan receivables	195.6	–	195.6
Advances to employees	157.1	–	157.1
Other receivables****	121.6	–	121.6
Other noncurrent assets:			
Security and other deposits	1,522.9	–	1,522.9
Operating lease receivables	21.1	–	21.1
AFS financial asset	21.5	–	21.5
	₱16,841.1	₱347.2	₱16,493.9

** Excluding cash on hand amounting to ₱292.8 million and ₱403.7 million in 2015 and 2014, respectively.*
*** Gross financial assets after taking into account insurance bank deposits for cash and cash equivalents.*
**** Gross financial assets after taking into account payables to the same counterparty.*
***** Excluding receivables from government agencies amounting to ₱10.3 million and ₱6.9 million in 2015 and 2014, respectively.*

With respect to credit risk arising from financial assets of the Jollibee Group, the Jollibee Group's exposure to credit risk arises from default of the counterparty, with a gross maximum exposure equal to the carrying amount of these instruments.

Credit Quality. The tables below show the credit quality by class of financial assets that are neither past due nor impaired, based on the Jollibee Group's credit rating system as at December 31, 2015 and 2014.

	2015				
		Neither Past Due nor Impaired			Past Due or
	Total	A	B	C	Impaired
			(In Millions)		
Receivables					
Trade	**₱5,575.2**	**₱1,684.0**	**₱422.4**	**₱540.1**	**₱2,928.7**
Employee car plan receivables*	**197.6**	**197.6**	–	–	–
Advances to employees	**154.7**	**154.7**	–	–	–
Other receivables**	**145.2**	**145.2**	–	–	–
AFS financial asset	**21.5**	**21.5**			
	₱6,094.2	**₱2,203.0**	**₱422.4**	**₱540.1**	**₱2,928.7**

	2014				
		Neither Past Due nor Impaired			Past Due or
	Total	A	B	C	Impaired
			(In Millions)		
Receivables					
Trade	₱7,795.4	₱2,459.9	₱562.3	₱208.9	₱4,564.3
Employee car plan receivables*	195.6	195.6	–	–	–
Advances to employees	157.1	157.1	–	–	–
Other receivables**	121.6	121.6	–	–	–
AFS financial asset	21.5	21.5			
	₱8,291.2	₱2,955.7	₱562.3	₱208.9	₱4,564.3

**Including noncurrent portion of employee car plan receivables.*
***Excluding receivables from government agencies amounting to ₱10.3 million and ₱6.9 million in 2015 and 2014, respectively.*

The credit quality of financial assets is managed by the Jollibee Group using internal credit ratings, as shown below:

A - For counterparty that is not expected by the Jollibee Group to default in settling its obligations, thus, credit risk exposure is minimal. This counterparty normally includes financial institutions, related parties and customers who pay on or before due date.

B - For counterparty with tolerable delays (normally from 1 to 30 days) in settling its obligations to the Jollibee Group. The delays may be due to cut-off differences and/or clarifications on contracts/billings.

C - For counterparty who consistently defaults in settling its obligation, but with continuing business transactions with the Jollibee Group, and may be or actually referred to legal and/or subjected to cash before delivery (CBD) scheme. Under this scheme, the customer's credit line is suspended and all subsequent orders are paid in cash before delivery. The CBD status will only be lifted upon full settlement of the receivables and approval by management. Thereafter, the regular credit term and normal billing and collection processes will resume.

Liquidity Risk

The Jollibee Group's exposure to liquidity risk refers to the risk that its financial liabilities are not serviced in a timely manner and that its working capital requirements and planned capital expenditures are not met. To manage this exposure and to ensure sufficient liquidity levels, the Jollibee Group closely monitors its cash flows to be able to finance its capital expenditures and to pay its obligations as and when they fall due.

On a weekly basis, the Jollibee Group's Cash and Banking Team monitors its collections, expenditures and any excess/deficiency in the working capital requirements, by preparing cash position reports that present actual and projected cash flows for the subsequent week. Cash outflows resulting from major expenditures are planned so that money market placements are available in time with the planned major expenditure. In addition, the Jollibee Group has short-term cash deposits and has available credit lines with accredited banking institutions, in case there is a sudden deficiency. The Jollibee Group maintains a level of cash and cash equivalents deemed sufficient to finance the operations. No changes were made in the objectives, policies or processes of the Jollibee Group during the years ended December 31, 2015 and 2014.

The Jollibee Group's financial assets, which have maturity of less than 12 months and are used to meet its short-term liquidity needs, are cash and cash equivalents, short-term investments and trade receivables amounting to ₱11,497.6 million, ₱922.3 million and ₱5,055.1 million, respectively, as at December 31, 2015 and cash and cash equivalents and trade receivables amounting to ₱7,618.5 million and ₱7,586.5 million, respectively, as at December 31, 2014.

The tables below summarize the maturity profile of the Jollibee Group's financial liabilities based on the contractual undiscounted cash flows as at December 31, 2015 and 2014:

	2015				
	Due and Demandable	Less than 1 Year	1 to 5 Years	Over 5 Years	Total
Financial Liabilities					
Trade payables and other current liabilities*	₱–	₱16,543,465,961	₱–	₱–	₱16,543,465,961
Long-term debt (including current portion)	–	1,385,129,936	4,374,187,586	5,490,591,850	11,249,909,372
Liability for acquisition of businesses (including current portion)	–	94,852,231	–	–	94,852,231
Operating lease payables	–	205,976,178	486,815,789	922,847,531	1,615,639,498
Total Financial Liabilities	₱–	₱18,229,424,306	₱4,861,003,375	₱6,413,439,381	₱29,503,867,062

	2014				
	Due and Demandable	Less than 1 Year	1 to 5 Years	Over 5 Years	Total
Financial Liabilities					
Trade payables and other current liabilities*	₱–	₱12,742,389,003	₱–	₱–	₱12,742,389,003
Long-term debt (including current portion)	–	2,686,299,192	4,891,954,112	–	7,578,253,304
Liability for acquisition of businesses (including current portion)	–	32,906,018	101,064,311	–	133,970,329
Operating lease payables	–	142,438,494	486,815,789	915,591,908	1,544,846,191
Total Financial Liabilities	₱–	₱15,604,032,707	₱5,479,834,212	₱915,591,908	₱21,999,458,827

**Excluding statutory obligations such as accrued local and other taxes, PHIC, SSS, HDMF and NHMFC payables and unearned revenue from gift certificates.*

Capital Management Policy

Capital includes equity attributable to equity holders of the Parent Company.

The primary objective of the Jollibee Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Jollibee Group has sufficient capitalization.

The Jollibee Group generates cash flows from operations sufficient to finance its organic growth. It declares cash dividends representing at least one-third of its consolidated net income, a ratio that would still leave some additional cash for future expansion. If needed, the Jollibee Group would borrow money for acquisitions of new businesses.

As at December 31, 2015 and 2014, the Jollibee Group's debt ratio and net debt ratio are as follows:

Debt Ratio

	2015	2014
Total debt (a)	₱33,006,458,507	₱26,040,658,079
Total equity attributable to equity holders of the Parent Company	30,623,224,057	27,190,326,655
Total debt and equity attributable to equity holders of the Parent Company (b)	₱63,629,682,564	₱53,230,984,734
Debt ratio (a/b)	52%	49%

Net Debt Ratio

	2015	2014
Total debt	₱33,006,458,507	₱26,040,658,079
Less cash and cash equivalents and short-term investment	12,419,876,641	7,618,473,267
Net debt (a)	20,586,581,866	18,422,184,812
Total equity attributable to equity holders of the Parent Company	30,623,224,057	27,190,326,655
Net debt and equity attributable to equity holders of the Parent Company (b)	₱51,209,805,923	₱45,612,511,467
Net debt ratio (a/b)	40%	40%

31. Fair Value of Financial Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

Financial Instruments Whose Carrying Amounts Approximate Fair Value. Management has determined that the carrying amounts of cash and cash equivalents, short-term investments, receivables, operating lease receivables, trade payables and other current liabilities, short-term debt, operating lease payables, current portion of liability for acquisition of businesses, based on their notional amounts, reasonably approximate their fair values because of their short-term nature or due to the immaterial effect of discounting when the present value of future cash flows from these instruments are calculated.

AFS Financial Assets. The fair value of investments in quoted shares of stock is based on quoted prices. The Jollibee Group does not have the intention to dispose these financial assets in the near term.

Investment Properties. The fair value of the investment properties are determined by independent appraisers using the market data and cost approach, which considers the local market conditions, the extent, character and utility of the property, sales and holding prices of similar parcels of land and the highest and best use of the investment properties.

Security Deposits, Employee Car Plan Receivables, Long-term Debt, Liability for acquisition of Business and Derivative Assets or Liabilities. Management has determined that the estimated fair value of security and other deposits, noncurrent portion of employee car plan receivables, long-term debt, liability for acquisition of business (contingent consideration) and derivative assets or liability are based on the discounted value of future cash flows using applicable rates as follows:

	2015	2014
Security and other deposits	**2.37%-7.25%**	0.48%-5.44%
Employee car plan receivables	**2.14%-6.55%**	0.35%-9.37%
Derivative assets	**0.81%-2.78%**	–
Long-term debt	**3.43%-3.71%**	1.48%-3.31%
Derivative liability	**0.96%-1.00%**	0.96%-1.00%

The following table provides the fair value measurement hierarchy of the Jollibee Group's recurring financial assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets as at December 31, 2015:

		Fair Value Measurement Using		
	Carrying Value	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Available-for-sale financial assets					
Quoted equity shares - club shares	**₱21,462,462**	**₱21,462,462**	**₱–**	**₱21,462,462**	**₱–**
Derivative asset – cross currency swap	**9,868,242**	**9,868,242**	**–**	**9,868,242**	**–**
Derivative asset – put/call rights	**75,031,052**	**75,031,052**	**–**	**–**	**75,031,052**
Assets for which fair values are disclosed:					
Investment properties:	**998,113,494**	**1,414,303,072**	**–**	**1,414,303,072**	**–**
Land	**983,427,880**	**1,311,229,072**	**–**	**1,311,229,072**	**–**
Building	**14,685,614**	**103,074,000**	**–**	**103,074,000**	**–**
Other noncurrent assets:					
Security and other deposits	**1,794,988,953**	**1,894,451,261**	**–**	**1,894,451,261**	**–**
Employee car plan receivables	**130,156,134**	**138,22,669**	**–**	**138,22,669**	**–**

Quantitative fair value measurement hierarchy for assets as at December 31, 2014:

		Fair Value Measurement Using		
	Carrying Value	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Available-for-sale financial assets					
Quoted equity shares - club shares	₱21,479,461	₱21,479,461	₱–	₱21,479,461	₱–
Assets for which fair values are disclosed:					
Investment properties:	1,025,645,035	1,414,303,072	–	1,414,303,072	–
Land	983,427,880	1,311,229,072	–	1,311,229,072	–
Building	42,217,155	103,074,000	–	103,074,000	–
Other noncurrent assets:					
Security and other deposits	1,522,942,799	1,545,877,698	–	1,545,877,698	–
Employee car plan receivables	130,234,889	139,690,838	–	139,690,838	–

Quantitative fair value measurement hierarchy for liabilities as at December 31, 2015:

			Fair Value Measurement Using		
	Date of Valuation	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities measured at fair value:					
Derivative liability	December 31, 2015	₱34,921,275	₱–	₱34,921,275	₱–
Contingent consideration	December 31, 2015	23,635,513	–	–	23,635,513
Liabilities disclosed at fair value:					
Long-term debt	December 31, 2015	10,558,419,087	–	10,558,419,087	–

Quantitative disclosure fair value measurement hierarchy for liabilities as at December 31, 2014:

			Fair Value Measurement Using		
	Date of Valuation	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities measured at fair value:					
Derivative liability	December 31, 2014	₱1,545,472	₱–	₱1,545,472	₱–
Contingent consideration	December 31, 2014	72,176,257	–	–	72,176,257
Liabilities disclosed at fair value:					
Long-term debt	December 31, 2014	8,194,850,283	–	8,194,850,283	–

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements during the year.

Description of significant unobservable input to the measurement of the contingent consideration as at December 31, 2015 is as follows:

	Valuation Technique	Significant Unobservable Input	Range of Input	Sensitivity of the Input to Fair Value
Contingent consideration	Multiple-scenario weighted-probability approach	Revenue growth rate used to forecast EBITDA	7.8% to 25.0%	Increase (decrease) in the revenue growth rate would increase (decrease) the fair value.
Derivative asset – put/call rights	Binomial pricing option model	Long-term growth rate used to calculate equity value	7.0% to 8.0%	Increase (decrease) in the long-term rate would increase (decrease) the fair value.

32. Events after the Reporting Period

Dividend Declaration

Parent Company. On April 6, 2016, the BOD approved a regular cash dividend of ₱0.86 per share of common stock to all stockholders of record as of April 21, 2016. Consequently, the cash dividend is expected to be paid out by May 6, 2016. The cash dividend is 7.5 % higher than the ₱0.80 regular dividend a share declared in April 2015.

Appropriation of Retained Earnings

Parent Company. On April 6, 2016, the BOD approved an additional appropriation of ₱8,000.0 million for capital expenditures for the years 2016 to 2018. Consequently, the appropriated earnings of the Parent Company will increase from ₱10,200.0 million to ₱18,200.0 million.

Payment of Loans

JWPL. On February 5, 2016, JWPL settled its short-term loan amounting to USD6.0 million (₱286.0 million), and paid interest of ₱1.0 million.

Acquisition

JWPL. On February 23, 2016, JWPL entered into an agreement with Hua Xia Harvest Holdings Pte. Ltd. ("Hua Xia") to acquire Hua Xia's 30% equity shareholding in its subsidiary, HBFPPL. With the acquisition, JWPL shall own 100% of HBFPPL. Payment for the acquisition is approximately USD10.4 million (₱495.4 million).

SGV
Building a better working world

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ey.com/ph

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

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Jollibee Foods Corporation
10/F Jollibee Plaza Building,
10 F. Ortigas Jr. Ave.,
Ortigas Center, Pasig City.

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Jollibee Foods Corporation and its subsidiaries as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated April 6, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Jollibee Group's management. These schedules are presented for the purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not a part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until April 30, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321664, January 4, 2016, Makati City

April 6, 2016

JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
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AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2015

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For the years ended December 31, 2015, 2014 and 2013

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Conglomerate Map

** These schedules, which are required by SRC Rule 68.1, As Amended (2011), have been omitted because they are not applicable.*

JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
SCHEDULE A: FINANCIAL ASSETS -Temporary Investments, Time Deposits and Available-For-Sale Investments
FOR THE YEAR ENDED DECEMBER 31, 2015

	Name of Issuing Entity and Association of each use	Amount shown in the Balance Sheet	Income received and accrued
		(Amounts in thousands)	
Loans and Receivables			
Cash in banks and cash equivalents and short-term investments	N/A	₱12,419,877	₱118,032
Trade receivables	N/A	5,055,139	–
Employee car plan receivables	N/A	197,618	–
Advances to employees	N/A	154,670	–
Other receivables	N/A	155,505	–
Security and other deposits	N/A	1,794,989	–
Operating lease receivables	N/A	12,517	–
		19,790,315	118,032
AFS Financial Assets:			
Equity investments	Manila Polo Club	10,000	–
Equity investments	Tagaytay Highlands	5,160	–
Equity investments	The Rockwell Club	730	–
Equity investments	Tagaytay Midlands	400	–
Equity investments	The Palms Country Club	330	–
Equity investments	Valle Verde Country Club, Inc.	300	–
Equity investments	Club Filipino	100	–
Equity investments	Others	4,442	–
		21,462	–
Derivative Assets		84,899	–
Total Financial Assets		**₱19,896,676**	**₱118,032**

JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
SCHEDULE C: RECEIVABLE FROM RELATED PARTIES ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Name of Debtor	Balance at beginning of year	Additions	Amount collected	Amounts written off	Current	Noncurrent	Balance at end of year
			(Amounts in thousands)				
Jollibee Foods Corporation	₱2,188,282	₱10,535,574	(₱10,985,248)	₱-	₱1,738,608	₱-	₱1,738,608
Freemont Foods Corporation	764,982	5,495,004	(5,283,456)	-	976,530	-	976,530
PERF Restaurants, Inc.	334,268	346,302	-	-	680,570	-	680,570
Jollibee Worldwide Pte. Ltd.	517,569	58,200	-	-	575,769	-	575,769
Honeybee Foods Corporation	240,662	188,657	-	-	429,319	-	429,319
Jollibee Vietnam Corporation Ltd.	210,391	25,252	-	-	235,643	-	235,643
Fresh N' Famous Foods, Inc.	203,513	1,869,047	(1,865,892)	-	206,668	-	206,668
Zenith Foods Corporation	287,994	194,102	(403,877)	-	78,219	-	78,219
Red Ribbon Bakeshop, Inc.	141,358	376,045	(442,712)	-	74,691	-	74,691
Jollibee (China) Food & Beverage Management Co. Ltd.	48,783	12,754	-	-	61,537	-	61,537
Red Ribbon Bakeshop, Inc. (USA)	30,959	22,787	-	-	53,746	-	53,746
Tokyo Teriyaki Corporation	36,497	14,252	-	-	50,749	-	50,749
Mang Inasal Philippines Inc.	467,399	506,216	(935,992)	-	37,623	-	37,623
Golden Beeworks Pte. Ltd.	4,261	18,269	-	-	22,530	-	22,530
Guangxi San Pin Wang Food and Beverage Management Company Limited	5,690	-	(2,881)	-	2,809	-	2,809
Grandworth Resources Corporation	5,795	2,011	(7,389)	-	417	-	417
Shanghai Yong He King Food and Beverage Co., Ltd.	24,297	-	(24,297)	-	-	-	-
Others	3,677	-	(1,803)	-	1,874	-	1,874
	₱5,516,377	**₱19,664,472**	**(₱19,953,547)**	**₱–**	**₱5,227,302**	**₱–**	**₱5,227,302**

JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
SCHEDULE D: INTANGIBLE ASSETS - OTHER ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Other changes additions (deductions)	Ending balance
Goodwill	₱6,822,526,341	₱–	₱–	₱–	₱6,822,526,341
Trademark	2,004,255,942	–	–	–	2,004,255,942
Computer software	536,291,694	88,426,801	(65,476,594)	–	559,241,901
Other intangible assets, net of accumulated amortization	22,036,316	11,553,620	(7,479,921)	–	26,110,015
Total	**₱9,385,110,293**	**₱99,980,421**	**₱(72,956,515)**	**₱–**	**₱9,412,134,199**

JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
SCHEDULE E: LONG - TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2015

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown Under Caption "Noncurrent Portion of Long-term Debt" in Related Balance Sheet
US dollar-denominated:			
Ten-year unsecured loan	₱5,176,600,000	₱–	₱5,176,600,000
Five-year unsecured loan	1,058,850,000	470,600,000	588,250,000
Four-year unsecured loan	564,720,000	282,360,000	282,360,000
Five-year unsecured loan	188,240,000	–	188,240,000
Five-year unsecured loan	277,654,000	–	277,654,000
Philippine peso-denominated:			
Five-year and six months unsecured loan	1,500,000,000	15,000,000	1,485,000,000
Five-year unsecured loan	800,000,000	–	800,000,000
Four-year unsecured loan	160,004,000	160,004,000	–
Unamortized debt issue costs	(7,439,394)	(47,727)	(7,391,667)
Total	**₱9,718,628,606**	**₱927,916,273**	**₱8,790,712,333**

JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
SCHEDULE H: CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2015

Title of issue	Number of shares authorized	Number of shares issued and outstanding	Number of shares reserved for options, warrants, conversions, and other rights	Number of Shares Held by		
				Affiliates	Directors, officers and employees	Others
Common Stock	1,450,000,000	1,068,971,526	2,151,892	190,011,297	21,447,668	855,360,669

JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS: KEY PERFORMANCE INDICATORS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 and 2013

			2015	2014	2013
i.	Current ratio	Current assets / Current liabilities	1.29:1	1.26:1	1.18:1
ii.	Solvency ratio, debt-to-equity ratio	Total liabilities / Total equity	51:49	48:52	49:51
iii.	Asset to equity ratio	Total assets / Total equity	2.04	1.93	1.97
iv.	Interest rate coverage ratio	Earnings before interest expense and taxes / Interest expense	29.53	45.33	41.84
v.	Profitability ratio	Net income attributable to equity holders of the Parent Company / Total revenues	4.89%	5.91%	5.82%

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

As at December 31, 2015

JOLLIBEE FOODS CORPORATION

10/F Jollibee Plaza Building
10 F. Ortigas Jr. Ave.,
Ortigas Center, Pasig City

Unappropriated retained earnings, beginning	₱10,165,710,046
Adjustments:	
Deferred tax assets – net, beginning	(705,430,500)
Accretion of interest on financial assets, beginning	(13,753,254)
Unappropriated retained earnings, as adjusted, beginning	₱9,446,526,292
Add: Net income actually earned/realized during the period	
Net income of the Parent Company closed to Retained Earnings	4,490,055,055
Add(Less): Non-actual/unrealized income (loss)	
Benefit from deferred income tax	(448,785,791)
Accretion of interest on financial assets	(11,138,406)
Net income actually earned / realized during the year	4,030,130,858
Add (Less):	
Dividend declarations during the year	(1,886,859,614)
Treasury shares	(180,511,491)
Unappropriated Retained Earnings Available for Dividend Declaration, Ending	**₱11,409,286,045**

JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		✓
	Amendments to PFRS 1: Government Loans	✓		✓
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Meaning of Effective PFRSs	✓		✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
	Amendments to PFRS 2: Definition of Vesting Condition	✓		
PFRS 3 (Revised)	Business Combinations	✓		
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination	✓		
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements	✓		
PFRS 4	Insurance Contracts	✓		✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
	Amendments to PFRS 5: Changes in Method of Disposal*	Not Early Adopted		
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
	Financial Assets			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		✓
	Amendments to PFRS 7: Servicing Contracts*	Not Early Adopted		
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*	Not Early Adopted		
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to Condensed Interim Financial Statements	✓		
PFRS 9	Financial Instruments*	Not Early Adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not Early Adopted		
	Financial Instruments - New hedge accounting requirements*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities	✓		✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception*	Not Early Adopted		
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations*	Not Early Adopted		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendment to PFRS 12: Investment Entities	✓		✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception*	Not Early Adopted		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception	✓		✓
PFRS 14	Regulatory Deferral Accounts*	Not Early Adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative*	Not Early Adopted		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing and Equipment	✓		
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation	✓		✓
	Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization*	Not Early Adopted		
	Amendment to PAS 16: Bearer Plants*	Not Early Adopted		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		✓
	Amendments to PAS 19: Employee Benefits - Defined Benefit Plans: Employee Contributions	✓		✓
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate*	Not Early Adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance	✓		
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		✓
PAS 23 (Revised)	Borrowing Costs	✓		

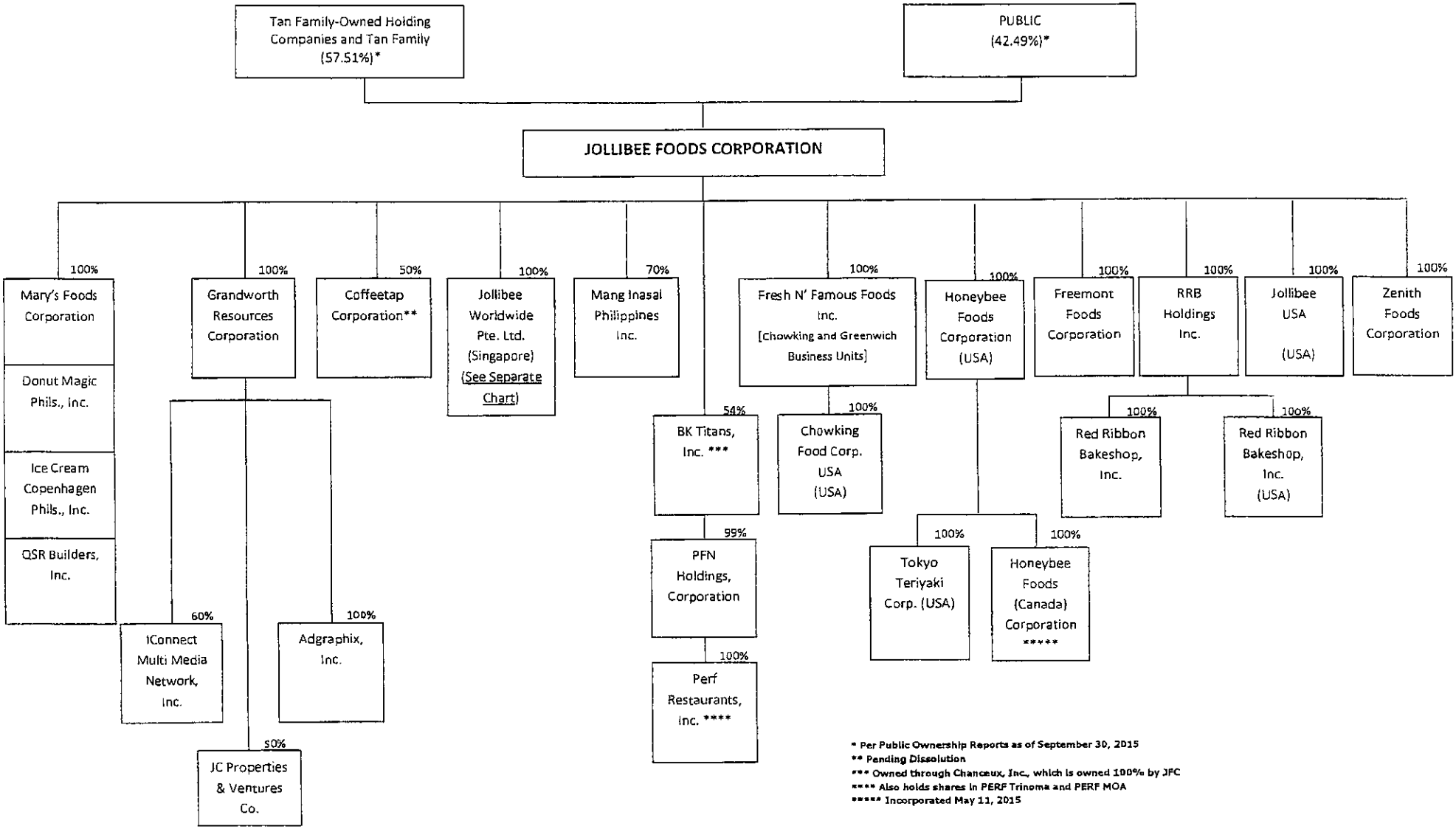
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015*		Adopted	Not Adopted	Not Applicable
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		✓
PAS 27 (Amended)	Separate Financial Statements	✓		✓
	Amendments to PAS 27: Investment Entities	✓		✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements*	Not Early Adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception*	Not Early Adopted		
	Amendments to PAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies	✓		✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendments to PAS 34: Disclosure of Information Elsewhere in the Interim Financial Report*	Not Early Adopted		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization	✓		✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization*	Not Early Adopted		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		✓
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee	✓		✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015*		Adopted	Not Adopted	Not Applicable
	Contracts			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendments to PAS 39: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner Occupied Property	✓		
PAS 41	Agriculture	✓		✓
	Amendments to PAS 41: Bearer Plants*	Not Early Adopted		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments	✓		✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	✓		✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies	✓		✓
IFRIC 8	Scope of PFRS 2	✓		
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements	✓		✓
IFRIC 13	Customer Loyalty Programmes	✓		
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	✓		✓
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		✓
IFRIC 18	Transfers of Assets from Customers	✓		✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	✓		✓
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro	✓		✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities	✓		✓
SIC-12	Consolidation - Special Purpose Entities	✓		✓
	Amendment to SIC - 12: Scope of SIC 12	✓		✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	✓		✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures	✓		✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services	✓		✓
SIC-32	Intangible Assets - Web Site Costs	✓		✓
With Deferred Effective date: Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*		Not Early Adopted		
The following new standards issued by the IASB has not yet been adopted by the FSRC:				
IFRS 15, Revenue from Contracts with Customers*		Not Early Adopted		
IFRS 16, Leases*		Not Early Adopted		

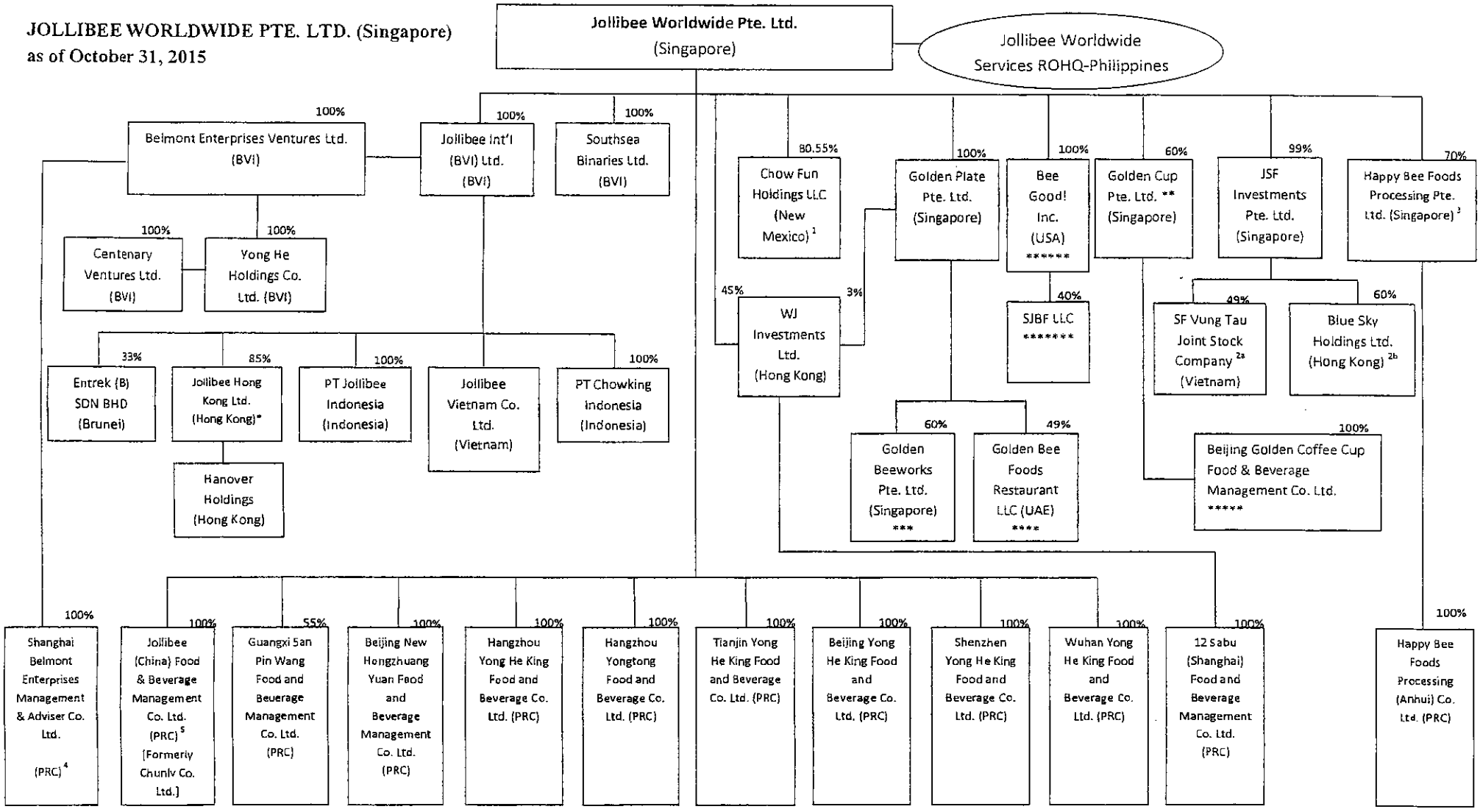
**Standards and interpretations which will become effective subsequent to December 31, 2015.*

JOLLIBEE GROUP OF COMPANIES
Legal Structure as of October 31, 2015



* Per Public Ownership Reports as of September 30, 2015
** Pending Dissolution
*** Owned through Chanceux, Inc., which is owned 100% by JFC
**** Also holds shares in PERF Trinoma and PERF MOA
***** Incorporated May 11, 2015

JOLLIBEE WORLDWIDE PTE. LTD. (Singapore)
as of October 31, 2015



[1] Subsidiaries: Chow Fun Santa Fe LLC
Chow Fun Venture Place LLC
Chow Fun Coors LLC

[2a] Subsidiaries: Highlands Coffee Joint Stock Company
Quantum Corporation
Pho Viet Joint Stock Company
Pho 2d Service Trade Manufacture Corporation

[2b] Subsidiaries: Blue Sky Holdings (Macau) Ltd.
Sino Ocean Asia Ltd.

[3] Formerly Jollibee Foods Processing Pte. Ltd. amended name effective October 2, 2024.

* Should be 100% per Corp. Audit (to be confirmed).
** Incorporated on December 22, 2014;
40% Jasmine Asset Holding Ltd. (BVI)
*** Incorporated on July 29, 2012; 40% Beeworks, Inc. (BUI)
**** Incorporated on January 28, 2015;
51% Golden Crown Foods LLC (UAE)
***** Founded on July 3, 2015
****** Incorporated on October 8, 2015
******* 60% Smashburger Master LLC

Note: - Colossus Global Limited (BVI)
- Granite Management Limited (BVI)
- Cosmic Resources Limited (BVI)
- All Great Resources Limited (BVI)
- Eastpower Resources Limited (BVI)
- Eaglerock Development Limited (BVI)
Deregistered on May 2, 2013.

- Beijing Shang Shi Lin Food & Beverage Management Company Ltd. (PRC) deregistered on February 22, 2022.
- Kuai Le Feng Food and Beverage (Shenzhen) Co. Ltd. (PRC) deregistered on March 29, 2023.
- Shanghai Yong He King Food and Beverage Co. Ltd. deregistered on July 1, 2014.

[4] Shanghai Belmont Enterprises Management & Adviser Co. Ltd. pending de-registration as of February 28, 2015.

[5] Shanghai Yong He King Food and Beverage Co. Ltd. merged with Jollibee (China) Food & Beverage Management Co. Ltd. on January 21, 2015.

Annex "C-2"

Audited Parent Financial Statements for the year ended December 31, 2015

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **JOLLIBEE FOODS CORPORATION** (the Company) is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

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

Signed under oath by the following:

TONY TAN CAKTIONG
Chairman of the Board

ERNESTO TANMANTIONG
President and Chief Executive Officer

YSMAEL V. BAYSA
Chief Financial Officer

MARILOU N. SIBAYAN
Vice President and Comptroller – Worldwide

REPUBLIC OF THE PHILIPPINES)
CITY OF PASIG)S.S

Before me, a notary public in and for the city named above, personally appeared the following:

Name	Competent Evidence of Identity
Tony Tan Caktiong	SSS Number: 03-5003942-0
Ernesto Tanmantiong	SSS Number: 03-6292699-0
Ysmael V. Baysa	SSS Number: 03-4228219-1
Marilou N. Sibayan	SSS Number: 03-9964176-9

Who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took on oath before me as to such instrument.

Witness my hand and seal this 06 APR 2016.

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Page No. 94
Book No. I
Series of 2016

VALERIE F. AMANTE
Notary Public Pasig City
Notarial Commission No. 189 expiring on December 31, 2016
14/Jollibee Plaza, 10 F. Ortigas Jr. Avenue, Ortigas Center, Pasig City
PTR No. 0397564 issued on January 13, 2015/Pasig City
IBP No. 021167 / Lifetime Member / Pasig City
Roll of Attorney's No. 46166

SGV
Building a better working world

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

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

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Jollibee Foods Corporation
10/F Jollibee Plaza Building
10 F. Ortigas Jr. Ave., Ortigas Center
Pasig City

Report on the Parent Company Financial Statements

We have audited the accompanying parent company financial statements of Jollibee Foods Corporation, which comprise the parent company statements of financial position as at December 31, 2015 and 2014, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Parent Company Financial Statements

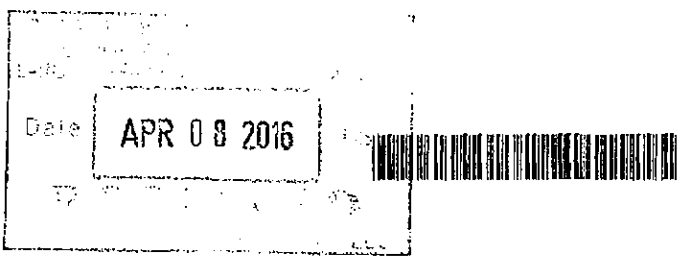
Management is responsible for the preparation and fair presentation of these parent company financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these parent company financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the parent company financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the parent company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



A member firm of Ernst & Young Global Limited

Opinion

In our opinion, the parent company financial statements present fairly, in all material respects, the financial position of Jollibee Foods Corporation as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

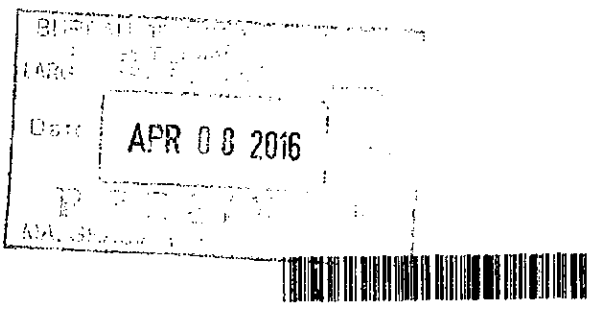
Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Jollibee Foods Corporation in a separate schedule. Revenue Regulations No. 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68, As Amended (2011). Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

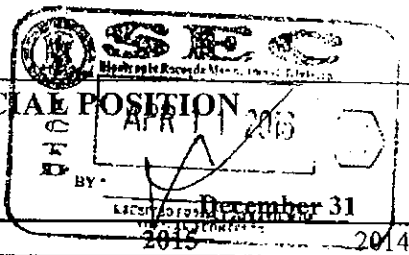
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April 6, 2016

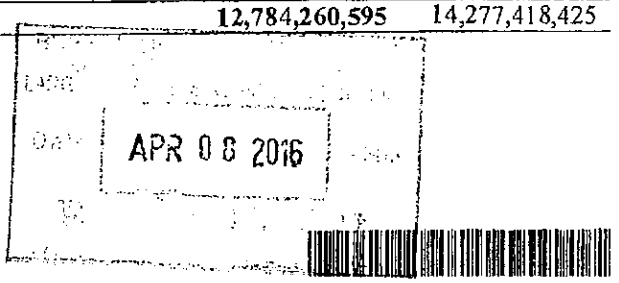


JOLLIBEE FOODS CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION



	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 30 and 31)	₱1,400,486,972	₱1,631,144,879
Receivables (Notes 6, 28, 30 and 31)	4,595,919,166	5,880,941,822
Inventories (Note 7)	1,790,579,343	2,059,544,086
Current portion of operating lease receivables (Notes 28, 29, 30 and 31)	12,590,821	7,465,489
Other current assets (Note 8)	1,470,700,588	565,378,764
Total Current Assets	9,270,276,890	10,144,475,040
Noncurrent Assets		
Advances to related parties (Notes 28, 30 and 31)	1,044,215,200	715,181,206
Available-for-sale financial assets (Notes 9, 30 and 31)	19,668,040	19,668,040
Investments in and advances to subsidiaries (Note 10)	23,491,407,528	22,435,500,992
Property, plant and equipment (Note 11)	3,394,064,728	3,196,041,662
Intangible assets (Note 12)	585,351,912	558,328,009
Investment properties (Note 13)	1,490,999,710	1,522,366,701
Operating lease receivables - net of current portion (Notes 28, 29, 30 and 31)	8,322,095	17,366,429
Deferred tax assets - net (Note 25)	1,288,122,026	682,444,011
Other noncurrent assets (Notes 14, 30 and 31)	792,044,714	740,904,785
Total Noncurrent Assets	32,114,195,953	29,887,801,835
Total Assets	₱41,384,472,843	₱40,032,276,875
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Notes 15, 28, 30 and 31)	₱7,835,135,048	₱8,166,846,201
Short-term debt (Notes 17, 30 and 31)	–	1,865,000,000
Current portion of:		
Long-term debt (Notes 17, 30 and 31)	14,952,273	–
Due to related parties (Notes 28, 30 and 31)	52,685,528	73,030,194
Operating lease payables (Notes 28, 29, 30 and 31)	64,616,021	65,114,747
Total Current Liabilities	7,967,388,870	10,169,991,142
Noncurrent Liabilities		
Provisions (Note 16)	30,500,639	30,500,639
Net of current portion:		
Long-term debt (Notes 17, 30 and 31)	2,277,608,333	2,290,396,970
Due to related parties (Notes 28, 30 and 31)	899,000,000	899,000,000
Operating lease payables (Notes 28, 29, 30 and 31)	614,308,085	588,550,746
Pension liability (Note 26)	995,454,668	298,978,928
Total Noncurrent Liabilities	4,816,871,725	4,107,427,283
Total Liabilities	12,784,260,595	14,277,418,425

(Forward)



	December 31	
	2015	2014
Equity		
Capital stock (Notes 18 and 27)	**₱1,068,971,526**	₱1,063,862,430
Additional paid-in capital (Note 27)	**5,055,293,439**	4,452,162,323
Remeasurement gain (loss) on pension - net of tax	**(312,446,713)**	53,635,142
Retained earnings (Note 19):		
Appropriated	**10,200,000,000**	10,200,000,000
Unappropriated	**12,768,905,487**	10,165,710,046
	28,780,723,739	25,935,369,941
Less cost of common stock held in treasury (Notes 18 and 19)	**180,511,491**	180,511,491
Total Equity	**28,600,212,248**	25,754,858,450
	₱41,384,472,843	₱40,032,276,875

See accompanying Notes to Parent Company Financial Statements.

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JOLLIBEE FOODS CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2015	2014
REVENUES		
Net sales (Note 28)	**₱39,459,539,254**	₱36,210,242,446
Royalty and franchise fees (Notes 20 and 28)	**3,670,844,440**	3,319,483,911
Rent income (Notes 13, 28 and 29)	**239,249,950**	212,283,552
Others (Note 28)	**417,728,455**	356,823,015
	43,787,362,099	40,098,832,924
COST OF SALES AND SERVICES (Notes 21 and 28)		
Cost of sales	**35,175,289,014**	31,330,613,648
Cost of services	**573,773,539**	570,466,984
	35,749,062,553	31,901,080,632
GROSS PROFIT	**8,038,299,546**	8,197,752,292
EXPENSES		
General and administrative expenses (Notes 22 and 28)	**5,722,181,142**	5,158,227,368
Advertising and promotions	**665,467,614**	498,399,608
	6,387,648,756	5,656,626,976
INTEREST INCOME (EXPENSE) (Note 23)		
Interest income	**38,450,249**	39,634,080
Interest expense	**(159,783,406)**	(103,018,377)
	(121,333,157)	(63,384,297)
OTHER INCOME - NET (Note 24)	**3,370,704,669**	1,483,445,320
INCOME BEFORE INCOME TAX	**4,900,022,302**	3,961,186,339
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25)		
Current	**858,753,038**	779,902,674
Deferred	**(448,785,791)**	(415,551,185)
	409,967,247	364,351,489
NET INCOME	**4,490,055,055**	3,596,834,850
OTHER COMPREHENSIVE GAIN (LOSS)		
Item not to be reclassified to profit or loss in subsequent periods -		
Remeasurement gain (loss) on pension (Note 26)	**(522,974,079)**	407,669,713
Income tax effect	**156,892,224**	(122,300,914)
	(366,081,855)	285,368,799
TOTAL COMPREHENSIVE INCOME	**₱4,123,973,200**	₱3,882,203,649
Earnings Per Share for Net Income (Note 32)		
Basic	**₱4.618**	₱5.075
Diluted	**4.528**	4.955

See accompanying Notes to Parent Company Financial Statements.

Date APR 08 2016

JOLLIBEE FOODS CORPORATION
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Notes 18 and 27)	Subscriptions Receivable (Note 18)	Additional Paid-in Capital (Note 27)	Remeasurement Gain (Loss) on Pension (Note 26)	Retained Earnings (Note 19) Appropriated for Future Expansion	Retained Earnings (Note 19) Unappropriated	Cost of Common Stock Held in Treasury (Notes 18 and 19)	Tot Equi
Balance at January 1, 2015	₱1,081,040,314	(₱17,177,884)	₱4,452,162,323	₱53,635,142	₱10,200,000,000	₱10,165,710,046	(₱180,511,491)	₱25,754,858,4
Net income during the year	–	–	–	–	–	4,490,055,055	–	4,490,055,0
Other comprehensive loss	–	–	–	(366,081,855)	–	–	–	(366,081,8
Total comprehensive income (loss)	–	–	–	(366,081,855)	–	4,490,055,055	–	4,123,973,2
Movements in other equity accounts:								
Issuances of capital stock	5,109,096	–	429,919,423	–	–	–	–	435,028,5
Cost of stock options granted to own employees	–	–	161,198,902	–	–	–	–	161,198,9
Cost of stock options granted to employees of subsidiaries	–	–	12,012,791	–	–	–	–	12,012,7
Cash dividends (Note 19)	–	–	–	–	–	(1,886,859,614)	–	(1,886,859,6
Balance at December 31, 2015	₱1,086,149,410	(₱17,177,884)	₱5,055,293,439	(₱312,446,713)	₱10,200,000,000	₱12,768,905,487	(₱180,511,491)	₱28,600,212,2
Balance at January 1, 2014	₱1,068,608,675	(₱17,177,884)	₱3,640,716,729	(₱231,733,657)	₱10,200,000,000	₱8,302,357,737	(₱180,511,491)	₱22,782,260,1
Net income during the year	–	–	–	–	–	3,596,834,850	–	3,596,834,8
Other comprehensive income	–	–	–	285,368,799	–	–	–	285,368,7
Total comprehensive income	–	–	–	285,368,799	–	3,596,834,850	–	3,882,203,6
Movements in other equity accounts:								
Issuances of capital stock	12,431,639	–	644,954,706	–	–	–	–	657,386,3
Cost of stock options granted to own employees	–	–	146,421,852	–	–	–	–	146,421,8
Cost of stock options granted to employees of subsidiaries (Note 10)	–	–	20,069,036	–	–	–	–	20,069,0
Cash dividends (Note 19)	–	–	–	–	–	(1,733,482,541)	–	(1,733,482,5
Balance at December 31, 2014	₱1,081,040,314	(₱17,177,884)	₱4,452,162,323	₱53,635,142	₱10,200,000,000	₱10,165,710,046	(₱180,511,491)	₱25,754,858,4

See accompanying Notes to Parent Company Financial Statements.

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JOLLIBEE FOODS CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

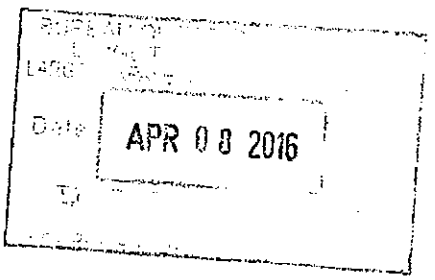
	Years Ended December 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱4,900,022,302	₱3,961,186,339
Adjustments for:		
Dividend income (Note 24)	(2,221,500,000)	(765,000,000)
Depreciation and amortization (Notes 11, 12, 13, 21 and 22)	1,029,263,450	905,165,588
Write-off of long outstanding liabilities (Note 24)	(479,642,996)	(116,594,511)
Movements in pension liability (Note 26)	173,501,661	174,984,740
Stock options expense (Notes 22 and 27)	161,198,902	146,421,852
Interest expense (Note 23)	159,783,406	103,018,377
Interest income (Note 23)	(38,450,249)	(39,634,080)
Net loss on retirement of property, plant and equipment (Note 13)	15,027,599	34,007,861
Net unrealized foreign exchange loss (gain)	(41,637,336)	2,510,385
Net gain on disposal of property, plant and equipment and investment properties (Notes 11, 13 and 24)	(6,234,631)	(70,910,110)
Amortization of debt issue costs (Note 17)	2,163,636	1,896,970
Provision (Reversal) of impairment on:		
Receivables (Note 22)	171,490,794	1,071,541
Inventories (Note 22)	(595,212)	189,230
Property, plant and equipment and investment properties (Notes 11, 13 and 22)	–	(20,500,000)
Write-off of interest in a joint venture (Notes 10 and 22)	–	2,666,420
Income before working capital changes	3,824,391,326	4,320,480,602
Decrease (Increase) in:		
Receivables	1,135,150,420	(3,149,759,089)
Operating lease receivables (Note 29)	3,919,002	3,168,578
Inventories	269,559,955	(766,066,701)
Other current assets	(905,321,824)	(55,248,445)
Increase (Decrease) in:		
Trade payables and other current liabilities	161,934,532	918,210,183
Due to related parties	(20,344,666)	15,081,752
Operating lease payables (Note 29)	25,258,613	5,737,664
Net cash generated from operations	4,494,547,358	1,291,604,544
Income taxes paid	(858,753,038)	(779,902,674)
Interest received	48,524,750	45,273,686
Net cash provided by operating activities	3,684,319,070	556,975,556
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from subsidiaries (Notes 24 and 28)	2,221,500,000	765,000,000
Acquisitions of:		
Property, plant and equipment (Note 11)	(1,166,528,201)	(1,444,583,475)
Intangible assets (Note 12)	(99,975,497)	(317,451,179)
Investment properties (Note 13)	(293,628)	–
Additional investments in and advances to subsidiaries (Note 10)	(1,043,893,745)	(1,727,208,906)
Payment of liability for acquisition of a business (Note 10)	–	(75,000,000)
Increase in:		
Advances to related parties (Note 28)	(329,033,994)	(278,551,892)
Other noncurrent assets	(40,001,523)	(98,208,069)

(Forward)

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	Years Ended December 31	
	2015	2014
Proceeds from:		
Disposal of property, plant and equipment (Note 11)	₱35,060,927	₱87,356,255
Disposal of investment properties (Note 13)	–	28,685,300
Net cash used in investing activities	(423,165,661)	(3,059,961,966)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Dividends (Note 19)	(1,899,665,609)	(1,560,657,861)
Short-term debt (Note 17)	(1,865,000,000)	–
Interest on short-term and long-term debt (Note 17)	(160,980,095)	(95,871,630)
Debt issue cost (Note 17)	–	(4,000,000)
Proceeds from:		
Issuances of capital stock	435,028,519	657,386,345
Availment of short-term debt (Note 17)	–	1,865,000,000
Availment of long-term debt (Note 17)	–	800,000,000
Net cash provided by (used in) financing activities	(3,490,617,185)	1,661,856,854
NET DECREASE IN CASH AND CASH EQUIVALENTS	(229,463,776)	(841,129,556)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,194,131)	(6,738,805)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,631,144,879	2,479,013,240
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱1,400,486,972	₱1,631,144,879

See accompanying Notes to Financial Statements.



1. Corporate Information

Jollibee Foods Corporation (the Company) is a Philippine company primarily involved in the development, operation and franchising of Quick Service Restaurants (QSR) under the "Jollibee" trade name mainly in the Philippines. The operation and franchising of Jollibee QSR outside the Philippines are handled through the Company's subsidiaries. The Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 11, 1978.

The Company has subsidiaries and investees also engaged in the development, operation and franchising of restaurants under the trade names "Greenwich", "Chowking", "Yonghe King", "Red Ribbon", "Hong Zhuang Yuan", "Mang Inasal", "Burger King", "San Pin Wang", "Highlands Coffee", "Pho 24", "12 Hotpot", "Dunkin Donuts", and "Smashburger". Other subsidiaries are engaged in manufacturing and property leasing activities in support of the systems of the Company and its subsidiaries and in other business activities. The list of the Company's subsidiaries and investees is presented in Note 10.

The Company's common shares are listed in the Philippine Stock Exchange.

The registered office address of the Company is 10/F Jollibee Plaza Building, 10 F. Ortigas Jr. Ave., Ortigas Center, Pasig City.

The accompanying parent company financial statements were reviewed and recommended for approval by the Audit Committee as well as approved and authorized for issuance by the Board of Directors (BOD) on April 6, 2016.

2. Basis of Preparation, Statement of Compliance and Changes in Accounting Policies

Basis of Preparation
The accompanying parent company financial statements have been prepared on the historical cost basis, except for certain available-for-sale (AFS) financial assets, which are measured at fair value. The parent company financial statements are presented in Philippine peso, which is the Company's functional and presentation currency.

Statement of Compliance
The accompanying parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to existing PFRSs which became effective on January 1, 2015:

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*

  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an

entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is not applicable to the Company since its defined benefit plan does not require contributions from employees or third parties.

- Annual Improvements to PFRSs (2010-2012 Cycle)

  The following Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after July 1, 2014 and are not expected to have a material impact on the parent company financial statements. They include:

  - PFRS 2, *Share-based Payment - Definition of Vesting Condition*

    This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
    - A performance condition must contain a service condition.
    - A performance target must be met while the counterparty is rendering service.
    - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
    - A performance condition may be a market or non-market condition.
    - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

    While the Company has stock option plans, the clarifications mentioned above will not change the recognition and measurement of these stock options plans.

  - PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*

    The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). This amendment will be applied for any future business combination with a contingent consideration.

  - PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

    The amendments are applied retrospectively and clarify that:

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

    The Company discloses information about business segments in its consolidated financial statements filed with the SEC.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*

  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This is not applicable to the Company since it has not adopted the revaluation model to subsequently measure items of property, plant and equipment and intangible assets after initial recognition.

- PAS 24, *Related Party Disclosures - Key Management Personnel*

  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The Company is already compliant with the requirements of this amendment even before it became effective.

- Annual Improvements to PFRSs (2011-2013 Cycle)

  The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after July 1, 2014 and are not expected to have a material impact on the parent company financial statements. They include:

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

    - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3; and
    - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

    This has no material impact on the parent company financial statements as the Company has no material direct investment in any joint arrangement nor it is a joint arrangement.

  - PFRS 13, *Fair Value Measurement - Portfolio Exception*

    The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39. This is not applicable to the Company as it has not invoked the portfolio exception.

  - PAS 40, *Investment Property - Ancillary Services*

    The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). This amendment will be applied to any future acquisition of an asset with ancillary services.



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

The Company will adopt the following revised standards, interpretations and amendments when these become effective.

Effective January 1, 2016

- PAS 1, *Presentation of Financial Statements - Disclosure Initiative*
  The amendments to PAS 1 clarify, rather than significantly change, existing PAS 1 requirements. The amendments clarify:

  - The materiality requirements in PAS 1;
  - That specific line items in the statements of comprehensive income and the statements of financial position may be disaggregated;
  - That entities have flexibility as to the order in which they present the notes to financial statements; and
  - That the share of Other Comprehensive Income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statements of financial position and the statements of comprehensive income. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company is currently assessing the impact of the amendments on the parent company financial statements but does not currently expect significant changes as a result the amendments.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarifications of Acceptable Methods of Depreciation and Amortization*

  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company does not use a revenue-based method to depreciate its property, plant and equipment and intangible assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants*

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or

after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company is still assessing whether it will elect to use the equity method to account for its investments in subsidiaries and interest in a joint venture in the parent company financial statements.

- PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*

  The amendments address issues that have arisen in applying the investment entities exception under PFRS 10. The amendments to PFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

  Furthermore, the amendments of PFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to PAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

  These amendments must be applied retrospectively and are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. These amendments are not expected to have any impact on the parent company financial statements as it is not an investment entity nor it has any interest in an investment entity.

- PFRS 11, Joint Arrangements - Accounting for Acquisitions of Interests

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

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

- PFRS 14, *Regulatory Deferral Accounts*

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

- Annual Improvements to PFRSs (2012-2014 Cycle)

  The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016. They include:

  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

    Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. This amendment must be applied prospectively. This amendment is currently not applicable to the Company since it has no non-current asset held for sale or discontinued operations.

  - PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*

    PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments. This amendment is not applicable to the Company, having no servicing contracts for its financial assets.

  - PFRS 7, *Financial Instruments: Disclosures - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*

    The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively. This amendment is not applicable to the parent company financial statements, which is only issued annually.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*

  The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied retrospectively. The Company already complies with the requirements of this amendment since government bond rates are currently used to calculate the present value of the Company's defined benefit obligation due to the absence of a deep local market for high quality corporate bonds.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*

  The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. This amendment is not applicable to the parent company financial statements, which is only issued annually.

Effective January 1, 2018

- PFRS 9, *Financial Instruments (2014 or Final Version)*

  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The Company plans to adopt the new standard on the required effective date, which is subject to changes arising from a more detailed ongoing analysis.

  Other than the potential changes on the accounting for the Company's AFS financial assets, the Company does not expect any material change on its accounting for financial assets and financial liabilities. The Company, however, expects potential changes in its impairment model as a 'expected credit loss' model replaces the 'incurred credit losses' model under PAS 39. The changes in hedge accounting are not applicable to the parent company financial statements since the Company has not designated any transaction as a hedge.

The following new standard issued by the International Accounting Standards Board (IASB) has not yet been adopted by the FRSC.

- IFRS 15, *Revenue from Contracts with Customers*

  IFRS 15 was issued in May 2014 and establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount



that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date. The Company is currently assessing the impact of the standard to the parent Company financial statements. Furthermore, the Company is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.

- IFRS 16, *Leases*

  In January 2016, the IASB issued IFRS 16, *Leases*, which requires lessees to recognize assets and liabilities for most leases. Lessees will have a single accounting model for all leases, with certain exemptions. For lessors, there is little change to the existing accounting in PAS 17, *Leases*.

  The new standard will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 has been applied, or is applied at the same date as IFRS 16. The Company is currently assessing the potential impact on its parent company financial statements resulting from the application of IFRS 16. The Company does not expect material changes in accounting for leases wherein it is the lessor. For most leases though wherein it is the lessee, the Company will be required to recognize both a right to use asset and a lease liability at gross amounts.

With Deferred Effective Date

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

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the parent company as it is not into the business of construction of real estate.

3. Summary of Significant Accounting Policies

Current versus Noncurrent Classification

The Company presents assets and liabilities in the parent company statement of financial position based on current/noncurrent classification. An asset is classified as current when it is:

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

All other assets are classified as noncurrent.

A liability is classified as current when it is:

- Expected to be settled in the normal operating cycle;

- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs. Where the Company has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same), the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available an supportable market data as possible) and the cost approach (i.e., based on the amount required to replace the service capacity of an asset).

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

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



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

The Company's management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement. At each reporting date, management analyzes the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

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

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, except for financial assets at FVPL, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified into the following categories:

- Financial assets at FVPL
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

Financial Asset at FVPL. Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading

unless they are designated as effective hedging instruments as defined by PAS 39. Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVPL. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL.

The Company has no financial assets held for trading nor has it designated financial assets at FVPL upon initial recognition. Derivatives embedded in loan contracts did not also qualify to be accounted for as separate derivatives since their economic characteristics and risks are closely related to that of the host contracts.

Loans and Receivables. This category is the most relevant to the Company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is recognized as part of interest income. The losses arising from impairment are recognized as part of the "General and administrative expenses" account in the parent company statement of comprehensive income.

This category generally applies to cash and cash equivalents, receivables, operating lease receivables, advances to related parties and refundable deposits.

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

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in OCI and retained in equity until the investment is derecognized, at which time, the cumulative gain or loss is recognized in profit or loss, or when the investment is determined to be impaired, wherein the cumulative loss is reclassified from equity to profit or loss. Dividends and interest earned while holding AFS financial assets is recognized in profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

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

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

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

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

Financial Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

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

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

In the case of equity investments classified as AFS financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the



period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss, is removed from OCI and recognized in profit or loss. For unquoted equity investments that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instruments, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

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

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

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

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables and other current liabilities, short-term and long-term debt, due to related parties and operating lease payables.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL. Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.



Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PAS 39 are satisfied. The Company has not designated any financial liability as at FVPL nor does it have a financial liability held for trading.

Loans and borrowings. This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the parent company statement of comprehensive income.

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

Offsetting of Financial Instruments

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

Debt Issue Costs
Debt issue costs are deducted against long-term debt and are amortized over the terms of the related borrowings.

Inventories
Inventories are valued at the lower of cost and net realizable value. Costs are accounted for as follows:

Processed inventories	- Standard costing, is reviewed on a quarterly basis and revised as necessary to approximate current costs determined using first in, first out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.
Food supplies, packaging, store and other supplies, and novelty items	- Standard costing is reviewed on a quarterly basis and revised as necessary to approximate current costs determined using FIFO.

Net realizable value of processed inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Net realizable value of food supplies, packaging, store and other supplies is the current replacement cost.

Net realizable value of novelty items is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Other Current Assets

Other current assets include deposits which pertain to deposits to suppliers to be applied for future purchases; prepaid expenses which are expenses paid in advance and recorded as asset before they are utilized; and creditable withholding taxes, which will be applied in the following year against the Company's corporate income tax due.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of property, plant and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less any impairment in value.

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

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the assets:

Plant and buildings, commercial condominium units and improvements	5 - 40 years
Leasehold rights and improvements	2 - 10 years or term of the lease, whichever is shorter
Office, store and food processing equipment	1 - 15 years
Furniture and fixtures	3 - 5 years
Transportation equipment	3 - 5 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period the asset is derecognized.

The residual values, if any, useful lives and depreciation and amortization method of the assets are reviewed and adjusted, if appropriate, at the end of each financial period.

Fully depreciated assets are retained in the accounts until they are disposed or retired.

Construction in progress represents assets under construction and is stated at cost less any impairment in value. This includes the cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for use.

Intangible Assets

Intangible assets acquired separately are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. The useful lives of intangible assets are assessed at the individual asset level as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life using the straight-line method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. At a minimum, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

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

The estimated useful lives used in amortizing the intangible assets are disclosed in Note 12.

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 when the asset is derecognized.

Investment Properties

Investment properties consist of land and buildings and building improvements held by the Company for capital appreciation and rental purposes. Investment properties, except land, are carried at cost, including transaction costs, less accumulated depreciation and amortization and any impairment in value. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Land is carried at cost less any impairment in value.

The depreciation of buildings and building improvements are calculated on a straight-line basis over the estimated useful lives of the assets which are five (5) to twenty (20) years.

The residual values, if any, useful lives and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at each financial year-end.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers to investment property are made only when there is a change in use, evidenced by ending of ownership-occupation, or commencement of an operating lease to another party. Transfers from investment property are made only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.



Impairment of Nonfinancial Assets

The carrying values of investments in and advances to subsidiaries and a joint venture, property, plant and equipment, investment properties and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the asset or CGU are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable, willing parties, less costs of disposal. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Additional paid-in capital is also credited for the cost of the Company's equity-settled share-based payments to its employees and employees of its subsidiaries.

Subscriptions Receivable. Subscriptions receivable represents common stock subscribed and issued by the Parent Company but payment from the shareholders has not yet been received.

Retained Earnings. Retained earnings represent the Company's accumulated earnings, net of dividends declared.

Dividends. The Company recognizes a liability to make cash distribution to its equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in the equity. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the reporting period.

Treasury Shares. Acquisitions of treasury shares are recorded at cost. The total cost of treasury shares is shown in the parent company statement of financial position as a deduction from the total equity. Upon re-issuance or resale of the treasury shares, cost of common stock held in treasury account is credited for the cost of the treasury shares determined using the simple average method. Gain on sale is credited to additional paid-in capital. Losses are charged against additional paid-in



capital but only to the extent of previous gain from original issuance, sale or retirement for the same class of stock. Otherwise, losses are charged directly to retained earnings.

Revenue
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and value-added taxes. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has assessed that it is acting as principal in all of its revenue arrangements. The Company considers both the legal form and the substance of its agreement to determine each party's respective roles in the agreement.

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

Sale of Goods. Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the customers, which is normally upon delivery. Sales returns and sales discounts are deducted from sales to arrive at net sales shown in the parent company statement of comprehensive income.

Royalty Fees. Revenue from royalty fees is recognized as the royalty accrues based on certain percentages of the franchisees' net sales.

Franchise Fees. Revenue from franchise fees is recognized when all services or conditions relating to a transaction have been substantially performed.

Service Fees. Revenue is recognized in the period in which the service has been rendered.

Dividend Income. Dividend income is recognized when the Company's rights as a shareholder to receive the payment is established.

Rent Income. Rent income from operating leases is recognized on a straight-line basis over the lease terms.

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

Other Income. Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability and that can be measured reliably.

Cost and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decreases in assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized as incurred.

Advertising and promotions expenses include costs incurred for advertising schemes and promotional activities for new products. The amount of expenses incurred by the Company is reduced by the network advertising and promotional costs reimbursed by the Company's franchisees and subsidiaries.

Borrowing Costs

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

Pension Benefits

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

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the pension liability or asset
- Remeasurements of pension liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as part of pension costs in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the pension liability or asset is the change during the period in the liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the pension liability or asset is recognized under "Cost of Sales" and "General and Administrative expenses" in the parent company statement of comprehensive income as part of pension costs.

Remeasurements comprising actuarial gains and losses, return on plan liability or assets and any change in the effect of the asset ceiling (excluding net interest on pension liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting pension asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Share-based Payments
The Company has stock option plans granting management, consultants and selected employees an option to purchase a fixed number of the Company's shares of stock at a stated price during a specified period ("equity-settled transactions").

The cost of the options granted to the Company's management, consultants and employees that become vested is recognized in profit or loss with an equivalent credit to additional paid-in capital over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cost of the options granted to management, consultants and employees of subsidiaries, on the other hand, is recognized as additional investment in those subsidiaries.

The fair value is determined using the Black-Scholes Option Pricing Model. The cumulative expense recognized for share-based transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in profit or loss or the investment account for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, provided that all other performance conditions are satisfied.

Where the terms of a share-based award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment agreement, or is otherwise beneficial to management and employees as measured at the date of modification.

Where a share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if there were a modification of the original award.

Research Costs
Research costs are expensed as incurred.

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

Company as Lessee. Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. Contingent rents are recognized as expense in the period in which they are incurred.

Company as Lessor. Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rent income. Rent income from operating leases is recognized as income in profit or loss on a straight-line basis over the lease term.



Provisions

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

Foreign Currency Denominated Transactions

Transactions in foreign currencies are recorded in Philippine peso using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing rate of exchange at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Taxes

Current Tax. Current tax liabilities for the current and prior periods are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Current income tax relating to items recognized directly in equity is recognized directly in equity (not in the profit or loss). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interest in a joint venture, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transactions, affects neither the accounting profit nor taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax relating to items recognized outside profit or loss are recognized also outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Value-added Tax. Revenue, expenses and assets are recognized net of the amount of tax, except:

- where the tax incurred on a purchase of an asset or service is not recoverable from the taxation authority, the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Other current assets" or "Trade payables and other current liabilities" accounts in the parent company statement of financial position.

Earnings per Share (EPS) Attributable to Equity Holders of the Parent Company
Basic EPS is calculated by dividing the net income for the year attributable to the equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend declaration, if any.

Diluted EPS is computed by dividing the net income for the year attributable to the equity holders of the Parent Company by the weighted average number of common shares outstanding during the period, adjusted for any potential common shares resulting from the assumed exercise of outstanding stock options. Outstanding stock options will have dilutive effect under the treasury stock method only when the average market price of the underlying common share during the period exceeds the exercise price of the option.

Where the EPS effect of the shares to be issued to management and employees under the stock option plan would be anti-dilutive, the basic and diluted EPS would be stated at the same amount.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements. These are disclosed in the notes to the parent company financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but disclosed in the notes to the parent company financial statements when an inflow of economic benefits is probable.

Business Segments
The Company is organized and managed separately according to the nature of business. The three major operating businesses of the Company are food service, franchising and leasing. These operating businesses are the basis upon which the Company reports its operating segment information presented in the consolidated financial statements filed with the SEC.

Events after the Reporting Period
Post year-end events that provide additional information about the parent company financial position at the reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the parent company financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

The Company believes the following represents a summary of these significant judgments, estimates and assumptions and the related impact and associated risks on the parent company financial statements.

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

Functional Currency. The Company has determined that its functional and presentation currency is the Philippine peso, being the currency of the primary economic environment in which the Company operates.

Operating Lease Commitments - Company as Lessor. The Company has entered into commercial property leases on its investment property portfolio and subleased properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all significant risks and benefits of these properties which are being leased out. Accordingly, the leases are accounted for as operating leases.

Rent income amounted to ₱239.2 million and ₱212.3 million in 2015 and 2014, respectively (see Note 29).

Operating Lease Commitments - Company as Lessee. The Company has entered into commercial property leases for its QSR outlets and offices as the lessee. The Company has determined, based

on an evaluation of the terms and conditions of the arrangements that all significant risks and benefits of ownership of these properties remain with the lessors. Accordingly, the leases are accounted for as operating leases.

Rent expense amounted to ₱1,406.5 million and ₱1,306.2 million in 2015 and 2014, respectively (see Note 29).

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the parent company financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of Receivables. The Company maintains an allowance for impairment loss at a level considered adequate to provide for potential uncollectible receivables. The level of allowance is evaluated on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customers and counterparties, average age of accounts, collection experience and average actual write-off. The Company performs a regular review of the age and status of these accounts, designed to identify accounts with objective evidence of impairment and provide the appropriate allowance for impairment loss. The review is done annually using specific and collective assessments, respectively. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different methodologies. An increase in allowance account would increase the Company's general and administrative expenses and decrease current assets.

Provision for impairment loss on receivables amounted to ₱171.5 million and ₱1.1 million in 2015 and 2014, respectively, resulting from specific and collective assessments (see Notes 6 and 22). The carrying value of receivables amounted to ₱4,595.9 million and ₱5,880.9 million as at December 31, 2015 and 2014, respectively (see Note 6).

Net Realizable Value of Inventories. The Company writes down inventories to net realizable value, through the use of an allowance account, whenever the net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

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

Reversals of provision for inventory obsolescence amounted to ₱0.6 million and provision for inventory obsolescence amounted to ₱0.2 million in 2015 and 2014, respectively (see Notes 7 and 22). The carrying value of inventories amounted to ₱1,790.6 and ₱2,059.5 million as at December 31, 2015 and 2014, respectively (see Note 7).

Impairment of Property, Plant and Equipment, Intangible Assets with Finite Useful Lives and Investment Properties. The Company performs annual impairment review of property, plant and equipment, intangible assets with finite useful lives and investment properties when certain

impairment indicators are present. Determining the fair value of assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the parent company financial statements. Future events could cause the Company to conclude that the assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and performance.

The Company recognized a reversal of impairment loss on property, plant and equipment amounting to ₱8.5 million in 2014 (see Notes 11 and 22). In addition, the Company recognized a reversal of impairment loss on investment properties amounting to ₱12.0 million in 2014 (see Notes 13 and 22). The aggregate carrying amounts of property, plant and equipment, intangible assets and investment properties amounted to ₱5,470.4 million and ₱5,276.7 million as at December 31, 2015 and 2014, respectively (see Notes 11, 12 and 13).

Estimating Useful Lives of Depreciable Property, Plant and Equipment, Intangible Assets with Finite Useful Lives and Depreciable Investment Properties. The Company estimates the useful lives of depreciable property, plant and equipment, intangible assets with finite useful lives and depreciable investment properties based on the period over which the assets are expected to be available for use and based on the collective assessment of the industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of depreciable property, plant and equipment, intangible assets with finite useful life and depreciable investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits in the use of the assets as applicable. However, it is possible that future financial performance could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amounts and timing of recording of depreciation and amortization for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of depreciable property, plant and equipment, intangible assets with finite useful lives and depreciable investment properties would increase the recorded depreciation and amortization and decrease noncurrent assets.

There were no changes in the estimated useful lives of depreciable property, plant and equipment and depreciable investment properties in 2015 and 2014. There was a change, however, in the useful life used to amortize intangible assets with finite useful life as disclosed in Note 12.

Impairment of Investments in Subsidiaries and Interest in a Joint Venture. Impairment review of investments in subsidiaries and interest in a joint venture is performed when events or changes in circumstances indicate that the carrying value may not be recoverable. This requires management to make an estimate of the expected future cash flows from investments in subsidiaries and interest in a joint venture and to choose a suitable discount rate in order to calculate the present value of those cash flows.

There were no provisions for impairment losses on investments in subsidiaries in 2015 and 2014. In 2014, the Company has directly charged to profit or loss the remaining cost of its investment in Coffeetap, a joint venture, amounting to ₱2.7 million (see Note 22). The carrying values of investments in and advances to subsidiaries amounted to ₱23,491.4 million and ₱22,435.5 million as at December 31, 2015 and 2014, respectively (see Note 10).

Realizability of Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date is reviewed and reduced to the extent that sufficient taxable profits will not be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of

deferred tax assets is based on forecasted taxable income. This forecast is based on the Company's past results and future expectations on revenues and expenses.

The carrying amount of deferred tax assets amounted to ₱1,466.7 million and ₱775.4 million as at December 31, 2015 and 2014, respectively. There were no unrecognized deferred tax assets as at December 31, 2015 and 2014 (see Note 25).

Present Value of Defined Benefit Obligation. The pension expense as well as the present value of the defined benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

Future salary increases are based on budgeted salary increases.

Pension liability amounted to ₱995.5 million and ₱299.0 million as at December 31, 2015 and 2014, respectively (see Note 26).

Share-based Payments. The Company measures the cost of its equity-settled transactions with management and employees by reference to the fair value of the equity instruments at the grant date. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about these inputs. The fair value of the share option is being determined using the Black-Scholes Option Pricing Model. The expected life of the stock options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of the Company.

Total expense arising from share-based payments recognized by the Company amounted to ₱161.2 million and ₱146.4 million in 2015 and 2014, respectively (see Notes 22 and 27).

Fair Value of Financial Assets and Liabilities. When the fair values of financial assets and financial liabilities recorded or disclosed in the parent company statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 31 for further disclosures.

Provisions. The Company recognizes a provision for an obligation resulting from a past event when it has assessed that it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These assessments are made based on available evidence, including the opinion of experts. Future events and developments may

result in changes in these assessments which may impact the Company's financial position and performance (see Note 16).

Contingencies. The Company is currently involved in litigations, claims and disputes which are normal to its business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with the Company's legal counsels and based upon an analysis of potential results. Management believes that the ultimate liability, if any, with respect to the other litigations, claims and disputes will not materially affect the financial position and performance of the Company.

The carrying amount of the Company's provisions for litigations, claims and disputes amounted to ₱30.5 million each as at December 31, 2015 and 2014.

5. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash on hand	**₱118,709,746**	₱101,662,377
Cash in banks	**696,080,971**	706,518,150
Short-term deposits	**585,696,255**	822,964,352
	₱1,400,486,972	₱1,631,144,879

Cash in banks earn interest at the respective savings or special demand deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

Interest income earned from cash in banks and short-term deposits amounted to ₱11.6 million and ₱19.1 million in 2015 and 2014, respectively (see Note 23).

6. Receivables

This account consists of:

	2015	2014
Trade receivables from:		
Franchisees and customers	**₱2,619,536,142**	₱4,220,222,240
Related parties (see Note 28)	**1,905,215,386**	1,409,824,442
	4,524,751,528	5,630,046,682
Less allowance for impairment loss	**197,656,163**	26,165,369
	4,327,095,365	5,603,881,313
Employee advances	**72,912,142**	72,277,900
Current portion of employees' car plan receivables (see Note 14)	**28,034,673**	44,916,794
Interest receivable	**5,874,226**	4,200,275
Others (see Note 28)	**162,002,760**	155,665,540
	₱4,595,919,166	₱5,880,941,822

The terms and conditions of the receivables are as follows:

- Trade receivables are noninterest-bearing and are generally collectible on a 15-day term.
- The terms and conditions of receivables from related parties are discussed in Note 28.
- Employee advances, current portion of employees' car plan receivables, interest receivable, and other receivables are expected to be collected within the next financial year.

Other receivables consist of receivables from the retirement plan and the Social Security System (SSS) and insurance claims.

The movements in allowance for impairment loss on trade receivables as at December 31 follow:

	2015	2014
Balance at beginning of year	**₱26,165,369**	₱75,627,937
Provisions (see Note 22)	**171,490,794**	1,071,541
Write-offs	**–**	(50,534,109)
Balance at end of year	**₱197,656,163**	₱26,165,369

The provisions in 2015 and 2014 resulted from the specific impairment assessment performed by the Company.

Certain other current assets and advances to related parties in 2014 totaling ₱227.4 million were reclassified to receivables to conform to the 2015 presentation. The reclassification did not change the total assets as at December 31, 2014.

7. Inventories

This account consists of:

	2015	2014
At cost:		
Food supplies and processed inventories	**₱1,646,703,193**	₱1,848,216,625
Packaging, store and other supplies	**98,689,901**	163,503,332
At net realizable value -		
Novelty items	**45,186,249**	47,824,129
	₱1,790,579,343	₱2,059,544,086

The cost of novelty items carried at net realizable value amounted to ₱51.3 million and ₱54.6 million as at December 31, 2015 and 2014, respectively.

The Company assesses the age of novelty items on hand in determining the amount of provision for inventory obsolescence or reversal to be recognized. Based on this assessment, the Company booked a reversal of allowance for inventory obsolescence amounting to ₱0.6 million in 2015 and a provision for inventory obsolescence amounting to ₱0.2 million in 2014 (see Note 22).

8. Other Current Assets

This account consists of:

	2015	2014
Deposits to suppliers and others (see Note 6)	**₱615,686,706**	₱171,625,275
Prepaid taxes	**449,245,259**	294,759,248
Prepaid expenses	**361,809,041**	59,311,882
Current portion of prepaid car plan	**43,959,582**	39,682,359
	₱1,470,700,588	₱565,378,764

Deposits to suppliers are generally applied to purchases of inventories and services within the next financial year.

Prepaid taxes represent creditable withholding taxes that the Company can apply against its corporate income tax in the following year.

Prepaid expenses consist of unused office and operating supplies and the unexpired portion of advertising, insurance and other expenses paid in advance.

9. Available-for-Sale Financial Assets

This account consists mainly of shares in golf and leisure clubs amounting to ₱19.7 million each as at December 31, 2015 and 2014.

10. Investments in and Advances to Subsidiaries

The carrying values of investments are as follows:

	2015	2014
Subsidiaries:		
Jollibee Worldwide Pte. Ltd. (JWPL)	**₱12,407,848,636**	₱11,617,851,075
Mang Inasal Philippines Inc.	**2,980,233,926**	2,979,976,588
RRB Holdings, Inc.	**2,524,189,307**	2,522,538,817
Fresh N' Famous Foods, Inc.	**2,328,581,713**	2,322,299,618
Honeybee Foods Corporation	**1,633,522,377**	1,597,778,377
Zenith Foods Corporation	**996,173,239**	996,057,105
Grandworth Resources Corporation	**270,000,000**	270,000,000
BKTitans, Inc.*	**66,347,389**	66,268,854
Freemont Foods Corporation	**59,930,558**	59,930,558
Jollibee USA	**2,800,000**	2,800,000
	23,269,627,145	22,435,500,992
Advances to JWPL	**221,780,383**	–
	₱23,491,407,528	₱22,435,500,992

* Owned through Chanceux, Inc., which is wholly owned by the Company.

The movements in this account are as follows:

	2015	2014
Investments in subsidiaries		
Balance at beginning of year	**₱22,448,615,992**	₱20,701,338,050
Additional investments	**822,113,362**	1,727,208,906
Share-based payments to employees of subsidiaries (see Note 27)	**12,012,791**	20,069,036
Balance at end of year	**23,282,742,145**	22,448,615,992
Less allowance for impairment loss	**13,115,000**	13,115,000
	23,269,627,145	22,435,500,992
Advances to JWPL	**221,780,383**	–
Interest in a joint venture		
Balance at beginning of year	**₱–**	₱2,666,420
Write-off (see Note 22)	–	(2,666,420)
Balance at end of year	–	–
	₱23,491,407,528	₱22,435,500,992

The Company's subsidiaries as at December 31, 2015 and 2014 include the following:

			2015		2014	
	Country of Incorporation	Principal Activities	Direct Ownership	Indirect Ownership	Direct Ownership	Indirect Ownership
Fresh N' Famous Foods, Inc. (Fresh N' Famous):	Philippines	Food service	100	–	100	–
Chowking Food Corporation USA	United States of America (USA)	Holding company	–	100	–	100
Zenith Foods Corporation (Zenith)	Philippines	Food service	100	–	100	–
Freemont Foods Corporation (Freemont)	Philippines	Food service	100	–	100	–
RRB Holdings, Inc. (RRBHI):	Philippines	Holding company	100	–	100	–
Red Ribbon Bakeshop, Inc. (RRBI)	Philippines	Food service	–	100	–	100
Red Ribbon Bakeshop, Inc. USA (RRBI USA)	USA	Food service	–	100	–	100
Mang Inasal Philippines Inc. (Mang Inasal)	Philippines	Food service	70	–	70	–
Grandwirth Resources Corporation (Grandwirth):	Philippines	Leasing	100	–	100	–
Adgraphix, Inc. (Adgraphix)	Philippines	Digital printing	–	100	–	100
JConnect Multi Media Network, Inc. (JConnect)	Philippines	Advertising	–	60	–	60
JC Properties & Ventures Co.	Philippines	Inactive	–	50	–	50
Honeybee Foods Corporation (Honeybee)	USA	Food service	100	–	100	–
Tokyo Teriyaki Corporation (TTC)	USA	Food service	–	100	–	100
Honeybee Foods (Canada) Corporation (HFCC)[a]	Canada	Food service	–	100	–	–
Jollibee Worldwide Pte. Ltd. (JWPL):	Singapore	Holding company	100	–	100	–
Regional Operating Headquarters of JWPL (JWS)	Philippines	Financial accounting, human resources and logistics services	–	100	–	100
Golden Plate Pte., Ltd. (GPPL)	Singapore	Holding company	–	100	–	100
- Golden Beeworks Pte. Ltd.	Singapore	Food service	–	60	–	60
Golden Cup Pte.Ltd.[b]	Singapore	Holding company	–	60	–	60
- Beijing Golden Coffee Cup Food & Beverage Management Co., Ltd.[b]	PRC	Food Service	–	100	–	–
Beijing New Hongzhuangyuan Food and Beverage Management Co., Ltd. (Hong Zhuang Yuan)	PRC	Food service	–	100	–	100
Southsea Binaries Ltd. (Southsea)	British Virgin Island (BVI)	Holding company	–	100	–	100
Beijing Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Shenzhen Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Hangzhou Yongtong Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Hangzhou Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Wuhan Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Tianjin Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Guangxi San Pin Wang Food and Beverage Management Company Limited (San Pin Wang)	PRC	Food service	–	55	–	55
Happy Bee Foods Processing Pte. Ltd. (HBFPPL)	Singapore	Holding company	–	70	–	70
- Happy Bee Foods Processing (Anhui) Co. Ltd.	PRC	Food service	–	100	–	100
JSF Investments Pte. Ltd. (JSF)	Singapore	Holding company	–	99	–	99
Chow Fun Holdings LLC (Chow Fun)	USA	Food service	–	81	–	81
Jollibee (China) Food & Beverage Management Co. Ltd. (JFCC and formerly Shanghai Chunly Co. Ltd)[c]	PRC	Management company	–	100	–	100
Jollibee International (BVI) Ltd. (JIBL):	BVI	Holding company	–	100	–	100
- Jollibee Vietnam Corporation Ltd.	Vietnam	Food service	–	100	–	100
- PT Chowking Indonesia	Indonesia	Food service	–	100	–	100
- PT Jollibee Indonesia	Indonesia	Dormant	–	100	–	100
- Jollibee (Hong Kong) Limited and Subsidiaries	Hong Kong	Dormant	–	85	–	85
- Belmont Enterprises Ventures Limited (Belmont):	BVI	Holding company	–	100	–	100
• Shanghai Belmont Enterprises Management and Adviser Co., Ltd. (SBEMAC)	PRC	Business management service	–	100	–	100
• Yong Ho Holdings Co., Ltd.	BVI	Holding company	–	100	–	100

	Country of Incorporation	Principal Activities	2015 Direct Ownership	2015 Indirect Ownership	2014 Direct Ownership	2014 Indirect Ownership
· Centenary Ventures Ltd.	BVI	Holding company	–	100	–	100
Bee Good! Inc. (BGI)	USA	Holding company	–	100	–	–
Chanceux, Inc.	Philippines	Holding company	100	–	100	–
BKTitans, Inc. (BKTitans)	Philippines	Holding company	–	54	–	54
· PFN Holdings Corporation	Philippines	Holding company	–	53	–	53
· Perf Restaurants, Inc.[d]	Philippines	Food service	–	53	–	53
Donut Magic Phils., Inc. (Donut Magic)[e]	Philippines	Dormant	100	–	100	–
Ice Cream Copenhagen Phils., Inc. (ICCP)[e]	Philippines	Dormant	100	–	100	–
Mary's Foods Corporation (Mary's)[e]	Philippines	Dormant	100	–	100	–
QSR Builders, Inc.	Philippines	Inactive	100	–	100	–
Jollibee USA	USA	Dormant	100		100	–

(a) On May 7, 2015, the Jollibee Group, through HFC, incorporated HFCC to own and operate Jollibee restaurants in Canada.
(b) On December 19, 2014, the Jollibee Group, through JWPL, entered into a joint agreement to form Golden Cup together with Jasmine Asset Holding Ltd. (Jasmine), to own and operate Dunkin' Donuts restaurants in the PRC through Beijing Golden Coffee Cup, which was also incorporated in the same year.
(c) Merged with Shanghai Yong He King Food and Beverage Co., Ltd. in 2014 with JFCC as the surviving entity.
(d) Perf Restaurants, Inc. also holds shares in Perf Trinoma and Perf MOA.
(e) On June 18, 2004, the stockholders of the Jollibee Group approved the Plan of Merger of the three dormant companies. The application is pending approval from the SEC as at December 31, 2015.

Investments in JWPL

The Company made additional cash investments of ₱786.4 million and ₱1,692.3 million in 2015 and 2014, respectively. These additional investments were used to finance JWPL's financing and investing activities in 2015 and 2014.

Investments in Honeybee

In 2015 and 2014, the Company made an additional cash investment of ₱35.7 million and ₱34.9 million, respectively, which in turn was used to finance TTC's installment payment for the purchase of Chowking US. The Chowking US operations were acquired by TTC from Fortune Capital Corporation on May 27, 2011.

Investment in Coffeetap

In 2014, the Company has directly charged to profit or loss the remaining cost of its investment in Coffeetap amounting to ₱2.7 million as management has determined that the recoverable amount of the investment based on value in use is nil. The write-off was recognized in "General and administrative expenses" account in the 2014 parent company statement of comprehensive income.

Investment in Mang Inasal

On November 22, 2010, the Company acquired 70% of the issued and outstanding shares of Mang Inasal, owner and operator of Mang Inasal QSR in the Philippines, for a total consideration of ₱3,000.0 million. The Company paid ₱2,700.0 million as at December 31, 2010. The the remaining 10% of the purchase price is payable over a 3-year period as follows:

50%	12 months from November 22, 2010 (closing date)
25%	24 months from closing date
25%	36 months from closing date

On November 14 and 19, 2014, the Company paid the last 25% installment of the unpaid purchase price for the acquisition of Mang Inasal amounting to ₱28.2 million and ₱46.9 million, respectively. Total amount paid is inclusive of interest amounting to ₱0.1 million.

Advances to JWPL

Advances to JWPL pertain to advances made by the Company for the transaction costs of Bee Good! Inc.'s (BGI) investment in SJBF LLC. BGI is a wholly-owned subsidiary of the Company through JWPL.

Stock Option Grants to Employees of Subsidiaries

The Company has stock option grants to the employees of its subsidiaries under the Management Stock Option Program (MSOP). Details about the MSOP are disclosed in Note 27. The cost of those stock options for the years ended December 31, 2015 and 2014 were charged to the investment in the relevant subsidiary as follows:

	2015	2014
Fresh N' Famous Foods, Inc.	**₱6,282,095**	₱10,902,448
Jollibee Worldwide Pte. Ltd.	**3,628,199**	2,304,438
RRB Holdings, Inc.	**1,650,490**	3,889,502
Mang Inasal Philippines Inc.	**257,338**	2,435,899
Zenith Foods Corporation	**116,134**	–
BKTitans, Inc.	**78,535**	536,749
	₱12,012,791	₱20,069,036

11. Property, Plant and Equipment

The rollforward analysis of this account follows:

	2015							
	Land	Plant and Buildings, Commercial Condominium Units and Improvements	Leasehold Rights and Improvements	Office, Store and Food Processing Equipment	Furniture and Fixtures	Transportation Equipment	Construction in Progress	Total
				(In Thousands)				
Cost:								
Balance at beginning of year	₱28,586	₱453,815	₱2,987,226	₱3,218,692	₱356,308	₱354,330	₱229,027	₱7,627,984
Additions	–	–	187,126	317,547	33,294	30,769	597,792	1,166,528
Retirements and disposals	–	–	(69,513)	(116,832)	(15,195)	(14,474)	(6,663)	(222,677)
Transfers	–	–	4,703	(4,004)	84	–	(783)	–
Reclassifications	–	–	307,710	185,182	29,307	5,714	(527,913)	–
Balance at end of year	28,586	453,815	3,417,252	3,600,585	403,798	376,339	291,460	8,571,835
Accumulated depreciation and amortization:								
Balance at beginning of year	–	393,959	1,557,226	2,051,084	262,455	167,218	–	4,431,942
Additions (see Notes 21 and 22)	–	9,791	381,148	438,600	40,908	54,204	–	924,651
Retirements and disposals	–	–	(44,235)	(109,140)	(14,781)	(10,667)	–	(178,823)
Transfers	–	–	2,259	(2,228)	(31)	–	–	–
Reclassifications	–	–	(3,604)	3,561	43	–	–	–
Balance at end of year	–	403,750	1,892,794	2,381,877	288,594	210,755	–	5,177,770
Net Book Value	₱28,586	₱50,065	₱1,524,458	₱1,218,708	₱115,204	₱165,584	₱291,460	₱3,394,065

	2014							
	Land	Plant and Buildings, Commercial Condominium Units and Improvements	Leasehold Rights and Improvements	Office, Store and Food Processing Equipment	Furniture and Fixtures	Transportation Equipment	Construction in Progress	Total
				(In Thousands)				
Cost:								
Balance at beginning of year	₱28,586	₱458,469	₱2,848,340	₱3,234,436	₱321,464	₱212,804	₱89,475	₱7,193,574
Additions	–	–	249,901	625,225	34,608	59,238	515,611	1,444,583
Retirements and disposals	–	(5,567)	(345,861)	(520,811)	(37,584)	(9,094)	(14,012)	(932,929)
Transfers	–	–	(222)	174	48	–	–	–
Reclassifications	–	913	235,068	(120,332)	37,772	131,382	(362,047)	(77,244)
Balance at end of year	28,586	453,815	2,987,226	3,218,692	356,308	354,330	229,027	7,627,984
Accumulated depreciation and amortization:								
Balance at beginning of year	–	388,780	1,519,388	2,164,653	262,919	140,168	–	4,475,908
Additions (see Notes 21 and 22)	–	9,832	350,331	412,121	37,438	30,620	–	840,342
Retirements and disposals	–	(5,568)	(316,516)	(505,804)	(36,446)	(9,093)	–	(873,427)

(Forward)

	2014							
	Land	Plant and Buildings, Commercial Condominium Units and Improvements	Leasehold Rights and Improvements	Office, Store and Food Processing Equipment	Furniture and Fixtures	Transportation Equipment	Construction in Progress	Total
				(In Thousands)				
Transfers	₱–	₱–	(₱148)	₱100	₱48	₱–	₱–	₱–
Reclassifications	–	915	4,171	(19,986)	(1,504)	5,523	–	(10,881)
Balance at end of year	–	393,959	1,557,226	2,051,084	262,455	167,218	–	4,431,942
Accumulated impairment loss:								
Balance at beginning of year	–	–	–	8,500	–	–	–	8,500
Reversal of impairment loss (see Note 22)	–	–	–	(8,500)	–	–	–	(8,500)
Balance at end of year	–	–	–	–	–	–	–	–
Net Book Value	₱28,586	₱59,856	₱1,430,000	₱1,167,608	₱93,853	₱187,112	₱229,027	₱3,196,042

Construction in progress account as at December 31, 2015 and 2014 mainly pertains to costs incurred for ongoing construction of soon-to-open stores.

Net gain or loss on disposals and retirements of property, plant, and equipment amounted to ₱8.8 million and ₱52.6 million in 2015 and 2014, respectively. The Company sold items of property, plant and equipment for a total consideration of ₱35.1 million and ₱87.4 million, in 2015 and 2014, respectively.

No impairment was recognized by the Company in 2015. In 2014, management reassessed the recoverable amount of the Company's office, store and food processing equipment based on actual inspection of the Company's existing assets and recognized a reversal of provision amounting to ₱8.5 million in 2014, based on fair value less cost to sell and presented under the "General and administrative expenses" account in the 2014 parent company statement of comprehensive income (see Note 22). The recoverable amount of the impaired office, store and food processing equipment amounted to ₱10.0 million as at December 31, 2014. The recoverable amount is based on fair value less cost to dispose. Management expects minimal costs to dispose the items.

The cost of fully depreciated assets retained in the books by the Company amounted to ₱2,748.2 million and ₱2,250.8 million as at December 31, 2015 and 2014, respectively.

No property, plant and equipment as at December 31, 2015 and 2014 have been pledged as security or collateral.

12. Intangible Assets

This account consists of:

	2015	2014
Cost:		
Balance at beginning of year	**₱602,774,261**	₱285,323,082
Additions	**99,975,497**	317,451,179
Balance at end of year	**₱702,749,758**	₱602,774,261
Accumulated amortization:		
Balance at beginning of year	**₱44,446,252**	₱8,468,517
Amortization (see Note 22)	**72,951,594**	35,977,735
Balance at end of year	**₱117,397,846**	₱44,446,252
Net book value:		
At end of year	**₱585,351,912**	₱558,328,009
At beginning of year	**558,328,009**	276,854,565

Intangible assets mainly pertain to computer software relating to the Company's Enterprise Resource Planning (ERP) application which was utilized by the Company starting August 1, 2014. In 2015, the Company continued to capitalize further costs used to fully utilize the system.

During 2015, the Company conducted a reassessment of the useful life of its ERP application, which resulted in a change in its expected usage. Considering the substantial amount of investment made by the Company to implement the new application, the alternative applications currently available in the market and the Company's historical experience with its previous ERP application, management now expects and intends to use the new ERP application for ten (10) years from commissioning date. Management has previously estimated the expected useful life of the new ERP application at five (5) years. This change will result to annual amortization expense to be lower by ₱58.0 million in 2015, by ₱64.0 million in 2016 to 2018, and by ₱33.0 million in 2019; and amortization expense which is higher by ₱58.0 million in 2020 thereafter. The Company's ERP application has a net book value of ₱559.2 million and ₱536.3 million as at December 31, 2015 and 2014, respectively.

The Company's intangible assets also include trademarks and patents amortized over its useful life of five years with net book value of ₱26.1 million and ₱22.0 million as at December 31, 2015 and 2014, respectively.

13. Investment Properties

The rollforward analysis of this account follows:

	2015		
	Land	Buildings and Building Improvements	Total
Cost:			
Balance at beginning of year	₱759,181,799	₱985,445,237	₱1,744,627,036
Additions	-	293,628	293,628
Balance at end of year	759,181,799	985,738,865	1,744,920,664
Accumulated depreciation and amortization:			
Balance at beginning of year	₱-	₱222,260,335	₱222,260,335
Additions (see Notes 21 and 22)	-	31,660,619	31,660,619
Balance at end of year	-	253,920,954	253,920,954
Net book value	₱759,181,799	₱731,817,911	₱1,490,999,710

	2014		
	Land	Buildings and Building Improvements	Total
Cost:			
Balance at beginning of year	₱766,461,538	₱913,052,933	₱1,679,514,471
Additions	-	-	-
Retirements and disposals	(7,279,739)	(4,851,197)	(12,130,936)
Reclassifications	-	77,243,501	77,243,501
Balance at end of year	759,181,799	985,445,237	1,744,627,036

(Forward)

	2014		
	Land	Buildings and Building Improvements	Total
Accumulated depreciation and amortization:			
Balance at beginning of year	₱-	₱187,384,289	₱187,384,289
Additions (see Notes 21 and 22)	-	28,846,278	28,846,278
Retirements and disposals	-	(4,851,197)	(4,851,197)
Reclassifications	-	10,880,965	10,880,965
Balance at end of year	-	222,260,335	222,260,335
Accumulated impairment loss:			
Balance at beginning and end of year	12,000,000	-	12,000,000
Reversal (see Note 22)	(12,000,000)	-	(12,000,000)
Balance at end of year	-	-	-
Net book value	₱759,181,799	₱763,184,902	₱1,522,366,701

The cost of fully depreciated investment properties still being leased out by the Company under operating leases amounted to ₱107.5 million as at December 31, 2015 and 2014.

The Company's investment properties have an aggregate fair value of ₱2,482.6 million as at December 31, 2014 as determined by independent qualified appraisers. Management does not expect a significant change in the aggregate fair value of the Company's investment properties in 2015. The fair value represents the amount at which the assets and liabilities can be exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions in accordance with International Valuation Standards.

In determining the fair value of the investment properties, the independent appraisers used the market data approach for land and cost approach for buildings and building improvements. For land, fair value is based on sales and listings of comparable properties within the vicinity after adjustments for differences in location, size and shape of the lot, time elements and other factors between the properties and their comparable properties. For buildings and building improvements, fair value is based on the current cost to replace the properties in accordance with prevailing market prices for materials, labor, contractors' overhead, profit and fees in the locality after adjustments for depreciation due to physical deterioration, and functional and economic obsolescence based on personal inspection of the buildings and building improvements and in comparison to similar new properties. Fair value hierarchy disclosures for investment properties have been provided in Note 31.

Rent income derived from income-generating properties amounted to ₱125.5 million and ₱103.7 million in 2015 and 2014, respectively, recorded under "Rent income" account.

Direct operating costs relating to the investment properties, which include depreciation and maintenance expenses, totaled ₱31.7 million and ₱28.4 million in 2015 and 2014, respectively.

The Company sold items of investment properties for a total consideration of ₱28.7 million in 2014. As a result of the sale, the Company recognized a gain on disposal amounting to ₱18.3 million.

In 2014, the Company reassessed the recoverable amount of land with acquisition cost of ₱400.1 million and an allowance for impairment loss of ₱12.0 million. The reassessment resulted to the reversal of the allowance for impairment loss and the recoverable amount of the land amounted to ₱414.3 million which is based on its fair value less cost to dispose as determined by an independent appraiser. Management expects minimal costs to dispose the land.

No investment properties as at December 31, 2015 and 2014 have been pledged as security or collateral.

14. Other Noncurrent Assets

This account consists of:

	2015	2014
Refundable deposits	**₱438,695,873**	₱390,186,386
Noncurrent portion of:		
Prepaid car plan	**112,635,521**	84,182,629
Employees' car plan receivables	**92,811,553**	89,845,027
Prepaid rent	**83,030,474**	103,506,142
Deferred rent and compensation	**36,537,693**	40,749,204
Returnable containers	**20,226,096**	20,587,500
Others	**8,107,504**	11,847,897
	₱792,044,714	₱740,904,785

Refundable deposits represent security deposits for operating leases entered into by the Company as a lessee (see Note 29). The refundable deposits are recoverable from the lessors at the end of the related lease terms and are presented at amortized cost. The discount rates used range from 2% to 22% in 2015 and 2014. The difference between the fair value at initial recognition and the notional amount of the refundable deposits is recognized as deferred rent and amortized on a straight-line basis over the lease terms. Accretion of interest pertaining to refundable deposits amounted to ₱5.8 million and ₱6.3 million in 2015 and 2014, respectively (see Note 23).

Employees' car plan receivables are presented at amortized cost. The difference between the fair value at initial recognition and the notional amount of the employees' car plan receivables is recognized as deferred compensation and amortized on a straight-line basis over the credit period. Accretion of interest pertaining to employees' car plan receivables amounted to ₱5.3 million and ₱7.5 million in 2015 and 2014 (see Note 23).

15. Trade Payables and Other Current Liabilities

This account consists of:

	2015	2014
Trade payables:		
Suppliers	**₱3,361,728,342**	₱2,455,355,316
Related parties (see Note 28)	**515,540,289**	1,226,541,290
Accruals for:		
Advertising and promotions	**517,095,640**	634,975,150
Salaries, wages and employee benefits	**409,438,832**	415,971,724
Professional fees	**301,729,549**	85,567,639
Rent	**229,688,116**	192,113,890
Store operations	**127,716,150**	302,672,208
Delivery expenses	**105,263,035**	79,540,573
Repairs, maintenance and security	**91,737,474**	96,336,042

(Forward)

	2015	2014
Supplies	**₱90,204,549**	₱80,524,220
Electricity, other utilities and communication	**82,936,709**	95,676,914
Gift certificates	**79,520,495**	45,746,758
Corporate events	**77,793,283**	17,999,560
Novelties	**63,775,094**	78,333,426
Trainings and seminars	**61,482,230**	48,913,991
Retention	**23,491,242**	24,686,932
Transportation and travel	**15,212,516**	7,711,641
Interest (see Note 17)	**8,107,592**	9,304,281
Insurance	**4,385,552**	4,594,813
Others	**816,488,912**	667,192,468
Local and other taxes payable	**600,447,207**	1,239,691,955
Customers' deposits	**207,807,365**	301,044,540
Dividends payable	**43,544,875**	56,350,870
	₱7,835,135,048	₱8,166,846,201

Trade payables are noninterest-bearing and are settled within a 30-day term.

The terms and conditions of payables to related parties are discussed in Note 28.

Accruals, local and other taxes payable, customers' deposits and dividends payable are noninterest-bearing and are normally settled within the next financial year.

Other accruals generally consist of amounts payable for conventions, trainings, seminars and various activities of the Company's Human Resources Team.

Customers' deposits pertain to security deposits from operating leases with franchisees and subsidiaries, which are refundable at the end of the lease term and deposits for kiddie party packages. Accretion of interest pertaining to customers' deposits amounted to ₱1.0 million and ₱0.9 million in 2015 and 2014 (see Note 23).

16. Provisions

This mainly represents provisions for legal claims, which include estimates of legal services, settlement amounts and other costs of claims made against the Company. Other information on the claims are not disclosed as this may prejudice the Company's position on such claims (see Note 29).

17. Short-term and Long-term Debts

Short-term Debt

Short-term debt consists of unsecured short-term bank loans of the Company. These loans were availed in 2014 with maturities of one year or less with interest rates ranging from 1.8% to 1.9%. Short-term debt amounted to ₱1,865.0 million as at December 31, 2014, which was subsequently settled in 2015.

Interest expense recognized on the short term debt amounted to ₱40.9 million and ₱3.2 million in 2015 and 2014, respectively. (see Note 23).

Long-term Debt

₱1,500.0 Million Metrobank and Trust Company (MBTC) Loan
On December 9, 2013, the Company refinanced a 2011 loan from MBTC amounting to ₱1,500.0 million. The new loan is payable over five years and six months from the date of drawdown with annual principal repayments of ₱15.0 million starting on the 30th month from the date of drawdown and ₱1,455.0 million upon maturity. The loan is subject to a variable interest rate based on three-month Philippine Dealing System Treasury Fixing (PDST-F) rate plus spread of 1.25%, which is payable and is reset on a quarterly basis, and to an interest rate floor based on the Bangko Sentral ng Pilipinas (BSP) Overnight Reverse Repurchase Agreement Rate. The loan was drawn on December 16, 2013 and will mature on June 17, 2019. The Company incurred debt issue costs of ₱7.5 million, representing documentary stamp tax, in relation to this loan in 2013.

Under the loan agreement with MBTC, the Company has an option to convert the variable interest rate into a fixed interest rate based on the PDST-F rate for the remaining term of the loan and the spread of 1.00% on any interest payment date. The Company also has an option to prepay the loan in full or in multiples of ₱10.0 million on any interest payment date.

₱800.0 Million Bank of the Philippine Islands (BPI) Loan
On April 21, 2014, the Company obtained an unsecured loan from BPI amounting to ₱800.0 million. The principal is payable after five years on maturity upon April 21, 2019. The loan is subject to a variable interest rate based on three-month PDST-F rate plus spread of 1.00%, which is payable and is reset on a quarterly basis, and to an interest rate floor based on the BSP Special Deposit Account Rate plus spread of 1.00% or BSP Overnight Borrowing rate plus spread of 1.00%. The Company incurred debt issue costs of ₱4.0 million, representing documentary stamp tax, in relation to this loan.

Under the loan agreement with BPI, the Company has an option to convert the variable interest rate into a fixed interest rate based on a five-year treasury securities benchmark yield plus spread of 1.00% on the date the option to convert is exercised, subject to an annual interest rate floor of 4.75%. The Company also has an option to prepay the loan, wholly or partially, without penalty at any time during the term of the loan subject to certain conditions.

The balance of the Company's long-term debt as at December 31, 2015 and 2014 is as follows:

	2015	2014
Principal	**₱2,300,000,000**	₱2,300,000,000
Unamortized debt issue cost	**(7,439,394)**	(9,603,030)
	2,292,560,606	2,290,396,970
Current portion - net of debt issue cost of ₱47,727	**(14,952,273)**	–
Noncurrent portion - net of debt issue cost	**₱2,277,608,333**	₱2,290,396,970

Debt Issue Cost
The movements in unamortized debt issue cost in 2015 and 2014 are as follows:

	2015	2014
Balance at beginning of year	**₱9,603,030**	₱7,500,000
Additions	**–**	4,000,000
Amortization	**(2,163,636)**	(1,896,970)
Balance at end of year	**₱7,439,394**	₱9,603,030

The future expected principal settlements of the long-term debt follow:

2016	₱15,000,000
2017	15,000,000
2018	15,000,000
2019	2,255,000,000
	₱2,300,000,000

Interest expense incurred related to long-term debt amounted to ₱89.8 million and ₱73.4 million in 2015 and 2014, respectively (see Note 23), which include amortization of debt issue cost amounting to ₱2.2 million and ₱1.9 million, respectively. Accrued interest expense included in "Trade payables and other current liabilities" account amounted to ₱8.1 million and ₱9.3 million as at December 31, 2015 and 2014, respectively (see Note 15).

Debt Covenants

The Company's ₱1,500.0 million loan with MBTC is subject to affirmative debt covenants, including maintaining business, maintaining insurance, paying taxes, notifying MBTC of material legal proceedings and agreements, and maintaining accurate accounting records, among others. It is also subject to negative debt covenants, including not making material changes in its business, not permitting material changes in ownership and voting control, and not guaranteeing debt of non-subsidiaries and non-affiliates, among others. Noncompliance with these debt covenants may result to the acceleration of the maturity of the loan. In addition, the Company is required not to exceed a Debt-to-Equity ratio and Debt-to-EBITDA ratio of 3.0. The Company is in compliance with these debt covenants as at December 31, 2015 and 2014.

The Company's ₱800.0 million loan with BPI is subject to affirmative debt covenants, including maintaining and preserving corporate existence, rights, privileges and franchises, keeping proper and adequate accounting records, complying with laws, and furnishing BPI with audited financial statements and interim financial reporting statements, among others. It is also subject to negative covenants, including not making material changes in its business, not making material changes in its ownership, engaging in business not authorized by its articles of incorporation, and assigning, transferring or conveying any right to receive income or revenues except in the ordinary course of business, among others. In addition, the Company is required not to exceed a Debt-to-Equity ratio of 3.0 and to maintain a Debt Service Coverage ratio of at least 1.3. The Company is in compliance with these debt covenants as at December 31, 2015 and 2014.

18. Capital Stock

The movements in the number of shares are as follows:

	2015	2014
Authorized - ₱1 par value	**₱1,450,000,000**	₱1,450,000,000
Issued and subscribed:		
Balance at beginning of the year	**1,081,040,314**	1,068,608,675
Issuances during the year	**5,109,096**	12,431,639
Balance at end of year	**1,086,149,410**	1,081,040,314
Subscriptions receivable	**(17,177,884)**	(17,177,884)
	₱1,068,971,526	₱1,063,862,430

The Company's common stock held in treasury amounted to ₱180.5 million which is equivalent to 16.4 million shares as at December 31, 2015 and 2014.

In relation with the SRC Rule 68, as Amended (2011), Annex 68-D, below is the summary of the Company's track record of registration of securities.

	Number of shares registered	Issue/offer price	Date of approval	Number of holders of securities as of December 31 2015	2014
Common shares	75,000,000	₱9	June 21, 1993	3,118	3,173

19. Retained Earnings

Cash dividend declarations for 2015 and 2014 follow:

2015				
Declaration Date	**Record Date**	**Payment Date**	**Cash Dividend per Share**	**Total Cash Dividends Declared**
April 7	**May 7**	**May 29**	**₱0.80**	**₱851,349,864**
November 9	**November 26**	**December 9**	**0.97**	**1,035,509,750**
			₱1.77	**₱1,886,859,614**

2014				
Declaration Date	Record Date	Payment Date	Cash Dividend per Share	Total Cash Dividends Declared
April 7	May 8	May 30	₱0.75	₱788,176,867
November 12	November 27	December 18	0.89	945,305,674
			₱1.64	₱1,733,482,541

The Company has a cash dividend policy of declaring one-third of its net income for the year as cash dividends. It uses its best estimate of its net income as basis for declaring such cash dividends. Actual cash dividends per share declared as a percent of the consolidated basic earnings per share of the Jollibee Group are 38.3% and 32.3% in 2015 and 2014, respectively.

An important part of the Company's growth strategy is the acquisition of businesses in the Philippines and abroad. Examples were acquisitions of 85% of Yonghe King in 2004 in PRC (₱1,200.0 million), 100% of Red Ribbon in 2005 (₱1,700.0 million), the remaining 20% minority share in Greenwich in 2007 (₱384.0 million), the remaining 15% share of Yonghe King in 2007 (₱413.7 million), 100% of Hong Zhuang Yuan restaurant chain in PRC in 2008 (₱2,600.0 million), 70% of Mang Inasal in 2010 (₱2,979.8 million), 100% of Chowking US operations in 2011 (₱659.9 million), 55% of San Pin Wang (₱195.9 million) in 2012, 48% of WJ Investments Limited (₱98.0 million) in 2012 and 40% of Smashburger in the USA in 2015 (₱4,629.5 million).

The Company plans to continue to make substantial acquisitions in the next few years. The Company uses its cash generated from operations and from debt financing to finance these acquisitions and capital expenditures. These limit the amount of cash dividends that it can declare and pay making the level of retained earnings higher than the paid-in capital stock.

On February 15, 2012, the BOD of the Company approved the additional appropriation of ₱3,800.0 million retained earnings to be used for future expansion and to support the Company's growth strategy, increasing the existing appropriation to ₱5,000.0 million as at December 31, 2012. On April 11, 2013, the BOD of the Company approved the appropriation of another ₱5,200.0 million. The appropriated retained earnings of the Company amounted to ₱10,200.0 million as at December 31, 2015 and December 31, 2014, details of which are as follows:

Project	Timeline	Amount
Acquisition of businesses	2013-2018	₱7,600,000,000
Capital expenditures	2013-2018	2,600,000,000
		₱10,200,000,000

The unappropriated retained earnings is also restricted for the payment of dividends to the extent of the cost of common stock held in treasury amounting to ₱180.5 million as at December 31, 2015 and 2014.

20. Royalty and Franchise Fees

The Company has existing Royalty and Franchise Agreements with certain subsidiaries and independent franchisees for the latter to operate QSR outlets under the "Jollibee" concept and trade name. In consideration thereof, the franchisees agree to pay franchise fees and monthly royalty fees equivalent to a certain percentage of the subsidiaries' and independent franchisees' net sales. Royalty and franchise fee revenues amounted to ₱3,670.8 million and ₱3,319.5 million in 2015 and 2014, respectively (see Note 28).

21. Cost of Sales and Services

This account consists of:

	2015	2014
Cost of Sales		
Cost of inventories (see Note 28)	**₱25,843,664,391**	₱22,838,315,098
Personnel expenses:		
Salaries, wages and employee benefits	**2,184,574,150**	2,122,704,585
Pension expense (see Note 26)	**60,848,403**	50,782,088
Rent (see Notes 28 and 29)	**1,120,994,581**	1,011,084,415
Freight (see Note 28)	**1,110,781,681**	972,372,070
Electricity and other utilities	**993,361,898**	1,064,335,371
Contracted services	**810,192,690**	680,490,030
Depreciation and amortization (see Notes 11 and 13)	**720,875,422**	669,888,814
Service fees (see Note 28)	**619,534,592**	464,084,170
Supplies	**480,500,617**	536,190,450
Repairs and maintenance	**243,075,586**	168,273,467
Security and janitorial	**154,681,645**	137,237,520
Transportation and travel	**86,837,470**	71,122,326

(Forward)

	2015	2014
Taxes and licenses	**₱50,954,844**	₱48,735,296
Communication	**31,996,252**	26,367,060
Entertainment, amusement and recreation	**13,978,409**	12,216,801
Professional fees	**1,330,933**	1,683,499
Others	**647,105,450**	454,730,588
	35,175,289,014	31,330,613,648
Cost of Services		
Cost of labor and materials	**364,603,084**	332,477,458
Rent (see Note 29)	**85,880,362**	81,850,399
Service fees (see Note 28)	**48,584,101**	85,637,810
Depreciation and amortization (see Notes 11 and 13)	**36,478,786**	36,990,385
Taxes and licenses	**24,197,209**	23,350,904
Supplies	**7,500,000**	6,249,000
Security and janitorial	**1,499,299**	1,172,479
Others	**5,030,698**	2,738,549
	573,773,539	570,466,984
	₱35,749,062,553	₱31,901,080,632

Others consist of delivery costs, Company's share in common usage area and insurance.

22. General and Administrative Expenses

This account consists of:

	2015	2014
Personnel expenses:		
Salaries, wages and employee benefits	**₱2,234,232,115**	₱2,395,443,911
Stock options expense (see Note 27)	**161,198,902**	146,421,852
Pension expense (see Note 26)	**112,653,258**	94,275,406
Service and management fees (see Note 28)	**679,947,654**	482,532,511
Taxes and licenses	**465,027,766**	407,155,258
Professional fees	**301,401,772**	249,025,977
Depreciation and amortization (see Notes 11, 12 and 13)	**271,909,242**	198,286,389
Corporate events and research	**200,092,404**	250,896,592
Rent (see Notes 28 and 29)	**199,651,900**	213,276,729
Transportation and travel	**188,861,746**	168,412,582
Provisions (reversals) for impairment losses/ write-down of:		
Receivables (see Note 6)	**171,490,794**	1,071,541
Inventories (see Note 7)	**(595,212)**	189,230
Investment properties (see Note 13)	–	(12,000,000)
Property, plant, and equipment (see Note 11)	–	(8,500,000)
Other noncurrent assets	–	54,838
Donations	**101,906,043**	72,190,862
Repairs and maintenance	**101,318,315**	60,704,939
Trainings and seminars	**69,388,417**	27,248,931
Communication	**65,885,012**	52,575,038

(Forward)

	2015	2014
Contracted services	**₱54,416,625**	₱40,152,680
Association dues	**49,899,367**	28,879,634
Supplies	**36,559,076**	23,909,748
Entertainment, amusement and recreation	**32,307,888**	44,757,334
Electricity and other utilities	**21,037,310**	29,616,337
Freight charges	**20,356,696**	27,871,873
Insurance	**8,364,540**	10,495,550
Security and janitorial	**7,748,482**	3,666,936
Write-off of investment in a joint venture (see Note 10)	–	2,666,420
Others	**167,121,030**	146,948,270
	₱5,722,181,142	₱5,158,227,368

23. Interest Income (Expense)

The Company's interest income and expenses consist of the following:

	2015	2014
Interest income:		
Advances to related parties (see Note 28)	**₱15,728,767**	₱6,827,945
Cash and cash equivalents (see Note 5)	**11,583,076**	19,052,881
Accretion of interest on refundable deposits and employees' car plan receivables (see Note 14)	**11,138,406**	13,753,254
	38,450,249	39,634,080
Interest expense:		
Short-term and long-term debt (see Note 17)	**(130,686,766)**	(76,611,471)
Due to related parties (see Note 28)	**(28,114,976)**	(25,467,921)
Accretion of interest on customers' deposits (see Note 15)	**(981,664)**	(938,985)
	(159,783,406)	(103,018,377)
	(₱121,333,157)	(₱63,384,297)

24. Other Income - Net

This account consists of:

	2015	2014
Dividend income (see Note 28)	**₱2,221,500,000**	₱765,000,000
Management fees (see Note 28)	**496,974,689**	424,814,762
Write-off of long-outstanding liabilities	**479,642,996**	116,594,511
Net foreign exchange gain (loss) (see Note 30)	**41,056,264**	(3,185,095)
Net gain on disposals of property, plant and equipment and investment properties	**6,234,631**	70,910,110
Pre-termination of operating leases	**2,158,378**	3,828,857
Rebates	**2,150,205**	55,738,947
Others	**120,987,506**	49,743,228
	₱3,370,704,669	₱1,483,445,320

Others consist mainly of rent income from lease of minor equipment, scrap sales and containers and cash overages.

25. **Income Taxes**

The provision for current income tax consists of the following:

	2015	2014
Final taxes on:		
Royalty and franchise fees	**₱713,131,008**	₱647,262,621
Interest income	**2,316,223**	3,804,849
MCIT	**143,305,807**	128,835,204
	₱858,753,038	₱779,902,674

As at December 31, 2015, the Company's NOLCO and excess MCIT over RCIT, which can be carried forward and claimed as deduction against regular taxable income and as tax credit against RCIT due, respectively, are as follows:

Year Incurred	Expiry Date	NOLCO	MCIT
2013	2016	₱–	₱2,204,170
2014	2017	860,064,294	128,835,204
2015	2018	778,074,446	143,305,807
		₱1,638,138,740	₱274,345,181

The details of the Company's deferred tax assets and liabilities are as follows:

	2015	2014
Deferred tax assets:		
Pension liability	**₱298,636,400**	₱89,693,678
Operating lease payables	**203,677,232**	196,099,648
Net unrealized foreign exchange loss	**105,983,051**	39,909,725
Allowance for impairment losses on:		
Receivables	**59,296,849**	7,849,611
Prepaid leases	**6,500,460**	7,773,981
Inventories	**1,846,316**	2,024,880
Provisions	**9,150,192**	9,150,192
Unamortized past service cost	**8,368,926**	11,158,566
Unaccreted discount on:		
Refundable deposits	**3,599,252**	6,940,774
Employees' car plan receivables	**2,841,255**	2,692,795
Unamortized discount on customer's liability	**996,802**	702,303
Deferred rent revenue	**2,310**	2,310
Accrued employee benefits	–	12,300,000
NOLCO	**491,441,622**	258,019,288
Excess of MCIT over RCIT	**274,345,181**	131,039,374
	1,466,685,848	775,357,125

(Forward)

	2015	2014
Deferred tax liabilities:		
Net unrealized foreign exchange gain	**₱118,474,252**	₱39,156,609
Prepaid rent	**42,854,387**	34,082,169
Deferred rent expense	**8,120,053**	9,531,966
Operating lease receivables	**6,273,875**	7,449,575
Deferred compensation expense	**2,841,255**	2,692,795
	178,563,822	92,913,114
	₱1,288,122,026	₱682,444,011

The reconciliation between provision for income tax computed at the statutory tax rate of 30% with the provision for income tax as shown in the parent company statements of comprehensive income are as follows:

	2015	2014
Provision for income tax at statutory tax rate of 30%	**₱1,470,006,691**	₱1,188,355,902
Tax effects of:		
Dividend income	**(666,450,000)**	(229,500,000)
Effect of different tax rates for royalty and interest income	**(357,723,611)**	(325,533,735)
Nondeductible expenses	**49,696,074**	45,809,956
Intrinsic value of stock options exercised	**(85,561,907)**	(314,780,634)
	₱409,967,247	₱364,351,489

26. Pension Benefits

The Company has a funded, independently-administered, non-contributory defined benefit retirement plan covering all regular and permanent employees with benefits based on years of service and latest compensation. The plan provides for a lump sum benefit payment upon retirement.

The funds are administered by a trustee bank. Subject to the specific instructions provided by Company in writing, the Company directs the trustee bank to hold, invest, and reinvest the funds and keep the same invested, in its sole discretion, without distinction between principal and income in, but not limited to, certain government securities and bonds, term loans, short-term fixed income securities and other loans and investments.

Under the existing regulatory framework, Republic Act No. 7641, Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of "Pension expense", included under "Cost of sales and services" and "General and administrative expenses" accounts in the parent company statements of comprehensive income and "Pension liability" account in the parent company statement of financial position, which are based on the latest actuarial valuation.

Changes in pension liability of the Company in 2015 are as follows:

	Present Value of Defined Benefit Plan	Fair Value of Plan Assets	Pension Liability
At January 1, 2015	₱1,327,494,180	₱1,028,515,252	₱298,978,928
Pension expense (see Notes 21 and 22):			
Current service cost	150,401,428	–	150,401,428
Net interest	90,122,812	47,311,702	42,811,110
Transferred out	(19,710,877)	–	(19,710,877)
	220,813,363	47,311,702	173,501,661
Benefits paid	(54,751,145)	(54,751,145)	–
Remeasurements in other comprehensive income:			
Actuarial changes due to experience adjustment	724,748,178	–	724,748,178
Actuarial changes arising from changes in financial assumptions	(239,577,056)	–	(239,577,056)
Actuarial changes arising from changes in demographic assumptions	8,906,085	–	8,906,085
Interest income on plan assets (excluding amount included in net interest)	–	(28,896,872)	28,896,872
	494,077,207	(28,896,872)	522,974,079
At December 31, 2015	₱1,987,633,605	₱992,178,937	₱995,454,668

Changes in pension liability of the Company in 2014 are as follows:

	Present Value of Defined Benefit Plan	Fair Value of Plan Assets	Pension Liability
At January 1, 2014	₱1,571,708,187	₱1,040,044,286	₱531,663,901
Pension expense (see Notes 21 and 22):			
Current service cost	117,942,635	–	117,942,635
Net interest	80,157,118	53,042,259	27,114,859
Curtailment cost	–	–	–
	198,099,753	53,042,259	145,057,494
Benefits paid	(95,117,181)	(95,117,181)	–
Remeasurements in other comprehensive income:			
Actuarial changes due to experience adjustment	(461,199,280)	–	(461,199,280)
Actuarial changes arising from changes in financial assumptions	102,215,864	–	102,215,864
Actuarial changes arising from changes in demographic assumptions	11,786,837	–	11,786,837
Interest income on plan assets (excluding amount included in net interest)	–	60,473,134	(60,473,134)
	(347,196,579)	60,473,134	(407,669,713)
Other adjustments	–	(29,927,246)	29,927,246
At December 31, 2014	₱1,327,494,180	₱1,028,515,252	₱298,978,928

The actual return on plan assets amounted to ₱18.4 million and ₱113.5 million in 2015 and 2014, respectively.

The following table presents the estimated fair values of the plan assets:

	2015	2014
Cash and cash equivalents:		
Short-term deposits	**₱61,240,068**	₱55,518,271
Cash in banks	**100,308**	224,349
Investment in debt securities	**164,000,594**	165,590,395
Investments in Philippine government securities:		
Fixed-rate treasury notes	**450,661,938**	469,606,459
Retail treasury bonds	**143,388,985**	148,169,946
Interest and dividends receivable	**12,899,449**	12,684,312
Investments in quoted equity securities:		
Holding firms	**84,027,000**	73,487,555
Food and beverage	**54,810,090**	56,268,650
Property	**51,241,354**	48,780,200
Banks	**32,810,051**	32,773,400
Electricity, energy, power & water	**17,884,950**	22,794,750
Telecommunications	**15,300,400**	19,201,000
Others	**11,160,350**	23,968,500
Fund liabilities	**(107,346,600)**	(100,552,535)
	₱992,178,937	₱1,028,515,252

The plan's assets and investments consist of the following:

- Investments in debt securities consist of long-term corporate bonds in the power sector, which bear interest ranging from 6.30%-7.75% maturing on April 2017.
- Investments in government securities which consist of retail treasury bonds that bear interest ranging from 5.85%-7.38% and have maturities from August 2020 to October 2037 and fixed-rate treasury notes that bear interest ranging from 3.38%-9.91% and have maturities from January 2016 to August 2037.
- Investments in shares of stocks listed in the Philippine Stock Exchange.
- Other financial assets held by the retirement plan are primarily accrued interest income on cash and cash equivalents, debt instruments and other securities.

The principal assumptions used to determine pension liability are as follows:

	December 31, 2015	December 31, 2014
Discount rate	**5.00%**	4.70%
Salary increase rate	**6.00%**	7.00%

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

Increase (decrease) in the present value of defined benefit obligation based on changes in principal assumptions are as follows:

	Increase (Decrease) in Basis Points	2015	2014
Discount rate	50	(₱86,690,481)	(₱77,445,806)
	(50)	93,756,530	84,583,975
Salary increase rate	50	92,383,603	82,283,711
	(50)	(86,295,211)	(76,192,074)

The Company does not perform any asset-liability matching study. The overall investment policy and strategy of the retirement plan is based on the client suitability assessment, as provided by its trustee bank, in compliance with the Bangko Sentral ng Pilipinas requirements. It does not, however, ensure that there will be sufficient assets to pay the retirement benefits as they fall due while attempting to mitigate the various risks of the plan.

The Company expects to contribute ₱352.7 million to the retirement fund in 2016.

The average duration of the defined benefit obligation is 10 years as at December 31, 2015 and 2014.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2015	2014
Less than 1 year	**₱352,664,445**	₱71,228,119
More than 1 year to 5 years	**632,681,442**	320,928,285
More than 5 years to 10 years	**1,107,588,486**	689,138,061
More than 10 years to 15 years	**1,309,919,358**	1,099,197,042
More than 15 years to 20 years	**1,201,773,212**	1,119,131,934
More than 20 years	**3,327,547,073**	3,399,829,199

27. Stock Option Plans

On December 17, 2002, the SEC approved the exemption requested by the Company on the registration requirements of the 101,500,000 options underlying the Company's common shares to be issued pursuant to the Company's Senior Management Stock Option and Incentive Plan (the Plan). The Plan covers selected key members of management of the Company, certain subsidiaries and designated affiliated entities.

The Plan is divided into two programs, namely, the Management Stock Option Program (MSOP) and the Executive Long-term Incentive Program (ELTIP). The MSOP provides a yearly stock option grant program based on company and individual performance while the ELTIP provides stock ownership as an incentive to reinforce entrepreneurial and long-term ownership behavior of participants.

MSOP. The MSOP is a yearly stock option grant program open to members of the corporate management committee of the Company and members of the management, key talents and designated consultants of some of the business units.

Each MSOP cycle refers to the period commencing on the MSOP grant date and ending on the last day of the MSOP exercise period. Vesting is conditional on the employment of the employee-participants in the Company within the vesting period. The options will vest at the rate of one-third of the total options granted on each anniversary of the MSOP grant date until the third anniversary.

The exercise price of the stock options is determined by the Company with reference to the prevailing market prices over the three months immediately preceding the date of grant for the 1st to the 7th MSOP cycle. Starting with the 8th MSOP cycle, the exercise price of the option is determined by the Company with reference to the closing market price as at date of grant.

On July 1, 2004, the Compensation Committee of the Jollibee Group granted 2,385,000 options under the 1st MSOP cycle to eligible participants. The options will vest at the rate of one-third of the total options granted from the start of the grant date on each anniversary date which will start after a year from the grant date. One-third of the options granted, or 795,000 options, vested and may be exercised starting July 1, 2005 and expired on June 30, 2012. From July 1, 2005 to 2015, the Compensation Committee granted series of MSOP grants under the 2nd to 12th MSOP cycle to eligible participants.

On August 25, 2015, the Compensation Committee granted 3,142,600 options under the 12th MSOP cycle to eligible participants. These options are similar to the 1st MSOP cycle. The 2nd, 3rd and 4th MSOP cycles expired on June 30, 2013, 2014 and 2015, respectively.

The stock options under MSOP expire eight years after grant date. The Company does not pay cash as a form of settlement.

The movements in the number of stock options outstanding under MSOP and related weighted average exercise prices (WAEP) for the years ended December 31, 2015 and 2014 follow:

	2015		2014	
	Number of options	WAEP	Number of options	WAEP
Total options granted as at end of year	40,120,794	₱82.22	36,863,194	₱73.58
Outstanding at beginning of year	13,609,275	₱117.51	16,915,937	₱83.77
Options granted during the year	3,257,600	179.99	3,459,000	178.66
Options exercised during the year	(1,380,628)	100.42	(6,765,662)	63.57
Options forfeited during the year	(617,810)	104.73	–	–
Outstanding at end of year	14,868,437	₱133.32	13,609,275	₱117.51
Exercisable at end of year	8,262,670	₱100.95	6,865,265	₱79.42

The weighted average share price was ₱206.05 and ₱181.34 in 2015 and 2014, respectively. The weighted average remaining contractual life for the stock options outstanding as at December 31, 2015 and 2014 is 5.19 years and 5.83 years, respectively.

The weighted average fair value of stock options granted in 2015 and 2014 is ₱26.13 and ₱32.39, respectively. The fair value of the share options as at grant date is estimated using the Black-Scholes Option Pricing Model, taking into account, the terms and conditions upon which the options were granted. The option style used for this plan is the American style because this option plan allows exercise before the expiry date.

The inputs to the model used for the options granted for each MSOP cycle are as follows:

MSOP Cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
1st	2004	1.72%	36.91%	6.20%	5-7 years	₱24.00	₱20.00
2nd	2005	1.72%	36.91%	6.20%	5-7 years	29.00	27.50
3rd	2006	1.72%	36.91%	6.20%	5-7 years	35.00	32.32
4th	2007	1.70%	28.06%	6.41%	3-4 years	52.50	50.77
5th	2008	1.80%	26.79%	8.38%	3-4 years	34.00	39.85
6th	2009	2.00%	30.37%	5.28%	3-4 years	48.00	45.45
7th	2010	2.00%	29.72%	5.25%	3-4 years	70.00	57.77
8th	2011	2.00%	34.53%	4.18%	3-4 years	89.90	89.90
9th	2012	2.00%	28.72%	3.50%	3-4 years	107.90	107.90
10th	2013	2.00%	29.38%	2.68%	3-4 years	145.00	145.00
11th	2014	2.00%	24.87%	2.64%	3-4 years	179.80	179.80
12th	2015	2.00%	18.94%	2.98%	3-4 years	180.00	180.00

ELTIP. The ELTIP entitlement is given to members of the management committee.

Each ELTIP cycle refers to the period commencing on the ELTIP entitlement date and ending on the last day of the ELTIP exercise period. Actual grant and vesting is conditional upon achievement of the Jollibee Group's minimum medium to long-term goals and individual targets in a given period, and the employment of the employee-participants in the Company within the vesting period. If the goals are achieved, the options will be granted. Starting with the 3rd ELTIP cycle, a percentage of the options to be granted are based on the percentage of growth in annual earnings per share such that 100%, 50% or 25% of the options are granted when percentage of growth in annual earnings per share are 12% and above, 10% to less than 12% or 8% to less than 10%, respectively. For the 4th ELTIP cycle, the percentage of the options to be granted and the targeted percentage of growth in annual earnings per share have been further revised such that 150%, 100% or 50% of the options granted when percentage of growth in annual earnings per share are 15% and above, 12% to less than 15% or 10% to less than 12%, respectively.

The exercise price of the stock options for the 1st and 2nd ELTIP cycles is determined by the Company with reference to the prevailing market prices over the three months immediately preceding the date of entitlement. Starting with the 3rd ELTIP cycle, the exercise price of the option is determined by the Company with reference to the closing market price as at date of grant.

The Company does not pay cash as a form of settlement.

On July 1, 2004, the Compensation Committee gave an entitlement of 22,750,000 options under the 1st ELTIP cycle to eligible participants. The options will vest at the rate of one-third of the total options granted on each anniversary date which will start after the goals were achieved. One-third of the options granted, or 7,583,333 options, vested and may be exercised starting July 1, 2007 and expired on June 30, 2012. On July 1, 2008, October 19, 2012 and August 25, 2015, entitlement to 20,399,999, 24,350,000 and 11,470,000 options were given to eligible participants under the 2nd, 3rd and 4th ELTIP cycles, respectively.



The movements in the number of stock options outstanding under ELTIP and related WAEP for the years ended December 31, 2015 and 2014 follow:

	2015		2014	
	Number of options	WAEP	Number of options	WAEP
Total options given as at the end of year	78,969,999	₱74.58	67,499,999	₱55.66
Outstanding at beginning of year	31,270,560	₱90.06	37,186,110	₱82.51
Options granted during the year	11,470,000	180.00	–	–
Options exercised during the year	(3,728,468)	79.46	(5,665,977)	39.85
Options forfeited during the year	(667,093)	105.00	(249,573)	105.00
Outstanding at end of year	38,344,999	₱117.74	31,270,560	₱90.06
Exercisable at end of year	10,808,048	₱70.59	7,170,133	₱39.85

The weighted average remaining contractual life for the stock options outstanding is 4.85 years as at December 31, 2015 and 2014.

The fair value of stock options granted is ₱26.13 in 2015. There were no additional stock option grants under ELTIP in 2014. The fair value of share options as at grant date is estimated using the Black-Scholes Option Pricing Model, taking into account, the terms and conditions upon which the options were granted. The option style used for this plan is the American style because this option plan allows exercise before the maturity date. The stock options granted under the 2nd, 3rd and 4th ELTIP cycles will expire on April 30, 2017, 2020 and 2023, respectively.

The inputs to the model used for the options granted for each ELTIP cycle are as follows:

ELTIP cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
1st	2004	1.72%	36.91%	6.20%	5 years	₱24.00	₱20.00
2nd	2008	1.80%	26.79%	8.38%	3-4 years	34.00	39.85
3rd	2012	2.00%	28.74%	3.60%	3-4 years	105.00	105.00
4th	2015	2.00%	18.94%	2.98%	3-4 years	180.00	180.00

The cost of the stock options charged to operations under "General and administrative expenses" account amounted to ₱161.2 million and ₱146.4 million in 2015 and 2014, respectively (see Note 22). The cost of share options for employees of the subsidiaries amounted to ₱12.0 million and ₱20.1 million in 2015 and 2014, respectively, and was recognized as additional investments in subsidiaries (see Note 10).

28. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries are related entities of the Company. Individuals owning, directly or indirectly, an interest in the voting power of the Company that give them significant influence over the enterprise; key management personnel, including directors and officers of the Company; and close members of the family of these individuals and companies associated with these individuals also constitute related entities.

In the normal course of business, the Company engages in transactions with its subsidiaries and other related parties.

Category	Volume of Transactions 2015	Volume of Transactions 2014	Outstanding Receivable (Payable) 2015	Outstanding Receivable (Payable) 2014	Terms	Conditions
Grandworth						
Dividend Income	₱ 95,000,000	₱–	₱–	–		
Rent Expense	46,814,716	50,106,112	(17,572,497)	(21,254,925)	On demand; Noninterest-bearing	Unsecured
Rent Revenue	10,539	4,466	–	–		
Service Fee Revenue	–	1,232,451	–	–		
Pass-on Charges – Receivables	–	–	6,161	3,422,244	On demand; Noninterest-bearing	Unsecured; No impairment
Pass-on Charges – Payables	–	–	(2,041,136)	–	On demand; Noninterest-bearing	Unsecured
Freemont						
Sales	4,107,975,359	3,480,565,381	690,082,709	581,519,895	On demand; Noninterest-bearing	Unsecured; No impairment
Royalty Income	793,092,354	686,017,131	140,636,912	67,355,194	On demand; Noninterest-bearing	Unsecured; No impairment
Advertising	264,364,118	228,672,377	56,739,963	26,602,158	On demand; Noninterest-bearing	Unsecured; No impairment
Service Fee Revenue	32,414,200	62,720,067	4,863,671	17,976,027	On demand; Noninterest-bearing	Unsecured; No impairment
Rent Revenue	31,159	26,597	–	–		
Management Fee Revenue	264,371,522	228,672,377	48,252,867	49,472,325	On demand; Noninterest-bearing	Unsecured; No impairment
Dividend Income	–	100,000,000	–	–		
Pass-on Charges – Receivables	–	–	35,439,591	11,942,834	On demand; Noninterest-bearing	Unsecured; No impairment
Pass-on Charges – Payables	–	–	(17,580,904)	(7,522,586)	On demand; Noninterest-bearing	Unsecured
JWS						
Sales	656,147	3,562,564	18,817	21,731	On demand; Noninterest-bearing	Unsecured; No impairment
Rent Revenue	131,766,835	126,054,899	17,384,104	24,831,918	On demand; Noninterest-bearing	Unsecured; No impairment
Management Fee Revenue	3,172,535	1,144,832	–	–		
Service Fee Revenue	780,065	511,074	–	42,495	On demand; Noninterest-bearing	Unsecured; No impairment
Service Fee and Freight Expense	1,893,485,987	1,645,508,897	(140,013,545)	(639,747,907)	On demand; Noninterest-bearing	Unsecured
Management Fee Expense	96,100,989	128,816,076	(4,706,372)	(107,452,463)	On demand; Noninterest-bearing	Unsecured
Interest Expense	4,691,042	4,249,375	(434,000)	(1,863,958)	Monthly; Floating interest rate	Unsecured
Due to JWS	–	–	(150,000,000)	(150,000,000)	5-years term; Floating interest rate	Unsecured
Pass-on Charges – Receivables	–	–	7,483,143	2,097,021	On demand; Noninterest-bearing	Unsecured; No impairment
Pass-on Charges – Payables	–	–	(426,201)	–	On demand; Noninterest-bearing	Unsecured
Mang Inasal						
Sales	11,125,323	–	52,357	181,517	On demand; Noninterest-bearing	Unsecured; No impairment
Rent Revenue	3,552,002	834,497	29,152	–	On demand; Noninterest-bearing	Unsecured; No impairment
Management Fee Revenue	45,060,365	42,468,106	4,249,693	4,000,261	On demand; Noninterest-bearing	Unsecured; No impairment
Service Fee Revenue	11,688,409	9,834,637	78,224	2,616	On demand; Noninterest-bearing	Unsecured; No impairment
Dividend Income	136,500,000	84,000,000	–	–		
Service Fee Expense	32,843	28,685	–	–		
Pass-on Charges – Receivables	–	–	7,353,072	–	On demand; Noninterest-bearing	Unsecured; No impairment
Pass-on Charges – Payables	–	–	–	(5,209)	On demand; Noninterest-bearing	Unsecured

Category	Volume of Transactions 2015	Volume of Transactions 2014	Outstanding Receivable (Payable) 2015	Outstanding Receivable (Payable) 2014	Terms	Conditions
Burger King						
Sales	₱473,451	₱44,699	₱574,877	₱159,231	On demand; Noninterest-bearing	Unsecured; No impairment
Service Fee Revenue	3,743,425	3,672,685	13,565,505	8,957,013	On demand; Noninterest-bearing	Unsecured; No impairment
Rent Revenue	277,857	3,656	211,337	92,411	On demand; Noninterest-bearing	Unsecured; No impairment
Management Fee Revenue	17,592,822	8,269,290	34,063,791	14,282,120	On demand; Noninterest-bearing	Unsecured; No impairment
Interest Income	15,728,767	6,827,945	-	-		
Due from BK	300,000,000	308,000,000	608,000,000	308,000,000	On demand; Interest-bearing	Unsecured; No impairment
Pass-on Charges – Receivables	-	-	6,061,765	971,043	On demand; Noninterest-bearing	Unsecured; No impairment
Pass-on Charges – Payables	-	-	(199,290)	(593,108)	On demand; Noninterest-bearing	Unsecured
Adgraphix						
Marketing collaterals	-	-	(28,133,233)	(34,543,268)	On demand; Noninterest-bearing	Unsecured
Honeybee						
Sales	156,300,387	54,022,837	301,901,226	144,599,198	On demand; Noninterest-bearing	Unsecured; No impairment
Pass-on Charges – Receivables	-	-	105,135,243	84,474,703	On demand; Noninterest-bearing	Unsecured; No impairment
JWPL						
Royalty Income	63,780,015	55,576,965	-	-		
Due from JWPL	29,033,994	-	436,215,200	407,181,206	On demand; Noninterest-bearing	Unsecured; No impairment
Pass-on Charges – Receivables	-	-	13,702,853	-	On demand; Noninterest-bearing	Unsecured; No impairment
Jollibee Vietnam Corporation Ltd.						
Sales	6,074,447	7,781,202	59,195,887	50,505,285	On demand; Noninterest-bearing	Unsecured; No impairment
Service Fee Revenue	-	52,125	6,475,036	6,475,036	On demand; Noninterest-bearing	Unsecured; No impairment
Rent Revenue	-	688	48,221	48,221	On demand; Noninterest-bearing	Unsecured; No impairment
Management Fee Revenue	-	250,320	58,380,392	58,291,354	On demand; Noninterest-bearing	Unsecured; No impairment
Pass-on Charges – Receivables	-	-	111,543,856	95,071,279	On demand; Noninterest-bearing	Unsecured; No impairment
PT Chowking Indonesia						
Pass-on Charges – Receivables	-	-	23,533,882	24,918,228	On demand; Noninterest-bearing	Unsecured; No impairment
RRB1 USA						
Pass-on Charges – Receivables	-	-	759,970	721,483	On demand; Noninterest-bearing	Unsecured; No impairment
TTC						
Sales	6,441	3,711,866	5,100,586	5,100,586	On demand; Noninterest-bearing	Unsecured; No impairment
Pass-on Charges – Receivables	-	-	13,587,964	12,689,335	On demand; Noninterest-bearing	Unsecured; No impairment

Category	Volume of Transactions 2015	Volume of Transactions 2014	Outstanding Receivable (Payable) 2015	Outstanding Receivable (Payable) 2014	Terms	Conditions
Golden Beeworks Pte. Ltd.						
Sales	₱14,227,792	₱8,023,269	₱18,685,770	₱2,204,902	On demand; Noninterest-bearing	Unsecured; No impairment
Service Fee Revenue	881	168,009	–	13,047	On demand; Noninterest-bearing	Unsecured; No impairment
Rent Revenue	–	18,730	–	–		
Pass-on Charges – Receivables	–	–	3,844,127	2,042,909	On demand; Noninterest-bearing	Unsecured; No impairment
Hong Zhuang Yuan						
Due to HZY	–	–	(7,759,610)	(6,388,293)	On demand; Noninterest-bearing	Unsecured
Pass-on Charges – Receivables	–	–	1,469,103	1,437,079	On demand; Noninterest-bearing	Unsecured; No impairment
Shanghai Yong He King						
Pass-on Charges – Receivables	–	–	21,994,583	24,297,679	On demand; Noninterest-bearing	Unsecured; No impairment
Beijing Yong He King						
Pass-on Charges – Receivables	–	–	3,601,424	3,258,923	On demand; Noninterest-bearing	Unsecured; No impairment
Shenzhen Yong He King						
Pass-on Charges – Receivables	–	–	2,580,266	2,322,612	On demand; Noninterest-bearing	Unsecured; No impairment
Hangzhou Yongtong						
Pass-on Charges – Receivables	–	–	1,175,119	1,048,772	On demand; Noninterest-bearing	Unsecured; No impairment
Hangzhou Yong He King						
Pass-on Charges – Receivables	–	–	1,344,213	1,049,270	On demand; Noninterest-bearing	Unsecured; No impairment
Wuhan Yong He King						
Pass-on Charges – Receivables	–	–	3,589,817	2,049,622	On demand; Noninterest-bearing	Unsecured; No impairment
Jollibee (China) Food & Beverage Management Co. Ltd.						
Due to Jollibee China	–	–	(44,925,918)	(66,641,901)	On demand; Noninterest-bearing	Unsecured
Pass-on Charges – Receivables	–	–	39,541,902	48,783,739	On demand; Noninterest-bearing	Unsecured; No impairment
San Pin Wang						
Pass-on Charges – Receivables	–	–	2,809,282	5,689,720	On demand; Noninterest-bearing	Unsecured; No impairment
Hong Kong						
Pass-on Charges – Receivables	–	–	415,467	394,808	On demand; Noninterest-bearing	Unsecured; No impairment
SBEMAC						
Pass-on Charges – Receivables	–	–	1,550,629	1,531,773	On demand; Noninterest-bearing	Unsecured; No impairment

Category	Volume of Transactions 2015	Volume of Transactions 2014	Outstanding Receivable (Payable) 2015	Outstanding Receivable (Payable) 2014	Terms	Conditions
Golden Plate						
Pass-on Charges – Receivables	₱–	₱–	₱128,908	₱–	On demand; Noninterest-bearing	Unsecured; No impairment
Affiliate -						
Jollibee Group Foundation, Inc.						
Sales	242,860	–	23,160	–	On demand; Noninterest-bearing	Unsecured; No impairment
Service Fee Revenue	58,379	3,604	–	–		
Rent Revenue	178,294	5,172	–	–		
Pass-on Charges – Receivables	–	–	1,106,738	1,642,977	On demand; Noninterest-bearing	Unsecured; No impairment
CK USA						
Service Fee Revenue	–	3,604	–	–		
Total related party transactions:						
Sales	₱4,425,376,010	₱3,621,901,712				
Service Fee Revenue	154,815,110	198,008,036				
Rent Revenue	207,183,640	176,148,236				
Management Fee Revenue	496,974,689	424,814,762				
Royalty Income (see Note 20)	856,872,369	741,594,096				
Interest Income (see Note 23)	15,728,767	6,827,945				
Advertising	264,364,118	228,672,377				
Dividend Income (see Note 24)	2,221,500,000	765,000,000				
Purchases (see Note 21)	8,375,600,003	6,918,760,958				
Service Fee and Freight Expense (see Notes 21 and 22)	1,922,413,864	1,678,308,622				
Royalty Expense	58,698	304,597				
Interest Expense (see Note 23)	28,114,977	25,467,921				
Management Fee Expense	98,228,281	128,816,076				
Rent Expense (see Notes 21, 22 and 29)	46,814,716	50,106,112				
Advances to related parties	329,033,994	308,000,000				
Total related party outstanding balances:						
Trade receivables from related parties (see Notes 6, 30 and 31)			₱1,905,215,386	₱1,409,824,442		
Advances to related parties (see Notes 6, 30 and 31)			1,044,215,200	715,181,206		
Operating lease receivables (see Notes 29, 30 and 31)			20,912,916	24,831,918		
Trade payables to related parties (see Note 15)			(515,540,289)	(1,226,541,290)		
Due to related parties (see Notes 30 and 31)			(951,685,528)	(972,030,194)		
Operating lease payables (see Notes 29, 30 and 31)			(12,994,770)	(19,014,664)		

Common Transactions with Related Parties

The Company sells and purchases food items to/from related parties at market prices. Purchased items warehoused with related parties are charged for logistics and warehousing costs. Due from related parties are short-term advances made to related parties which are expected to be paid in the subsequent year. Pass-on charges pertain to advances made by a related party for another. These include payments for various expenditures incurred.

Fresh N' Famous

a. Fresh N' Famous avails the services of the Company for the plan, design and installation of equipment in Fresh N' Famous' stores.

b. Fresh N' Famous leases its office space and some store locations from the Company. The agreements are for a period of 5 to 20 years subject to renewal upon mutual agreement of both parties.

c. Fresh N' Famous pays management fees to the Company for services rendered under an existing Management Services Agreement, which is renewable annually.

d. On May 29, 2015, November 10, 2015 and December 8, 2015, the Company received cash dividends from Fresh N' Famous declared on May 27, 2015, November 2, 2015 and December 3, 2015, respectively, amounting to ₱120.0 million, ₱250.0 million and ₱300.0 million or ₱0.40, ₱0.83 and ₱1.00 dividends per share, respectively.

   On May 2, 2014 and November 24, 2014, the Company received cash dividends from Fresh N' Famous declared on April 1, 2014 and November 12, 2014, respectively, amounting to ₱231.0 million and ₱200.0 million or ₱0.77 and ₱0.67 dividends per share, respectively.

e. The Company pays management fees to Fresh N' Famous for trainings rendered by their employees.

f. The Company pays royalties to Fresh N' Famous for the right to operate multi-brand stores.

g. On April 16, 2012, the Company received advances from Fresh N' Famous amounting to ₱749.0 million. The advances is payable in full on April 16, 2017. The interest rate on the advances is based on money market placement rates plus a spread of 1%, payable on a monthly basis.

Zenith

a. The Company leases out the land where Zenith's manufacturing plant was built. The lease is for a period of 5 years with fixed annual rental rates commencing on January 1, 2004. On January 1, 2010, Zenith renewed the lease contract for another 5 years. In 2014, the lease term was extended to end on December 31, 2023. On January 1, 2015, the terms of the agreement were amended to include an escalation clause. Zenith may pre-terminate the lease provided that an advance notice is provided to the lessor within the prescribed period as indicated in the agreement.



The future minimum lease receivables on the lease as at December 31, 2015 are as follows:

Within one year	₱16,537,500
After one year but not more than five years	74,842,627
More than five years	66,538,261
	₱157,918,388

b. Zenith pays service fees to the Company for procurement services rendered by the Company's Purchasing Department.

c. Zenith pays management fees to the Company for services rendered under an existing Management Services Agreement, which is renewable annually.

d. On November 10, 2015 and December 9, 2015, the Company received cash dividends from Zenith, declared on November 2, 2015 and December 3, 2015, amounting to ₱370.0 million and ₱400.00 million, respectively.

On November 21, 2014, the Company received cash dividends declared on November 12, 2014 amounting to ₱150.0 million or ₱34.88 dividends per share.

e. The Company pays service fees to Zenith for supply chain and customer and order management services, including warehousing and logistics services, under an existing Service Contract.

Red Ribbon

a. The Company's Service Engineering Division renders services to Red Ribbon for the repairs and maintenance of Red Ribbon's store equipment and facilities.

b. Red Ribbon leases its office space and warehouse from the Company on an annual basis.

c. Red Ribbon pays management fees to the Company for services rendered under an existing Management Services Agreement, which is renewable annually.

d. The Company pays management fees to Red Ribbon for trainings rendered by their employees.

RRB Holdings

a. On May 29, 2015, November 10, 2015 and December 8, 2015, the Company received cash dividends from RRB Holdings declared on May 27, 2015, November 2, 2015 and December 3, 2015 amounting to ₱250.0 million, ₱160.0 million and ₱140.0 million or ₱1.58, ₱1.01 and ₱0.88 dividends per share, respectively.

Grandworth

a. On May 29, 2015, the Company received cash dividends amounting to ₱95.0 million.

b. Grandworth pays service fees to the Company for various services, including repairs and maintenance services, rendered by the Company's personnel.

c. The Company is a lessee under various operating lease agreements with Grandworth. These lease agreements have terms ranging from 5 to 20 years, which mostly contain renewal options. The lease agreements include escalation clauses on an annual basis based on prevailing market conditions.

The future minimum lease payments under the lease arrangements as at December 31, 2015 and 2014 are as follows:

	2015	2014
Within one year	₱7,789,718	₱20,635,145
After one year but not more than five years	24,603,872	25,711,926
More than five years	49,598,260	56,279,924
	₱81,991,850	₱102,626,995

Freemont

a. Freemont operates "Jollibee" stores in certain parts of Luzon, Visayas and Mindanao under a Franchise Agreement with the Company. As a franchisee, the Company's sales of food supplies, processed inventories, and packaging, store and other supplies to Freemont are accounted for as part of the Company's "Net sales" account in the parent company statement of comprehensive income. Freemont also pays royalties and advertising fees to the Company based on a certain percentage of Freemont's net sales as provided in the Franchise Agreement. These transactions are made on similar terms with transactions to unrelated franchisees.

b. Freemont pays service fees to the Company for various services, including repairs and maintenance services, rendered by the Company's personnel.

c. Freemont leases office spaces in properties owned by the Company.

d. The Company has a Management Contract (the Contract) with Freemont for the former to provide managerial services on all aspects of the operations of Freemont's stores. Management fees are based on a specified percentage of Freemont's net sales as provided for in the Contract.

e. On November 24, 2014, the Company received cash dividends amounting to ₱100.0 million from Freemont declared on November 12, 2014.

Jollibee Worldwide Services

a. Jollibee Worldwide Services leases its office space from the Company on an annual basis.

b. On March 20, 2012, the Company entered into a sub-lease agreement with Jollibee Worldwide Services for the use of the Company's leased land and building for a period of five years beginning May 1, 2012 until April 30, 2017. The land and building are used by Jollibee Worldwide Services for its logistics services. The Company received security deposit amounting to ₱29.7 million, which will be refunded at the end of the lease term.

The future minimum lease receivables under the lease arrangement as at December 31, 2015 and 2014 are as follows:

	2015	2014
Within one year	**₱107,632,000**	₱102,506,668
After one year but not more than five years	**36,456,000**	144,088,000
	₱144,088,000	₱246,594,668

c. Jollibee Worldwide Services pays management fees to the Company for services rendered under an existing Management Services Agreement, which is renewable annually.

d. The Company has existing one-year contracts with Jollibee Worldwide Services for accounting and human resource services, and logistics services relating to inbound and outbound logistics, warehousing, scrap disposal and other inventory handling services. The contracts are renewable and with service fees determined annually.

e. On April 16, 2012, the Company received advances from Jollibee Worldwide Services amounting to ₱150.0 million. The advances is payable in full on April 16, 2017. The interest rate on the advances is based on prevailing money market placement rates plus spread of 1%, payable on a monthly basis.

Mang Inasal

a. Mang Inasal leases some store locations from the Company. The agreements are for a period of 5 to 20 years with escalation clauses and subject to renewal upon mutual agreement of both parties.

b. Mang Inasal pays management fees to the Company for services rendered under an existing Management Services Agreement, which is renewable annually.

c. Mang Inasal avails the services of the Company for the plan, design and installation of equipment for Mang Inasal stores.

d. On December 9, 2015, the Company received cash dividends amounting to ₱136.5 million declared on December 3, 2015.

On May 2, 2014, the Company received cash dividends amounting to ₱84.0 million declared on April 7, 2014.

Burger King

a. Burger King pays management fees to the Company for services rendered under an existing Management Services Agreement, which is renewable annually.

b. The Company's Service Engineering Division renders services to Burger King for the repairs and maintenance of Burger King's store equipment and facilities.

c. Burger King pays rental fees to the Company for the use of function rooms and parking spaces.

d. During the year, the Company extended a four-year loan to Burger King amounting to ₱300.00 million for use in the operations and store expansions of the Burger King business, subject to 5.0% interest rate per annum.

   In 2014, the Company entered into four (4) loan agreements with Burger King. The Company has extended the first loan in the principal amount of ₱54.0 million on February 14, 2014, the second loan in the principal amount of ₱54.0 million on May 30, 2014, the third loan in the principal amount of ₱100.0 million on September 2, 2014, and the fourth loan in the principal amount of ₱100.0 million on September 26, 2014. All loans are subject to interest at the rate of 5.0% per annum that is to be paid semi-annually. Principal shall be due and paid in lump sum five (5) years after the drawdown date.

Honeybee and JWPL
The Company made advances to Honeybee and JWPL which are intended for future capital subscription. In 2012, the Company entered into a Royalty Agreement with JWPL. The terms and conditions are similar in nature with those discussed in Note 20.

Others
Related party transactions and balances for other subsidiaries of the Company are similar in nature with those discussed above.

Guarantees Provided by the Company to JWPL
In 2013, the Company provided a guarantee on JWPL's US$40.0 million loan with Bank of the Philippine Islands.

Terms and Conditions of Transactions with Related Parties
Transactions with related parties are made at market prices and are normally settled in cash. The Company did not make any provision for impairment losses on receivables from related parties in 2015 and 2014. An assessment is undertaken at each financial year by evaluating the financial position of the related party and the market in which the related party operates.

Compensation of Key Management Personnel of the Company
The compensation and benefits to key management personnel of the Company for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
Short-term employee benefits	**₱430,180,747**	₱373,458,466
Stock options expense (see Notes 22 and 27)	**161,198,902**	146,421,852
Employee car plan benefits	**20,073,541**	19,464,113
Pension expense	**16,640,077**	40,200,514
	₱628,093,267	₱579,544,945

Transactions with the Retirement Plan
As at December 31, 2015 and 2014, the retirement plan assets of the Company include investments in 175,110 common shares of the Company with aggregate fair values of ₱38.35 million and ₱37.65 million, respectively.

The Company usually advances the retirement benefits of its retiring employees which are reimbursable from the retirement fund. The Company's receivable from its retirement plan from these advances amounted to ₱106.3 million and ₱99.5 million as at December 31, 2015 and 2014, respectively (see Note 6).

29. Commitments and Contingencies

Operating Lease Commitments - Company as Lessor

The Company entered into commercial property leases on its investment properties and subleased properties with third party and related party lessees. Noncancellable periods of the leases range from 3 to 20 years, mostly containing renewal options. All leases include a clause to enable upward revision of the rental charges on an annual basis based on prevailing market conditions.

The difference of rent income recognized under the straight-line method and the rent received in accordance with the terms of the lease agreements amounting to ₱20.9 million and ₱24.8 million as at December 31, 2015 and 2014, respectively, are presented as "Operating lease receivables" in the parent company statement of financial position. Rent income recognized on a straight-line basis amounted to ₱239.2 million and ₱212.3 million in 2015 and 2014, respectively.

The future minimum rent receivables for the noncancellable periods of the operating leases follow:

	2015	2014
Within one year	**₱124,169,500**	₱102,506,668
After one year but not more than five years	**111,298,627**	144,088,000
More than five years	**66,538,261**	–
	₱302,006,388	₱246,594,668

Operating Lease Commitments - Company as Lessee

The Company has various operating lease commitments for QSR outlets and office spaces with third party and related party lessors. The noncancellable periods of the leases range from 3 to 35 years, mostly containing renewal options. Some of the leases contain escalation clauses. The lease contracts on certain sales outlets provide for the payment of additional rental based on a certain percentage of sales of the outlets.

The difference of rent expense recognized under the straight-line method and the rent received due in accordance with the terms of the lease agreements amounting to ₱678.9 million and ₱653.7 million as at December 31, 2015 and 2014, respectively, are presented as "Operating lease payables" in the parent company statement of financial position. Rent expense recognized on a straight-line basis amounted to ₱849.6 million and ₱753.6 million in 2015 and 2014, respectively (see Notes 21 and 22). Total contingent rent recognized as expense amounted to ₱556.9 million and ₱552.6 million in 2015 and 2014, respectively (see Notes 21 and 22).

The future minimum rental payables for the noncancellable periods of the operating leases follow:

	2015	2014
Within one year	**₱501,810,793**	₱478,264,227
After one year but not more than five years	**1,929,319,098**	1,828,543,714
More than five years	**3,304,774,074**	2,731,403,041
	₱5,735,903,965	₱5,038,210,982

The rental agreements with third party contractors are short-term in nature.

Contingencies
The Company is involved in litigations, claims and disputes which are normal to its business. Except for those legal claims provided for in Note 16, management believes that the ultimate liability, if any, with respect to these litigations, claims and disputes will not materially affect the financial position and performance of the Company.

30. Financial Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management policies focus on actively securing the Company's short-term to medium-term cash flows by minimizing the exposure to financial markets.

The Company's principal financial instruments comprise of cash and cash equivalents, trade payables and other current liabilities (excluding local and other taxes payable, liabilities to government agencies and accrual for gift certificates) and short-term and long-term debts. The Company has also other financial assets and liabilities such as receivables, advances to related parties, refundable deposits, employees' car plan receivables, AFS financial assets and due to related parties.

The Company does not engage in trading financial assets for speculative purposes.

Foreign Currency Risk
The Company has transactional foreign currency exposures. Such exposure arises from cash and cash equivalents and trade receivables denominated in foreign currencies.

The following table shows the Company's foreign currency-denominated monetary assets and their peso equivalents as at December 31:

	2015			2014		
	US$	RMB	PhP	US$	RMB	PhP
Cash and cash equivalents	$68,833	RMB8,075	₱3,297,986	$274,577	RMB8,074	₱12,337,055
Trade receivables	3,092,270	16,414,287	264,854,093	10,306,393	12,001,624	547,073,555
Foreign Currency-Denominated Assets	$3,161,103	RMB16,422,362	₱268,152,079	$10,580,970	RMB12,009,698	₱559,410,610

The Company recognized in the parent company statement of comprehensive income included under "Other income" account, net foreign exchange gain amounting to ₱41.1 million and a net foreign exchange loss amounting to ₱3.2 million for the years ended December 31, 2015 and 2014, respectively (see Note 24). This resulted from the movements of the Philippine peso against the US dollar and RMB as shown in the following table:

	Peso to	
	US Dollar	RMB
December 31, 2015	**₱47.06**	**₱7.27**
December 31, 2014	44.72	7.18

Foreign Currency Risk Sensitivity Analysis. The following table demonstrates the sensitivity to a reasonably possible change in Philippine peso to US dollar and RMB exchange rates, with all other variables held constant, of the Company's cash and cash equivalents and trade receivables to the income before income tax as at December 31, 2015 and 2014 (due to the changes in the fair value of monetary assets).

	Appreciation (Depreciation) of Php	Effect on Income Before Income Tax	
		Php to US$ Rate	Php to RMB Rate
		(In millions)	
2015	**₱1.50**	**(₱4.7)**	**(₱24.6)**
	1.00	**(3.2)**	**(16.4)**
	(1.50)	**4.7**	**24.6**
	(1.00)	**3.2**	**16.4**
2014	1.50	(15.9)	(18.0)
	1.00	(10.6)	(12.0)
	(1.50)	15.9	18.0
	(1.00)	10.6	12.0

Interest Rate Risk

Interest rate risk arises from the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk relates primarily to the Company's long-term advances from subsidiaries, Fresh N' Famous and Jollibee Worldwide Services amounting to ₱899.0 million as at December 31, 2015 and 2014, as discussed in Note 28 and long-term debt amounting to ₱2,300.0 million as at December 31, 2015 and 2014, with a current portion ₱15.0 million and nil as at December 31, 2015 and 2014, respectively, which is discussed in Note 17. Floating rate financial instruments are subject to cash flow interest rate risk.

There is minimal exposure on the other sources of the Company's interest rate risk. These other sources are from the Company's cash in bank, short-term deposits, refundable deposits, employees' car plan receivables and short-term debt.

Interest Rate Risk Sensitivity Analysis. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's income before income tax.

	Increase (Decrease) in Basis Points	Effect on Income Before Income Tax
2015	**100**	**(₱31,840,000)**
	50	**(15,920,000)**
	(100)	**31,840,000**
	(50)	**15,920,000**
2014	100	(31,990,000)
	50	(19,995,000)
	(100)	31,990,000
	(50)	19,995,000

Fixed rate debts, although subject to fair value interest rate risk, are not included in the sensitivity analysis as these are carried at amortized costs. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Credit Risk

Credit risk is the risk that a customer or a counterparty fails to fulfill its contractual obligations to the Company. This includes risk of non-payment by customers, borrowers and issuers, failed settlement of transactions and default on outstanding contracts.

The Company has a strict credit policy. Its credit transactions are with franchisees that have gone through rigorous screening before granting them the franchise and with related parties. The credit terms are very short, while deposits and advance payments are also required before rendering the services or delivering goods, thus, mitigating the possibility of non-collection. In cases of non-collection, defaults of the debtors are not tolerated; the exposure is contained the moment a default occurs and transactions that will increase the exposure of the Company are discontinued.

Other than its transactions with related parties, the Company has no significant concentration of credit risk with counterparty since it has short credit terms to franchisees. In addition, the Company's franchisee profile is such that no single unrelated franchisee accounts for more than 5% of the total system wide sales of the Company.

The aging analysis of financial assets as at December 31, 2015 and 2014 are as follows:

	2015						
		Neither Past Due nor	Past Due but not Impaired (Age in Days)				
	Total	Impaired	1-30	31-60	61-120	Over 120	Impaired
Loans and Receivables							
Cash and cash equivalents*	₱1,281,777,226	₱1,281,777,226	₱-	₱-	₱-	₱-	₱-
Receivables							
Franchisees and customers	2,619,536,142	975,590,134	353,580,087	66,924,398	230,761,536	795,183,824	197,656,163
Related parties	1,985,215,386	1,082,451,107	15,978,670	28,149,805	12,850,183	772,785,621	-
Employee advances	72,912,142	72,912,142	-	-	-	-	-
Employees' car plan receivables	128,846,226	128,846,226	-	-	-	-	-
Interest receivable	5,874,226	5,874,226	-	-	-	-	-
Others**	158,826,987	158,826,907	-	-	-	-	-
Operating lease receivables	28,912,916	28,912,916	-	-	-	-	-
Advances to related parties	1,044,215,280	1,844,215,200	-	-	-	-	-
Refundable deposits	438,695,873	438,695,873	-	-	-	-	-
	7,668,812,244	5,282,101,957	369,478,757	88,074,283	243,611,719	1,567,889,445	197,656,163
AFS Financial Assets	19,668,040	19,668,848	-	-	-	-	-
	₱7,488,488,284	₱5,228,769,997	₱369,478,757	₱88,874,203	₱243,611,719	₱1,567,889,445	₱197,656,163

	2014						
		Neither Past Due nor	Past Due but not Impaired (Age in Days)				
	Total	Impaired	1-30	31-60	61-120	Over 120	Impaired
Loans and Receivables							
Cash and cash equivalents*	₱1,529,482,502	₱1,529,482,502	₱-	₱-	₱-	₱-	₱-
Receivables							
Franchisees and customers	4,220,222,248	2,074,568,185	1,055,767,877	415,181,544	335,139,826	313,479,430	16,165,369
Related parties	1,409,824,442	805,269,044	14,111,040	21,996,806	28,464,169	547,983,383	-
Employee advances	72,277,908	72,277,900	-	-	-	-	-
Employees' car plan receivables	134,761,821	114,361,821	-	-	-	-	-
Interest receivable	4,208,275	4,200,275	-	-	-	-	-
Others**	153,018,443	153,818,443	-	-	-	-	-
Operating lease receivables	24,831,918	24,831,918	-	-	-	-	-
Advances to related parties	715,181,206	715,181,206	-	-	-	-	-
Refundable deposits	390,186,386	390,186,386	-	-	-	-	-
	8,653,987,133	5,907,777,680	1,069,878,917	437,098,350	355,683,995	861,462,822	16,165,369
AFS Financial Assets	19,668,048	19,668,040	-	-	-	-	-
	₱8,673,655,173	₱5,923,445,720	₱1,869,878,917	₱437,098,358	₱355,683,995	₱861,462,822	₱26,165,369

Excluding cash on hand amounting to ₱118.7 million and ₱101.7 million in 2015 and 2014, respectively.

**Excluding receivables from SSS amounting to ₱3.2 million and ₱2.6 million in 2015 and 2014, respectively.*

Credit Quality. The tables below show the credit quality by class of financial assets, based on the Company's credit rating system as at December 31, 2015 and 2014.

	2015				
		Neither Past Due nor Impaired			Past Due
	Total	A	B	C	or Impaired
Loans and Receivables					
Cash and cash equivalents*	₱1,281,777,226	₱1,281,777,226	₱–	₱–	₱–
Receivables:					
Franchisees and customers	2,619,536,142	236,615,000	731,168,684	7,806,450	1,643,946,008
Related parties	1,905,215,386	1,082,451,107	–	–	822,764,279
Employee advances	72,912,142	72,912,142	–	–	–
Employees' car plan receivables	120,846,226	120,846,226	–	–	–
Interest receivable	5,874,226	5,874,226	–	–	–
Others**	158,826,907	158,826,907	–	–	–
Operating lease receivables	20,912,916	20,912,916	–	–	–
Advances to related parties	1,044,215,200	1,044,215,200	–	–	–
Refundable deposits	438,695,873	438,695,873	–	–	–
	7,668,812,244	4,463,126,823	731,168,684	7,806,450	2,466,710,287
AFS Financial Assets	19,668,040	19,668,040	–	–	–
	₱7,688,480,284	₱4,482,794,863	₱731,168,684	₱7,806,450	₱2,466,710,287

	2014				
		Neither Past Due nor Impaired			Past Due
	Total	A	B	C	or Impaired
Loans and Receivables					
Cash and cash equivalents*	₱1,529,482,502	₱1,529,482,502	₱–	₱–	₱–
Receivables:					
Franchisees and customers	4,220,222,240	1,675,846,598	222,200,741	176,520,846	2,145,654,055
Related parties	1,409,824,442	805,269,044	–	–	604,555,398
Employee advances	72,277,900	72,277,900	–	–	–
Employees' car plan receivables	134,761,821	134,761,821	–	–	–
Interest receivable	4,200,275	4,200,275	–	–	–
Others**	153,018,443	153,018,443	–	–	–
Operating lease receivables	24,831,918	24,831,918	–	–	–
Advances to related parties	715,181,206	715,181,206	–	–	–
Refundable deposits	390,186,386	390,186,386	–	–	–
	8,653,987,133	5,505,056,093	222,200,741	176,520,846	2,750,209,453
AFS Financial Assets	19,668,040	19,668,040	–	–	–
	₱8,673,655,173	₱5,524,724,133	₱222,200,741	₱176,520,846	₱2,750,209,453

**Excluding cash on hand amounting to ₱118.7 million and ₱101.7 million in 2015 and 2014, respectively.*
***Excluding receivables from SSS amounting to ₱3.2 million and ₱2.6 million in 2015 and 2014, respectively.*

The credit quality of financial assets is managed by the Company using internal credit ratings, as shown below:

A – For counterparty that is not expected by the Company to default in settling its obligations, thus, credit risk exposure is minimal. This counterparty normally includes banks, related parties and customers who pay on or before due date.

B – For counterparty with tolerable delays (normally from 1-30 days) in settling its obligations to the Company. The delays may be due to cut-off differences and/or clarifications on contracts/billings.

C – For counterparty who consistently defaults in settling its obligation and may be or actually referred to legal and/or subjected to cash before delivery (CBD) scheme. Under this scheme, the customer's credit line is suspended and all subsequent orders are paid in cash before delivery. The CBD status will only be lifted upon full settlement of the receivables and approval of management. Thereafter, the regular credit term and normal billing and collection processes will resume.

Credit Risk Exposure and Concentration. The tables below show the maximum exposure to credit risk of the Company as at December 31, without considering the effects of collaterals and other credit risk mitigation techniques:

	2015		
	Gross Maximum Exposure (a)	Fair Value and Financial Effect of Collateral or Credit Enhancement (b)	Net Exposure* (a - b)
Financial Assets			
Loans and receivables:			
Cash and cash equivalents**	**₱1,281,777,226**	**₱5,811,598**	**₱1,275,965,628**
Receivables:			
Trade receivables	**4,327,095,365**	**53,107,932**	**4,273,987,433**
Employee advances	**72,912,142**	**–**	**72,912,142**
Employees' car plan receivables	**120,846,226**	**–**	**120,846,226**
Interest receivable	**5,874,226**	**–**	**5,874,226**
Others***	**158,826,907**	**–**	**158,826,907**
Operating lease receivables	**20,912,916**	**–**	**20,912,916**
Advances to related parties	**1,044,215,200**	**–**	**1,044,215,200**
Refundable deposits	**438,695,873**	**–**	**438,695,873**
AFS Financial assets	**19,668,040**	**–**	**19,668,040**
	₱7,490,824,121	**₱58,919,530**	**₱7,431,904,591**

	2014		
	Gross Maximum Exposure (a)	Fair Value and Financial Effect of Collateral or Credit Enhancement (b)	Net Exposure* (a - b)
Financial Assets			
Loans and receivables:			
Cash and cash equivalents**	₱1,529,482,502	₱6,884,909	₱1,522,597,593
Receivables:			
Trade receivables	5,603,881,313	22,482,067	5,581,399,246
Employee advances	72,277,900	–	72,277,900
Employees' car plan receivables	134,761,821	–	134,761,821
Interest receivable	4,200,275	–	4,200,275
Others***	153,018,443	–	153,018,443
Operating lease receivables	24,831,918	–	24,831,918
Advances to related parties	715,181,206	–	715,181,206
Refundable deposits	390,186,386	–	390,186,386
AFS Financial assets	19,668,040	–	19,668,040
	₱8,647,489,804	₱29,366,976	₱8,618,122,828

** Financial assets after taking into account insurance on bank deposits for cash and cash equivalents and payables to the same counterparty for receivables.*

***Excluding cash on hand amounting to ₱118.7 million and ₱101.7 million in 2015 and 2014, respectively.*

****Excluding receivables from SSS amounting to ₱3.2 million and ₱2.6 million in 2015 and 2014, respectively.*

Liquidity Risk

The Company's exposure to liquidity risk refers to the risk that its financial liabilities are not serviced on a timely manner and that its working capital requirements and planned capital expenditures are not met. To manage this exposure and to ensure sufficient liquidity levels, the Company closely monitors its cash flows to be able to finance its capital expenditures and to pay its obligations as and when they fall due.

On a weekly basis, the Jollibee Group's Cash and Banking Team monitors the Company's collections, expenditures and any excess/deficiency in the working capital requirements by preparing cash position reports that present actual and projected cash flows for the subsequent week. Cash outflows resulting from major expenditures are planned and properly monitored to ensure availability of funds, i.e., pre-terminate money market placements if deemed necessary. In addition, the Company has short-term deposits and has available credit lines with accredited banking institutions. The Company maintains a sufficient level of cash and cash equivalents to finance the Company's operations.

No changes were made in the objectives, policies or processes of the Company in 2015 and 2014. The tables below summarize the maturity profile of the Company's financial assets and liabilities as at December 31, 2015 and 2014 based on undiscounted contractual payments:

	2015				
	Due and Demandable	Less than 1 Year	1 to 5 Years	Over 5 Years	Total
Financial Assets					
Cash and cash equivalents	₱814,790,717	₱585,696,255	₱–	₱–	₱ 1,400,486,972
Receivables:					
Franchisees and customers	1,446,289,845	975,590,134	–	–	2,421,879,979
Due from related parties*	822,764,279	1,082,489,665	–	–	1,905,253,944
Employee advances	–	72,912,142	–	–	72,912,142
Interest receivable	–	5,874,226	–	–	5,874,226
Operating lease receivables	–	12,590,821	3,546,488	4,775,607	20,912,916
Employees' car plan receivables*	–	28,034,673	102,282,402	–	130,317,075
Other receivables**	–	158,826,907	–	–	158,826,907
Advances to related parties*	–	30,400,000	1,107,673,507	–	1,138,073,507
Refundable deposits*	–	11,740,362	107,405,291	357,905,526	477,051,179
AFS financial assets	–	–	–	19,668,040	19,668,040
	3,083,844,841	2,964,155,185	1,320,907,688	382,349,173	7,751,256,887
Other Financial Liabilities					
Trade payables and other current liabilities***	–	7,092,742,223	–	–	7,092,742,223
Due to related parties*	–	80,800,504	908,371,659	–	989,172,163
Long-term debt*	–	124,334,226	2,581,727,341	–	2,706,061,567
Operating lease payables	–	64,616,021	227,104,669	387,203,416	678,924,106
	–	7,362,492,974	3,717,203,669	387,203,416	11,466,980,059
Net Financial Assets (Liabilities)	₱3,083,844,841	(₱4,398,337,789)	(₱2,396,295,981)	(₱4,854,243)	(₱3,715,643,172)

	2014				
	Due and Demandable	Less than 1 Year	1 to 5 Years	Over 5 Years	Total
Financial Assets					
Cash and cash equivalents	₱808,180,527	₱822,964,352	₱–	₱–	₱1,631,144,879
Receivables:					
Franchisees and customers	2,119,488,686	2,074,568,185	–	–	4,194,056,871
Due from related parties*	604,555,398	805,269,044	–	–	1,409,824,442
Employee advances	–	72,277,900	–	–	72,277,900
Interest receivable	–	4,200,275	–	–	4,200,275
Operating lease receivables	–	7,465,489	17,366,429	–	24,831,918
Employees' car plan receivables*	–	44,916,794	98,821,011	–	143,737,805
Other receivables**	–	153,018,443	–	–	153,018,443
Advances to related parties*	–	15,400,000	718,781,066	–	734,181,066
Refundable deposits*	–	–	117,774,878	304,184,728	421,959,606
AFS financial assets	–	–	–	19,668,040	19,668,040
	3,532,224,611	4,000,080,482	952,743,384	323,852,768	8,808,901,245

(Forward)

	2014				
	Due and Demandable	Less than 1 Year	1 to 5 Years	Over 5 Years	Total
Other Financial Liabilities					
Trade payables and other current liabilities***	₱–	₱6,830,487,571	₱–	₱–	₱6,830,487,571
Due to related parties*	–	94,498,115	932,957,228	–	1,027,455,343
Short-term debt*	–	1,867,080,932	–	–	1,867,080,932
Long-term debt*	–	90,332,225	2,783,466,419	–	2,873,798,644
Operating lease payables	–	65,114,747	463,628,197	124,922,549	653,665,493
	–	8,947,513,590	4,180,051,844	124,922,549	13,252,487,983
Net Financial Assets (Liabilities)	₱3,532,224,611	(₱4,947,433,108)	(₱3,227,308,460)	₱198,930,219	(₱4,443,586,738)

**Gross of unamortized discount and including future interest payments.*
***Excluding receivables from SSS amounting to P3.2 million and P2.6 million in 2015 and 2014, respectively.*
****Excluding statutory obligations such as accrued local and other taxes, PHIC, SSS, HDMF and NHMFC payables amounting to P742.4 million and P1,336.8 million as at December 31, 2015 and 2014, respectively.*

Capital Management Policy

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company has sufficient capitalization.

The Company generates cash flows from operations sufficient to finance its organic growth. It declares cash dividends representing about 1/3 of its net income, a ratio that would still leave some additional cash for future acquisitions. If needed, the Company would borrow money for acquisitions of new businesses.

The Company's policy is to limit its liabilities to stockholders' equity ratio at 60:40.

As at December 31, 2015 and 2014, the Company's ratio of liabilities to total equity and ratio of net liabilities to total equity are as follows:

Debt Ratio

	2015	2014
Total debt (a)	**₱12,784,260,595**	₱14,277,418,425
Total equity	**28,600,212,248**	25,754,858,450
Total debt and equity (b)	**₱41,384,472,843**	₱40,032,276,875
Debt ratio (a/b)	**30.89%**	35.66%

Net Debt Ratio

	2015	2014
Total debt	**₱12,784,260,595**	₱14,277,418,425
Less cash and cash equivalents	**1,400,486,972**	1,631,144,879
Net debt (a)	**11,383,773,623**	12,646,273,546
Total equity	**28,600,212,248**	25,754,858,450
Net debt and equity (b)	**₱39,983,985,871**	₱38,401,131,996
Net debt ratio (a/b)	**28.47%**	32.93%

31. Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

Financial Instruments Whose Carrying Amounts Approximate Fair Value. Management has determined that the carrying amounts of cash and cash equivalents, receivables, operating lease receivables, trade payables and other current liabilities, short-term debt and operating lease payables based on their notional amounts, reasonably approximate their fair values because of their short-term nature or due to the immaterial effect of discounting when the present value of future cash flows from these instruments are calculated.

AFS Financial Assets. The fair value of investments in quoted shares of stock is based on quoted prices.

Advances to Related Parties, Refundable Deposits, Employees' Car Plan Receivables, Long-term Debt and Due to Related Parties. Management has determined that the estimated fair value of advances to related parties, refundable deposits, employees' car plan receivables, long-term debt and due to related parties are based on the discounted value of future cash flows using the following applicable rates:

	2015	2014
Advances to related parties	3.92%-4.76%	2.75%-3.32%
Refundable deposits	2.44%-5.46%	2.43%-4.98%
Employees' car plan receivables	2.37%-3.93%	2.75%-3.33%
Long-term debt	3.69%	3.31%
Due to related parties	2.37%-3.98%	2.43%-3.08%

Investment Properties. The fair value of the investment properties are determined by independent appraisers using the market data and cost approach, which considers the local market conditions, the extent, character and utility of the property, sales and holding prices of similar parcels of land and the highest and best use of the investment properties.

The following tables provide the fair value measurement hierarchy of the Company's assets and liabilities. Quantitative fair value measurement hierarchy for assets and liabilities as at December 31, 2015 and 2014:

		2015 Fair Value Measurement Using			
	Date of Valuation	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value					
AFS financial assets	December 31, 2015	₱19,668,040	₱–	₱19,668,040	₱–
Assets for which fair values are disclosed					
Refundable deposits	December 31, 2015	460,841,385	–	460,841,385	–
Employees' car plan receivables	December 31, 2015	126,576,526	–	126,576,526	–
Investment properties	December 31, 2014	2,482,644,600	–	2,482,644,600	–
Advances to related parties	December 31, 2015	974,994,031	–	974,994,031	–
Liabilities for which fair values are disclosed					
Long-term debt	December 31, 2015	2,299,560,820	–	2,299,560,820	–
Due to related parties	December 31, 2015	934,618,112	–	936,141,164	–

		2014 Fair Value Measurement Using			
	Date of Valuation	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value					
AFS financial assets	December 31, 2014	₱19,668,040	₱–	₱19,668,040	₱–
Assets for which fair values are disclosed					
Refundable deposits	December 31, 2014	388,998,686	–	388,998,686	–
Employees' car plan receivables	December 31, 2014	125,882,243	–	125,882,243	–
Investment properties	December 31, 2014	2,482,644,600	–	2,482,644,600	–
Advances to related parties	December 31, 2014	715,444,253	–	715,444,253	–
Liabilities for which fair values are disclosed					
Long-term debt	December 31, 2014	2,319,577,102	–	2,319,577,102	–
Due to related parties	December 31, 2014	967,874,952	–	967,874,952	–

32. Earnings Per Share

Basic and diluted EPS are computed as follows:

	2015	2014
Net income in parent company financial statements	**₱4,490,055,055**	₱3,596,834,850
Effects of consolidation	**438,181,173**	1,765,143,918
(a) Consolidated net income attributable to the equity holders of the Company	**₱4,928,236,228**	₱5,361,978,768
(b) Weighted average number of shares – basic	**1,067,293,108**	1,056,590,489
Weighted average number of shares outstanding under the stock option plan	**42,717,799**	51,249,701
Weighted average number of shares that would have been purchased at fair market value	**(21,689,263)**	(25,692,236)
(c) Adjusted weighted average shares – diluted	**1,088,321,644**	1,082,147,954
EPS:		
Basic (a/b)	**₱4.618**	₱5.075
Diluted (a/c)	**4.528**	4.955

33. Events after the Reporting Period

Dividend Declaration

On April 6, 2016, the BOD approved a regular cash dividend of ₱0.86 per share of common stock to all stockholders of record as of April 21, 2016. Consequently, the cash dividend is expected to be paid out by May 6, 2016. The cash dividend is 7.5% higher than the ₱0.80 regular dividend a share declared on April 7, 2015.

Appropriation of Retained Earnings

On April 6, 2016, the BOD of the Company approved the appropriation of additional ₱8,000.0 million of retained earnings for capital expenditures for the years 2016 to 2018 to support the Company's growth strategy. Consequently, the appropriated retained earnings of the Company will increase from ₱10,200.0 million to ₱18,200.0 million.

34. Supplementary Tax Information Required Under Revenue Regulations No. 15-2010

The Bureau of Internal Revenue has issued Revenue Regulations No. 15-2010 which requires certain tax information to be disclosed in the notes to the parent company financial statements. The Company presented the required supplementary tax information as a separate schedule attached to its annual income tax return.

SGV
Building a better working world

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ey.com/ph

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

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Jollibee Foods Corporation
10/F Jollibee Plaza Building
10 F. Ortigas Jr. Ave., Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing the parent company financial statements of Jollibee Foods Corporation as at and for the years ended December 31, 2015 and 2014 and have issued our report thereon dated April 6, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of all the effective standards and interpretations as well as the reconciliation of retained earnings available for dividend declaration as at December 31, 2015 is the responsibility of the management of Jollibee Foods Corporation. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until April 30, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321664, January 4, 2016, Makati City

April 6, 2016

JOLLIBEE FOODS CORPORATION
SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		✓
	Amendments to PFRS 1: Government Loans	✓		✓
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Meaning of Effective PFRSs	✓		✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
	Amendments to PFRS 2: Definition of Vesting Condition	✓		
PFRS 3 (Revised)	Business Combinations	✓		✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination	✓		✓
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements	✓		✓
PFRS 4	Insurance Contracts	✓		✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		✓
	Amendments to PFRS 5: Changes in Method of Disposal*	Not Early Adopted		
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
	Financial Assets			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		✓
	Amendments to PFRS 7: Servicing Contracts*	Not Early Adopted		
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*	Not Early Adopted		
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to Condensed Interim Financial Statements	✓		✓
PFRS 9	Financial Instruments*	Not Early Adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not Early Adopted		
	Financial Instruments - New hedge accounting requirements*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities	✓		✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception*	Not Early Adopted		
PFRS 11	Joint Arrangements	✓		✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations*	Not Early Adopted		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendment to PFRS 12: Investment Entities	✓		✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception*	Not Early Adopted		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception	✓		✓
PFRS 14	Regulatory Deferral Accounts*	Not Early Adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative*	Not Early Adopted		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		✓
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing and Equipment	✓		
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation	✓		✓
	Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization*	Not Early Adopted		
	Amendment to PAS 16: Bearer Plants*	Not Early Adopted		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		✓
	Amendments to PAS 19: Employee Benefits - Defined Benefit Plans: Employee Contributions	✓		✓
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate*	Not Earty Adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance	✓		✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		✓
PAS 23 (Revised)	Borrowing Costs	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities	✓		✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements*	Not Early Adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception*	Not Early Adopted		
	Amendments to PAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies	✓		✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		✓
	Amendment to PAS 32: Classification of Rights Issues	✓		✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		✓
	Amendments to PAS 34: Disclosure of Information Elsewhere in the Interim Financial Report*	Not Early Adopted		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Revaluation Method – Proportionate Restatement of Accumulated Amortization	✓		✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization*	Not Early Adopted		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		✓
	Amendments to PAS 39: The Fair Value Option	✓		✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee	✓		✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
	Contracts			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		✓
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		✓
	Amendment to PAS 39: Eligible Hedged Items	✓		✓
	Amendments to PAS 39: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	✓		✓
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner Occupied Property	✓		
PAS 41	Agriculture	✓		✓
	Amendments to PAS 41: Bearer Plants*	Not Early Adopted		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments	✓		✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	✓		✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies	✓		✓
IFRIC 8	Scope of PFRS 2	✓		✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		✓
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements	✓		✓
IFRIC 13	Customer Loyalty Programmes	✓		
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	✓		✓
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		✓
IFRIC 18	Transfers of Assets from Customers	✓		✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	✓		✓
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro	✓		✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities	✓		✓
SIC-12	Consolidation - Special Purpose Entities	✓		✓
	Amendment to SIC - 12: Scope of SIC 12	✓		✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	✓		✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures	✓		✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services	✓		✓
SIC-32	Intangible Assets - Web Site Costs	✓		✓
With Deferred Effective date: Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*		Not Early Adopted		
The following new standards issued by the IASB has not yet been adopted by the FSRC:				
IFRS 15, Revenue from Contracts with Customers*		Not Early Adopted		
IFRS 16, Leases*		Not Early Adopted		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

JOLLIBEE FOODS CORPORATION

RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2015

Unappropriated retained earnings, beginning	₱10,165,710,046
Adjustments:	
Deferred tax assets – net, beginning	(705,430,500)
Accretion of interest on financial assets, beginning	(13,753,254)
Unappropriated Retained Earnings Available for Dividend Declaration, Ending	₱9,446,526,292
Add: Net income actually earned/realized during the period	
Net income of the Parent Company closed to Retained Earnings	4,490,055,055
Add(Less): Non-actual/unrealized income (loss)	
Benefit from deferred income tax	(448,785,791)
Accretion of interest on financial assets	(11,138,406)
Net income actually earned / realized during the year	4,030,130,858
Add (Less):	
Dividend declarations during the year	(1,886,859,614)
Treasury shares	(180,511,491)
Unappropriated Retained Earnings Available for Dividend Declaration, Ending	**₱11,409,286,045**

Annex "D"

Interim Financial Statements for the Quarter Ending March 31, 2016

COVER SHEET

7	7	4	8	7						

S.E.C. Registration Number

J	O	L	L	I	B	E	E		F	O	O	D	S		C	O	R	P	O	R	A	T	I	O	N				

(Company's Full Name)

10/F	J	O	L	L	I	B	E	E		P	L	A	Z	A		B	U	I	L	D	I	N	G					
10		F.		O	R	T	I	G	A	S		J	R	.		A	V	E	N	U	E							
O	R	T	I	G	A	S		C	E	N	T	E	R	,		P	A	S	I	G		C	I	T	Y			

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

Atty. Angeline L. Chong	(632) 688-7817
Contact Person	Company Telephone Number

31-Dec	Any Day in June
Month Day Year	Month Day Year
Fiscal Year	Annual Meeting

1st Quarter ended March 31, 2016

17Q

Secondary License Type, If Applicable

Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

Total no. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number	LCU
Document I.D.	Cashier

STAMPS

Remarks = please use black ink for scanning purposes

Jollibee®

COVER SHEET

JOLLIBEE FOODS CORPORATION
(Company's Full Name)

10/F Jollibee Plaza Building
10 F. Ortigas Jr. Avenue,
Ortigas Center, Pasig City
(Company's Address)

(632) 634-1111
Telephone Number

December 31
(Fiscal Year Ending)

Any day in the month of June
(Annual Meeting)

SEC Form 17-Q

Quarterly Report
1st Quarter Ended March 31, 2016

(Form Type)

Amendment Designation (If applicable)

(Secondary License Type and File Number)

Cashier

LCU

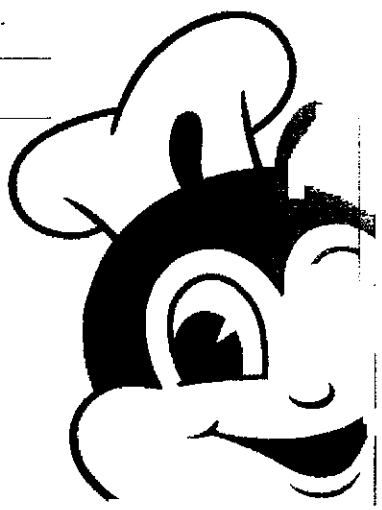
DTU

77487
S.E.C REG. No.

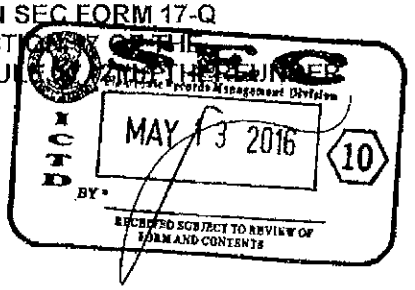
Central Receiving Unit

File Number

Document I.D.



SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION [illegible] OF THE
SECURITIES REGULATIONS CODE (SRC) AND SRC RULE [illegible] THEREUNDER



1. Date of Report: **May 13, 2016**

2. Commission identification number: **77487**

3. BIR Tax Identification No.: **000-388-771**

4. **JOLLIBEE FOODS CORPORATION**
   Exact name of registrant as specified in its charter

5. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

6. Industry classification code: [ ] (SEC Use Only)

7. **10/F JOLLIBEE PLAZA BUILDING, 10 F. ORTIGAS JR. AVENUE, ORTIGAS CENTER, PASIG CITY**
   Address of registrant's principal office

   1605
   Postal Code

8. **(632) 634-1111**
   Registrant's telephone number, including area code

9. **N/A**
   Former name, former address and former fiscal year, if changed since last report.

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

Title of each Class	Number of shares of common stock & warrants outstanding
Common	**1,071,849,218**
Treasury Shares:	
Common	**16,447,340**

Note: Total common outsfanding share of 1,071,849,218 is inclusive of 2,000 MSOP shares subject for listing and 2,457,560 shares entrusted with Deutsche Regis Partners, Inc. with the following details:

MSOP Shares:	
Beginning balance (per SEC Form 17-C dated May 12, 2016)	1,385,548
Shares applied for listing	
Ending balance, as of May 13, 2016	1,385,548
EITIP Shares:	
Beginning Balance (per SEC Form 17-C dated May 12, 2016)	1,072,012
Shares applied for listing	-
Ending balance, as of May 13, 2016	1,072,012
TOTAL	2,457,560

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

Yes [X] No [ ]

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 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 report)

Yes [X] No [ ]

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

Yes [ ] No [X]

No other material information.

SIGNATURE:

JOLLIBEE FOODS CORPORATION
Registrant

YSMAEL V. BAYSA
Chief Financial Officer &
Corporate Information Officer

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

a.	Consolidated Statements of Financial Position as at March 31, 2016 (Unaudited) and December 31, 2015 (Audited)
b.	Unaudited Consolidated Statements of Comprehensive Income for the Quarters Ended March 31, 2016 and 2015
c.	Unaudited Consolidated Statements of Changes in Equity for the Quarters Ended March 31, 2016 and 2015
d.	Unaudited Consolidated Statements of Cash Flows for the Quarters Ended March 31, 2016 and 2015
e.	Store Network and System Wide Sales
f.	Notes to Unaudited Consolidated Financial Statements

JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 2016 (Unaudited)	December 2015 (Audited)	Change Amount	Pct
		(in PHP)		
ASSETS				
Current Assets				
Cash and cash equivalents (Notes 6, 30 and 31)	**12,530,781,108**	11,497,559,629	1,033,221,479	9.0
Short-term investments (Note 6)	**854,502,642**	922,317,012	(67,814,370)	(7.4)
Receivables (Notes 7, 30 and 31)	**4,109,990,994**	5,432,775,539	(1,322,784,545)	(24.3)
Inventories (Note 8)	**5,011,731,136**	5,478,416,309	(466,685,173)	(8.5)
Derivative asset (Note 18)	**6,576,929**	9,868,242	(3,291,313)	(33.4)
Other current assets (Note 9)	**3,792,456,744**	3,828,229,080	(35,772,336)	(0.9)
Total Current Assets	**26,306,039,553**	27,169,165,811	(863,126,258)	(3.2)
Noncurrent Assets				
Available-for-sale financial assets (Notes 10 and 31)	**21,462,462**	21,462,462	-	-
Interests in and advances to joint ventures, co-venturers and an associate (Note 11)	**8,542,276,780**	8,449,310,264	92,966,436	1.1
Property, plant and equipment - net (Note 12)	**14,896,313,291**	14,547,151,906	349,161,385	2.4
Investment properties - net (Note 13)	**1,008,692,524**	998,113,493	10,579,031	1.1
Goodwill and other intangible assets - net (Notes 14)	**9,398,771,393**	9,412,134,199	(13,362,806)	(0.1)
Operating lease receivables (Notes 29, 30 and 31)	**10,865,866**	12,516,788	(1,650,922)	(13.2)
Derivative asset (Note 18)	**75,031,052**	75,031,052	-	-
Deferred tax assets - net (Note 24)	**1,553,415,636**	1,408,488,536	144,927,100	10.3
Other noncurrent assets (Notes 15, 30 and 31)	**2,783,469,391**	2,669,673,900	113,795,491	4.3
Total Noncurrent Assets	**38,290,298,315**	37,593,882,600	696,415,715	1.9
	64,596,337,868	64,763,048,411	(166,710,543)	(0.3)
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables and other current liabilities (Notes 16, 30 and 31)	**18,297,609,370**	19,527,045,864	(1,229,436,494)	(6.3)
Income tax payable	**400,093,740**	235,980,000	164,113,740	69.5
Short-term debt (Notes 18 and 31)	**-**	282,360,000	(282,360,000)	(100.0)
Current portion of:				
Long-term debt (Notes 18, 30 and 31)	**1,049,479,692**	927,916,273	121,563,419	13.1
Liability for acquisition of businesses (Notes 11, 30 and 31)	**58,811,641**	94,852,231	(36,040,590)	(38.0)
Total Current Liabilities	**19,805,994,443**	21,068,154,368	(1,262,159,925)	(6.0)
Noncurrent Liabilities				
Provisions (Note 17)	**30,500,639**	30,500,639	-	-
Noncurrent portion of long-term debt (Notes 18, 30 and 31)	**8,329,187,823**	8,790,712,333	(461,524,510)	(5.3)
Pension liability (Note 25)	**1,526,400,590**	1,466,530,394	59,870,196	4.1
Derivative liability (Notes 18, 30 and 31)	**167,734,175**	34,921,275	132,812,900	380.3
Operating lease payables (Note 29)	**1,603,263,630**	1,615,639,498	(12,375,868)	(0.8)
Total Noncurrent Liabilities	**11,657,086,857**	11,938,304,139	(281,217,282)	(2.4)
Total Liabilities	**31,463,081,300**	33,006,458,507	(1,543,377,207)	(4.7)
Equity Attributable to Equity Holders of the Parent Company (Note 30)				
Capital stock (Note 19)	**1,087,215,698**	1,086,149,410	1,066,288	0.1
Subscriptions receivable	**(17,177,884)**	(17,177,884)	-	-
Additional paid-in capital (Notes 19 and 26)	**5,198,456,717**	5,055,293,439	143,163,278	2.8
Cumulative translation adjustments of foreign subsidiaries and share in cumulative translation adjustment of an interest in a joint venture	**54,254,029**	107,225,186	(52,971,157)	(49.4)
Remeasurement loss on net defined benefit plan - net of tax	**(536,579,937)**	(536,579,937)	-	-
Comprehensive loss on derivative liability (Note 18)	**(171,857,113)**	(35,449,264)	(136,407,849)	(384.8)
Excess of cost over the carrying value of non-controlling interests acquired (Note 19)	**(542,764,486)**	(542,764,486)	-	-
Retained earnings (Note 19):				
Appropriated for future expansion	**10,200,000,000**	10,200,000,000	-	-
Unappropriated	**16,885,526,781**	15,487,039,084	1,398,487,697	9.0
	32,157,073,805	30,803,735,548	1,353,338,257	4.4
Less cost of common stock held in treasury (Note 19)	**180,511,491**	180,511,491	-	-
	31,976,562,314	30,623,224,057	1,353,338,257	4.4
Non-controlling Interests	**1,156,694,254**	1,133,365,847	23,328,407	2.1
Total Equity	**33,133,256,568**	31,756,589,904	1,376,666,664	4.3
	64,596,337,868	64,763,048,411	(166,710,543)	(0.3)

See accompanying Notes to Unaudited Consolidated Financial Statements

JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarters Ended March 31				Change	
	2016		2015		2015 to 2016	
	Pesos	Pct	Pesos	Pct	Pesos	Pct
REVENUES						
Net sales	24,768,443,482	94.9%	21,857,488,198	95.0%	2,910,955,284	13.3%
Royalty, franchise fees and others (Note 20)	1,333,830,099	5.1%	1,145,187,737	5.0%	188,642,362	16.5%
	26,102,273,581	100.0%	23,002,675,935	100.0%	3,099,597,646	13.5%
COST OF SALES (Note 21)						
Cost of inventories	12,633,811,556	48.4%	11,182,401,144	48.6%	1,451,410,412	13.0%
Store and manufacturing costs	8,798,042,243	33.7%	7,737,853,764	33.6%	1,060,188,479	13.7%
	21,431,853,799	82.1%	18,920,254,908	82.3%	2,511,598,891	13.3%
GROSS PROFIT	4,670,419,782	17.9%	4,082,421,027	17.7%	587,998,755	14.4%
EXPENSES						
General and administrative expenses (Note 22)	2,511,338,629	9.6%	2,133,648,363	9.3%	377,690,266	17.7%
Advertising and promotions	420,945,862	1.6%	498,519,118	2.2%	(77,573,256)	-15.6%
	2,932,284,491	11.2%	2,632,167,481	11.4%	300,117,010	11.4%
OPERATING INCOME	1,738,135,291	6.7%	1,450,253,546	6.3%	287,881,745	19.9%
INTEREST INCOME (EXPENSE) (Note 23)						
Interest income	57,857,350	0.2%	49,493,496	0.2%	8,363,854	16.9%
Interest expense	(60,856,098)	-0.2%	(58,266,471)	-0.3%	(2,589,627)	-4.4%
	(2,998,748)	0.0%	(8,772,975)	0.0%	5,774,227	65.8%
EQUITY IN NET LOSSES OF JOINT VENTURES AND AN ASSOCIATE (Note 11)	(69,063,023)	-0.3%	(29,984,378)	-0.1%	(39,078,645)	-130.3%
OTHER INCOME (Note 23)	145,221,606	0.6%	182,967,018	0.8%	(37,745,412)	-20.6%
INCOME BEFORE INCOME TAX	1,811,295,126	6.9%	1,594,463,211	6.9%	216,831,915	13.6%
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)						
Current	529,862,912	2.0%	437,207,757	1.9%	92,655,155	21.2%
Deferred	(150,773,991)	-0.6%	(79,192,838)	-0.3%	(71,581,153)	-90.4%
	379,088,921	1.5%	358,014,919	1.6%	21,074,002	5.9%
NET INCOME	1,432,206,205	5.5%	1,236,448,292	5.4%	195,757,913	15.8%
OTHER COMPREHENSIVE INCOME (LOSS)						
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Cumulative translation adjustments of foreign subsidiaries and share in cumulative translation adjustment of an interest in a joint venture	(60,298,892)	-0.2%	12,862,179	0.1%	(73,161,071)	-568.8%
Comprehensive gain (loss) on derivative asset or liability (Note 18)	(139,470,215)	-0.5%	2,890,000	0.0%	(142,360,215)	-4926.0%
	(199,769,107)	-0.8%	15,752,179	0.1%	(215,521,286)	-1368.2%
TOTAL COMPREHENSIVE INCOME	1,232,437,098	4.7%	1,252,200,471	5.4%	(19,763,373)	-1.6%
Net Income Attributable to:						
Equity holders of the Parent Company (Note 28)	1,398,487,697	5.4%	1,187,774,125	5.2%	210,713,572	17.7%
Non-controlling interests	33,718,508	0.1%	48,674,167	0.2%	(14,955,659)	-30.7%
	1,432,206,205	5.5%	1,236,448,292	5.4%	195,757,913	15.8%
Total Comprehensive Income Attributable to:						
Equity holders of the Parent Company	1,209,108,691	4.6%	1,201,076,136	5.2%	8,032,555	0.7%
Non-controlling interests	23,328,407	0.1%	51,124,335	0.2%	(27,795,928)	-54.4%
	1,232,437,098	4.7%	1,252,200,471	5.4%	(19,763,373)	-1.6%
Earnings Per Share for Net Income Attributable to Equity Holders of the Parent Company (Note 28)						
Basic	1.307		1.116		0.191	17.1%
Diluted	1.278		1.092		0.187	17.1%

See accompanying Notes to Unaudited Consolidated Financial Statements.

JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE QUARTERS ENDED MARCH 31, 2016 AND 2015

	Equity Attributable to Equity Holders of the Parent Company												
								Retained Earnings (Note 19)					
	Capital Stock (Note 19)	Subscriptions Receivable	Additional Paid-in Capital	Cumulative Translation Adjustments of Foreign Subsidiaries and Share in Cumulative Translation Adjustment of an Interest in a Joint Venture	Remeasurement Gain (Loss) on Net Defined Benefit Plan - net of tax (Note 25)	Comprehensive Loss on Derivative Asset or Liability (Note 18)	Excess of Cost over the Carrying Value of Non-controlling Interests Acquired (Note 19)	Appropriated for Future Expansion	Unappropriated	Cost of Common Stock Held in Treasury (Note 19)	Total	Non-controlling Interests	Total Equity
	(In PHP)												
Balances at January 1, 2016	1,086,149,410	(17,177,884)	5,055,293,439	107,225,186	(536,579,937)	(35,449,264)	(542,764,486)	10,200,000,000	15,487,039,084	(180,511,491)	30,623,224,057	1,133,365,847	31,756,589,904
Net income	-	-	-	-	-	-	-	-	1,398,487,697	-	1,398,487,697	33,718,508	1,432,206,205
Other comprehensive loss	-	-	-	(52,971,157)	-	(136,407,849)	-	-	-	-	(189,379,006)	(10,390,101)	(199,769,107)
Total comprehensive income	-	-	-	(52,971,157)	-	(136,407,849)	-	-	1,398,487,697	-	1,209,108,691	23,328,407	1,232,437,098
Movements in other equity accounts													
Issuances of and subscriptions to capital stock (Note 19)	1,066,288	-	84,652,177	-	-	-	-	-	-	-	85,718,465	-	85,718,465
Cost of stock options granted (Note 26)	-	-	58,511,101	-	-	-	-	-	-	-	58,511,101	-	58,511,101
	1,066,288	-	143,163,278	-	-	-	-	-	-	-	144,229,566	-	144,229,566
Balances at March 31, 2016	1,087,215,698	(17,177,884)	5,198,456,717	54,254,029	(536,579,937)	(171,857,113)	(542,764,486)	10,200,000,000	16,885,526,781	(180,511,491)	31,976,562,314	1,156,694,254	33,133,256,568
Balances at January 1, 2015	1,081,040,314	(17,177,884)	4,452,162,323	(25,789,376)	(219,900,060)	(2,395,155)	(542,764,486)	10,200,000,000	12,445,662,470	(180,511,491)	27,190,326,655	887,694,866	28,078,021,521
Net income	-	-	-	-	-	-	-	-	1,187,774,125	-	1,187,774,125	48,674,167	1,236,448,292
Other comprehensive income	-	-	-	11,741,411	-	1,560,600	-	-	-	-	13,302,011	2,450,168	15,752,179
Total comprehensive income	-	-	-	11,741,411	-	1,560,600	-	-	1,187,774,125	-	1,201,076,136	51,124,335	1,252,200,471
Movements in other equity accounts													
Issuances of and subscriptions to capital stock (Note 19)	488,085	-	34,906,834	-	-	-	-	-	-	-	35,394,919	-	35,394,919
Cost of stock options granted (Note 26)	-	-	44,294,307	-	-	-	-	-	-	-	44,294,307	-	44,294,307
Arising from incorporation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	177,627,620	177,627,620
	488,085	-	79,201,141	-	-	-	-	-	-	-	79,689,226	177,627,620	257,316,846
Balances at March 31, 2015	1,081,528,399	(17,177,884)	4,531,363,464	(14,047,965)	(219,900,060)	(834,555)	(542,764,486)	10,200,000,000	13,633,436,595	(180,511,491)	28,471,092,017	1,116,446,821	29,587,538,838

See accompanying Notes to Unaudited Consolidated Financial Statements.

JOLLIBEE FOODS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarters Ended March 31		Change	
	2016	2015	Amt	Pct
		(In PHP)		
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	1,811,295,126	1,594,463,211	216,831,915	13.6%
Adjustments for:				
Depreciation and amortization (Notes 12, 13, 14, 15, 21 and 22)	971,745,518	856,742,129	115,003,389	13.4%
Interest income (Note 23)	(57,857,350)	(49,493,496)	8,363,854	16.9%
Interest expense (Note 23)	60,856,098	58,266,471	2,589,627	4.4%
Movement in pension liability (Notes 21 and 22)	59,441,727	42,747,716	16,694,011	39.1%
Equity in net losses of joint ventures and an associate (Note 11)	69,063,023	29,984,378	39,078,645	130.3%
Stock options expense (Notes 22 and 26)	58,511,102	44,294,307	14,216,795	32.1%
Loss on disposals and retirements of property and equipment and investment properties (Notes 12 and 13)	41,731,806	20,268,714	21,463,092	105.9%
Impairment losses on:				
Receivables (Notes 7 and 22)	6,535,817	-	6,535,817	100.0%
Inventories (Notes 8 and 22)	7,596,040	7,993,604	(397,564)	-5.0%
Net unrealized foreign exchange loss	22,843,462	8,273,744	14,569,718	176.1%
Reversals of impairment losses on:				
Receivables (Note 7)	(1,639,136)	-	(1,639,136)	-100.0%
Inventories (Note 8)	-	(2,774,521)	2,774,521	100.0%
Deferred rent amortization - net (Note 29)	(10,724,946)	(3,005,959)	7,718,987	256.8%
Income before working capital changes	3,039,398,287	2,607,760,298	431,637,989	16.6%
Decreases (increases) in:				
Receivables	1,317,887,865	257,476,543	1,060,411,322	411.8%
Inventories	459,089,133	(1,361,716,452)	1,820,805,585	133.7%
Other current assets	32,907,804	(505,549,611)	538,457,415	106.5%
Increase (decrease) in trade payables and other current liabilities	(1,150,112,415)	53,986,409	(1,204,098,824)	-2230.4%
Net cash generated from operations	3,699,170,674	1,051,957,187	2,647,213,487	251.6%
Interest received	51,873,370	48,981,392	2,891,978	5.9%
Income taxes paid	(365,749,172)	(317,862,485)	47,886,687	15.1%
Net cash provided by operating activities	3,385,294,872	783,076,094	2,602,218,778	332.3%
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property, plant and equipment (Note 12)	(1,431,456,871)	(1,062,210,555)	369,246,316	34.8%
Interest in a joint venture (Note 11)	(189,180,000)	(164,103,273)	25,076,727	15.3%
Intangible assets (Note 14)	(4,866,224)	(30,961,290)	(26,095,066)	-84.3%
Market entry fee (Notes 11 and 15)	-	(93,870,000)	93,870,000	100.0%
Advances to a joint venture	-	(25,387,566)	25,387,566	100.0%
Proceeds from disposals of property, plant and equipment and investment properties	5,922,634	9,980,188	(4,057,554)	-40.7%
Decrease (increase) in:				
Short-term investments	67,814,370	-	67,814,370	100.0%
Other noncurrent assets	(316,428,406)	(139,687,492)	176,740,914	126.5%
Net cash used in investing activities	(1,868,194,497)	(1,506,239,988)	(361,954,509)	-24.0%
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Short-term debt (Note 18)	(276,420,000)	(1,315,000,000)	(1,038,580,000)	-79.0%
Cash dividends (Note 19)	(8,627,243)	(27,872,002)	(19,244,759)	-69.0%
Long-term debt (Note 18)	(184,280,000)	(178,800,000)	5,480,000	3.1%
Liability for acquisition of businesses (Note 11)	(36,884,315)	-	(36,884,315)	-100.0%
Proceeds from:				
Short-term debt (Note 18)	-	2,949,200,000	(2,949,200,000)	-100.0%
Issuances of and subscriptions to capital stock	85,718,464	35,394,919	50,323,545	142.2%
Interest paid	(57,699,635)	(49,875,450)	7,824,185	15.7%
Contributions from non-controlling interests	-	177,627,620	(177,627,620)	-100.0%
Net cash provided by (used in) financing activities	(478,192,729)	1,590,675,087	(2,068,867,816)	-130.1%
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,038,907,646	867,511,193	171,396,453	19.8%
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(5,686,167)	2,482,075	(8,168,242)	-329.1%
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,497,559,629	7,618,473,267	3,879,086,362	50.9%
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6)	12,530,781,108	8,488,466,535	4,042,314,573	47.6%

See accompanying Notes to Unaudited Consolidated Financial Statements.

1. Corporate Information

Jollibee Foods Corporation (the Parent Company) was incorporated in the Philippines. The Parent Company and its subsidiaries (collectively referred to as "the Jollibee Group") are involved primarily in the development, operation and franchising of quick service restaurants (QSRs) under the trade names "Jollibee", "Chowking", "Greenwich", "Red Ribbon", "Yong He King", "Hong Zhuang Yuan", "Mang Inasal", "Burger King", "San Pin Wang", "Highlands Coffee", "Pho24", "12 Hotpot", "Dunkin' Donuts" and "Smashburger". The other activities of the Jollibee Group include manufacturing and property leasing in support of the quick service restaurant systems and other business activities (see Notes 2 and 5).

The common shares of the Parent Company were listed and have been traded in the Philippine Stock Exchange (PSE) beginning July 14, 1993.

The registered office address of the Parent Company is 10/F Jollibee Plaza Building, 10 F. Ortigas Jr. Ave., Ortigas Center, Pasig City.

The consolidated financial statements as at March 31, 2016 and December 31, 2015 and for the periods ended March 31, 2016 and 2015, were reviewed and recommended for approval by the Audit Committee as well as approved and authorized for issuance by the Board of Directors (BOD) on May 12, 2016.

2. Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Basis of Consolidation

Basis of Preparation
The consolidated financial statements of the Jollibee Group have been prepared on a historical cost basis, except for the derivative assets and liabilities and certain available-for-sale (AFS) financial assets, which are measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency.

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

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new PFRSs and amendments to existing PFRS which became effective on January 1, 2015:

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*

  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

This amendment is not applicable to the Jollibee Group since defined benefit plans of the Jollibee Group do not require contributions from employees and third parties wherein employees or third parties.

Annual Improvements to PFRSs (2010-2012 Cycle)

The following Annual Improvements to PFRS (2010-2012 cycle) are effective for annual periods beginning on or after July 1, 2014 and are not expected to have material impact on the Jollibee Group's consolidated financial statements. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*

  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition
  - A performance target must be met while the counterparty is rendering service
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - A performance condition may be a market or non-market condition
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  While the Jollibee Group has stock options plans, the clarification mentioned above will not change the recognition and measurement of these stock option plans.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*

  The amendment is applied prospectively and clarifies that all contingent consideration. arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit and loss whether or not they fall within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments,* if early adopted). The Jollibee Group is already compliant with this amendment since it currently measures contingent consideration from acquisitions at fair value through profit or loss.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*

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

- PAS 16, *Property, Plant and Equipment,* and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*

  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. This is not applicable to the Jollibee Group since it has not adopted the revaluation model to subsequently measure items of property, plant and equipment and intangible assets after initial recognition.

- PAS 24, *Related Party Disclosures - Key Management Personnel*

  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- Annual Improvements to PFRSs (2011-2013 Cycle)

  The Annual Improvements to PFRSs (2011-2013 Cycle) are effective for annual periods beginning on or after July 1, 2014 and have no material impact on the Jollibee Group's consolidated financial statements. They include:

  - PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*

    The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
    - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3; and
    - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  - PFRS 13, *Fair Value Measurement - Portfolio Exception*

    The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

  - PAS 40, *Investment Property - Ancillary Services*

    The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). This amendment will be applied only to future acquisition of an asset with ancillary services.

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

The Jollibee Group will adopt the following revised standards, interpretations and amendments when these become effective.

Effective January 1, 2016

- PAS 1, *Presentation of Financial Statements - Disclosure Initiative*

  The amendments in PAS 1 clarify, rather than significantly change, existing PAS 1 requirements. The amendments clarify:

  - The materiality requirements in PAS 1;
  - That specific line items in the statements of comprehensive income and the statements of financial position may be disaggregated;
  - That entities have flexibility as to the order in which they present the notes to financial statements; and
  - That the share of OCI of an associate and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statements of financial position and the statements of comprehensive income. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Jollibee Group is currently assessing the impact of the amendments on the consolidated financial statements but does not currently expect significant changes as a result of the amendments.

- PAS 16, *Property, Plant and Equipment,* and PAS 38, *Intangible Assets - Clarifications of Acceptable Methods of Depreciation and Amortization*

  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Jollibee Group given that the Jollibee Group has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment,* and PAS 41, *Agriculture - Bearer Plants*

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are

retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Jollibee Group as the Jollibee Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Jollibee Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in an Associate and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  These amendments address the conflict between PFRS 10 and PAS 28 (2011) in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in PFRS 3, between an investor and its associate or joint venture is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  These amendments must be applied prospectively and are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. These amendments are not expected to have significant impact to the Jollibee Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 28, *Investments in an Associate and Joint Ventures - Investment Entities: Applying the Consolidation Exception*

  The amendments address issues that have arisen in applying the investment entities exception under PFRS 10. The amendments to PFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

  Furthermore, the amendments of PFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to PAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. These amendments are not expected to have any impact on the Jollibee Group's consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests*

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

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

- PFRS 14, *Regulatory Deferral Accounts*

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

- Annual Improvements to PFRSs (2012-2014 Cycle)

  The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016.They include:

  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

    Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. This amendment must be applied prospectively. This amendment is currently not applicable to the Jollibee Group since it has no non-current asset held for sale and discontinued operations.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*

  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in PFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments. This amendment is not applicable to the Jollibee Group, having no servicing contracts for its financial assets.

- PFRS 7, *Financial Instruments: Disclosure - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*

  The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively. These amendments are not expected to have significant impact for the Jollibee Group.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*

  The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. Government bond rates are currently used to calculate the present value of the Group's defined benefit obligation due to the absence of a deep local market for high quality corporate bonds. This amendment must be applied retrospectively. The Jollibee Group is already compliant with the requirements of this amendment even before it became effective since government board rates are currently used to calculate the present value of the Jollibee Group's defined benefit obligation due to the absence of a deep local market for high quality corporate bonds.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*

  The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. The Jollibee Group is already in compliant with the requirements of this amendment.

Effective January 1, 2018

- PFRS 9, *Financial Instruments (2014 or Final Version)*

  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. The Jollibee Group plans to adopt the new standard on the required effective date, which is subject to changes arising from a more detailed ongoing analysis.

  Other than the potential changes on the accounting for the Jollibee Group's AFS financial assets, the Jollibee Group does not expect any material change on its accounting for financial assets and financial liabilities. The Jollibee Group, however, expects potential changes in its impairment model as a 'expected credit loss' model replaces the 'incurred credit losses' model under PAS 39.

  The Jollibee Group is currently assessing the impact of adopting this standard and expects that the adoption of PFRS 9 will have an effect on the classification and measurement of the Jollibee Group's financial assets but will have no impact on the classification and measurement of the Jollibee Group's financial liabilities.

The following new standard issued by the International Accounting Standards Board (IASB) has not yet been adopted by the Financial Reporting Standards Council

- IFRS 15, *Revenue from Contracts with Customers*

  IFRS 15 was issued in May 2014 and establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Jollibee Group is primarily engaged in the restaurant and franchising businesses. The Jollibee Group is currently assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15. Furthermore, the Jollibee Group is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.

- IFRS 16, *Leases*

  In January 2016, the IASB issued IFRS 16 which requires lessees to recognize assets and liabilities for most leases. Lessees will have a single accounting model for all leases, with certain exemptions. For lessors, there is little change to the existing accounting in PAS 17, *Leases*.

The new standard will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 has been applied, or is applied at the same date as IFRS 16. The Jollibee Group is currently assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16. For most leases though wherein it is the lessee, the Jollibee Group will be required to recognize both a right to use asset and a lease liability to gross amounts.

With Deferred Effective Date

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

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Jollibee Group as it is not into the business of construction of real estate.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at March 31, 2016 and December 31, 2015 and for the periods ended March 31, 2016 and 2015.

Control is achieved when the Jollibee Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

There is a general presumption that a majority of voting rights results in control. To support this presumption and when the Jollibee Group has less than a majority of the voting or similar rights of an investee, the Jollibee Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; or
- The Jollibee Group's voting rights and potential voting rights.

The Jollibee Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Jollibee Group obtains control over the subsidiary and ceases when the Jollibee Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Jollibee Group gains control until the date the Jollibee Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Jollibee Group's accounting

policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Jollibee Group are eliminated in full on consolidation. The reporting dates of the Parent Company and the associate or joint ventures are identical and the latter's accounting policies conform to those used by the Parent Company for like transactions and events in similar circumstances.

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

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

Non-controlling interests represent the interests in the subsidiaries not held by the Parent Company, and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from equity attributable to holders of the Parent Company.

An increase or decrease in ownership interest in a subsidiary that does not result in a loss of control is accounted for as an equity transaction. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in the Jollibee Group's relative interests in the subsidiary. The Jollibee Group recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the equity holders of the Parent Company. These increases or decreases in the ownership interest in a subsidiary do not result in the recognition of a gain or loss.

The consolidated financial statements include the accounts of the Parent Company and the following wholly-owned and majority-owned subsidiaries as at March 31, 2016 and December 31, 2015:

	Country of Incorporation	Principal Activities	2016 Direct Ownership	2016 Indirect Ownership	2015 Direct Ownership	2015 Indirect Ownership
Fresh N' Famous Foods, Inc. (Fresh N' Famous)	Philippines	Food service	100	–	100	–
Chowking Food Corporation USA	United States of America (USA)	Holding company	–	100	–	100
Zenith Foods Corporation (Zenith)	Philippines	Food service	100	–	100	
Freemont Foods Corporation (Freemont)	Philippines	Food service	100	–	100	
RRB Holdings, Inc. (RRBHI)	Philippines	Holding company	100	–	100	–
Red Ribbon Bakeshop, Inc. (RRBI)	Philippines	Food service	–	100	–	100
Red Ribbon Bakeshop, Inc. USA (RRBI USA)	USA	Food service	–	100	–	100
Mang Inasal Philippines Inc. (Mang Inasal)	Philippines	Food service	70	–	70	–
Grandworth Resources Corporation (Grandworth)	Philippines	Leasing	100	–	100	–
Adgraphix, Inc. (Adgraphix)	Philippines	Digital printing	–	100	–	100
iConnect Multi Media Network, Inc. (iConnect)	Philippines	Advertising	–	60	–	60
JC Properties & Ventures Co.	Philippines	Inactive	–	50	–	50
Honeybee Foods Corporation (HFC)	USA	Food service	100	–	100	–
Tokyo Teriyaki Corporation (TTC)	USA	Food service	–	100	–	100
Honeybee Foods (Canada) Corporation (HFCC)[a]	Canada	Food service	–	100	–	100
Jollibee Worldwide Pte. Ltd. (JWPL)	Singapore	Holding company	100	–	100	–
Regional Operating Headquarters of JWPL (JWS)	Philippines	Financial accounting, human resources and logistics services	–	100	–	100
Golden Plate Pte., Ltd. (GPPL)	Singapore	Holding company	–	100	–	100
- Golden Beeworks Pte. Ltd.	Singapore	Food service	–	60	–	60
Golden Cup Pte.Ltd.[b]	Singapore	Holding company	–	60	–	60
- Beijing Golden Coffee Cup Food & Beverage Management Co., Ltd.[b]	PRC	Food Service	–	100	–	100
Beijing New Hongzhuangyuan Food and Beverage Management Co., Ltd. (Hong Zhuang Yuan)	PRC	Food service	–	100	–	100
Southsea Binaries Ltd. (Southsea)	British Virgin Island (BVI)	Holding company	–	100	–	100
Beijing Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Shenzhen Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Hangzhou Yongtong Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Hangzhou Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Wuhan Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Tianjin Yong He King Food and Beverage Co., Ltd.	PRC	Food service	–	100	–	100
Guangxi San Pin Wang Food and Beverage Management Company Limited (San Pin Wang)	PRC	Food service	–	55	–	55
Happy Bee Foods Processing Pte. Ltd. (HBFPPL)	Singapore	Holding company	–	70	–	70
- Happy Bee Foods Processing (Anhui) Co. Ltd.	PRC	Food service	–	100	–	100
JSF Investments Pte. Ltd. (JSF)	Singapore	Holding company	–	99	–	99
Chow Fun Holdings LLC (Chow Fun)	USA	Food service	–	81	–	81
Jollibee (China) Food & Beverage Management Co. Ltd. (JFCC and formerly Shanghai Chunly Co. Ltd)[c]	PRC	Management company	–	100	–	100
Jollibee International (BVI) Ltd. (JIBL)	BVI	Holding company	–	100		100
- Jollibee Vietnam Corporation Ltd.	Vietnam	Food service	–	100		100
- PT Chowking Indonesia	Indonesia	Food service	–	100		100
- PT Jollibee Indonesia	Indonesia	Dormant	–	100		100
- Jollibee (Hong Kong) Limited and Subsidiaries	Hong Kong	Dormant	–	85	–	85
- Belmont Enterprises Ventures Limited (Belmont)	BVI	Holding company	–	100	–	100
• Shanghai Belmont Enterprises Management and Adviser Co., Ltd. (SBEMAC)	PRC	Business management service	–	100	–	100
• Yong He Holdings Co., Ltd.	BVI	Holding company	–	100	–	100
• Centenary Ventures Ltd.	BVI	Holding company	–	100	–	100
Bee Good! Inc. (BGI)	USA	Holding company	–	100	–	100
Chanceux, Inc.	Philippines	Holding company	100	–	100	–
BKTitans, Inc. (BKTitans)	Philippines	Holding company	–	54	–	54
- PFN Holdings Corporation	Philippines	Holding company	–	53	–	53
• Perf Restaurants, Inc.[d]	Philippines	Food service	–	53	–	53
Donut Magic Phils., Inc. (Donut Magic)[e]	Philippines	Dormant	100	–	100	–
Ice Cream Copenhagen Phils., Inc. (ICCP)[e]	Philippines	Dormant	100	–	100	–
Mary's Foods Corporation (Mary's)[e]	Philippines	Dormant	100	–	100	–
QSR Builders, Inc.	Philippines	Inactive	100	–	100	–
Jollibee USA	USA	Dormant	100	–	100	–

(a) On May 7, 2015, the Jollibee Group, through HFC, incorporated HFCC to own and operate Jollibee restaurants in Canada.

(b) On December 19, 2014, the Jollibee Group, through JWPL, entered into a joint agreement to form Golden Cup together with Jasmine Asset Holding Ltd. (Jasmine), to own and operate Dunkin' Donuts restaurants in the People's Republic of China (PRC) through Beijing Golden Coffee Cup, which was also incorporated in the same year.

(c) Merged with Shanghai Yong He King Food and Beverage Co. Ltd. in 2014 with JFCC as the surviving entity.

(d) Perf Restaurants, Inc. also holds shares in Perf Trinoma and Perf MOA.

(e) On June 18, 2004, the stockholders of the Jollibee Group approved the Plan of Merger of the three dormant companies. The application is pending approval from the SEC as at March 31, 2016.

3. Significant Accounting Policies

Current versus Noncurrent Classification

The Jollibee Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is classified as current when it is:

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

All other assets are classified as noncurrent.

A liability is classified as current when:

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

The Jollibee Group classifies all other liabilities as noncurrent.

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

Fair Value Measurement

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs where the Jollibee Group has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available an supportable market data as possible).

The Jollibee Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

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

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

The Jollibee Group's management determines the policies and procedures for both recurring fair value measurement and non-recurring measurement. At each reporting date, the management analyzes the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Jollibee Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

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

Short-term Investments
Short-term investments are deposits with original maturities of more than three months to one year from acquisition date that are subject to insignificant risk of change in value.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVPL, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Jollibee Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at FVPL
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

Financial Asset at FVPL. Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by PAS 39. The Jollibee Group has not designated any financial assets at FVPL. Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVPL. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL.

This category generally applies to the Jollibee Group's derivative assets.

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

This category generally applies to cash and cash equivalents, short-term investments, receivables, advances to related parties, refundable deposits and employees' car plan receivables.

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

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited directly in equity until the investment is derecognized, at which time, the cumulative gain or loss is recognized in profit or loss, or the investment is determined to be impaired, when the cumulative loss is reclassified from equity to profit or loss. Dividends and interest earned while holding AFS financial assets is recognized in profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

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

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

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

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

Financial Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Jollibee Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Jollibee Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

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

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

In the case of equity investments classified as AFS financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss is removed from OCI and recognized in profit or loss. For unquoted equity investments that are not carried at fair value because such cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instruments, the amount of loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

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

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

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

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Jollibee Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL. Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Jollibee Group that are not designated as hedging instruments in hedge relationships as defined by PAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PAS 39 are satisfied. The Jollibee Group has not designated any financial liability as at FVPL.

Loans and borrowings. This is the category most relevant to the Jollibee Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the consolidated statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

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

Offsetting of Financial Instruments

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

Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement. The Group uses derivative financial instruments, such as cross currency swaps and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment, or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Jollibee Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges. The change in the fair value of a hedging instrument is recognized in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in profit or loss.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit and loss.

The Jollibee Group has no fair value hedges as at March 31, 2016 and December 31, 2015,

respectively.

Cash flow hedges. The effective portion of the gain or loss on the hedging instrument is recognized in OCI, while any ineffective portion is recognized immediately in the statement of profit or loss.

The Jollibee Group has across currency swap to hedge its exposure to foreign currency risk in forecast transactions, as well as an interest rate swap for its exposure to volatility in interest rates. The ineffective portion relating to these swaps are recognized in profit or loss.

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged income or expense is recognized or when a forecast sale occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Debt Issue Costs
Debt issue costs are deducted against long-term debt and are amortized over the terms of the related borrowings.

Inventories
Inventories are valued at the lower of cost and net realizable value. Costs are accounted for as follows:

Processed inventories	- Standard costing, is reviewed on a quarterly basis and revised as necessary to approximate current costs determined using first in, first out (FIFO). Cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity.
Food supplies, packaging, store and other supplies, and novelty items	- Standard costing is reviewed on a quarterly basis and revised as necessary to approximate current costs determined using FIFO.

Net realizable value of processed inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Net realizable value of food supplies, packaging, store and other supplies is the current replacement cost.

Net realizable value of novelty items is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Other Current Assets
Other current assets include deposits which pertain to advance payments to suppliers to be applied for future purchases, prepaid expenses which are paid in advance and recorded as asset before these are utilized; and creditable withholding taxes, which will be applied in the following year against corporate income tax or be claimed for refund with the Bureau of Internal Revenue.

Property, Plant and Equipment
Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of property, plant and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less any impairment in value.

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

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the assets:

Land improvements	5 years
Plant, buildings, condominium units and improvements	5 - 40 years
Leasehold rights and improvements	2 - 10 years or term of the lease, whichever is shorter
Office, store and food processing equipment	1 - 15 years
Furniture and fixtures	3 - 5 years
Transportation equipment	3 - 5 years

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

The residual values, if any, useful lives and depreciation and amortization method of the assets are reviewed and adjusted, if appropriate, at the end of each financial period.

Fully depreciated assets are retained in the accounts until they are disposed or retired.

Construction in progress represents assets under construction and is stated at cost less any impairment in value. This includes the cost of construction and other direct costs. Cost also includes interest on borrowed funds incurred during the construction period. Construction in progress is not depreciated until such time that the relevant assets are completed and readily for use.

Investment Properties

Investment properties consist of land and buildings and building improvements held by the Jollibee Group for capital appreciation and rental purposes. Investment properties, except land, are carried at cost, including transaction costs, less accumulated depreciation and amortization and any impairment in value. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Land is carried at cost less any impairment in value.

The depreciation of buildings and building improvements are calculated on a straight-line basis over the estimated useful lives of the assets which are five (5) to twenty (20) years.

The residual values, if any, useful lives and method of depreciation and amortization of the assets are reviewed and adjusted, if appropriate, at each financial year-end.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers to investment property are made only when there is a change in use, evidenced by ending of ownership-occupation, or commencement of an operating lease to another party. Transfers from investment property are made only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Business Combinations

Business combinations are accounted for using the acquisition method. Applying the acquisition method requires the (a) determination whether the Jollibee Group will be identified as the acquirer, (b) determination of the acquisition-date, (c) recognition and measurement of the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree and (d) recognition and measurement of goodwill or a gain from a bargain purchase.

When the Jollibee Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date.

The cost of an acquisition is measured as the aggregate of the (a) consideration transferred by the Jollibee Group, measured at acquisition-date fair value, (b) amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of the Jollibee Group's previously held equity interest in the acquiree in a business combination achieved in stages. Acquisition costs incurred are expensed and included in "General and administrative expenses" account in the consolidated statement of comprehensive income.

Initial Measurement of Non-controlling Interest. For each business combination, the Jollibee Group measures the non-controlling interest in the acquiree using the proportionate share of the acquiree's identifiable net assets.

Business Combination Achieved in Stages. In a business combination achieved in stages, the Jollibee Group remeasures its previously held equity interests in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in profit or loss.

Measurement Period. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Jollibee Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. The measurement period ends as soon as the Jollibee Group receives the information it was seeking about facts and circumstances that existed as at the acquisition-date or learns that more information is not obtainable. The measurement period does not exceed one year from the acquisition-date.

Contingent Consideration or Earn-out. Any contingent consideration or earn-out in relation to a business combination is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognized in profit or loss.

Goodwill or Gain on a Bargain Purchase

Initial Measurement of Goodwill or Gain on a Bargain Purchase. Goodwill is initially measured by the Jollibee Group at cost being the excess of the total consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on a bargain purchase. Before recognizing a gain on a bargain purchase, the Jollibee Group determines whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognize any additional assets or liabilities that are identified in that review.

Subsequent Measurement of Goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment Testing of Goodwill. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition-date, allocated to each of the Jollibee Group's CGU, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Jollibee Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment as defined in PFRS 8, *Operating Segments*, before aggregation.

Frequency of Impairment Testing. Irrespective of whether there is any indication of impairment, the Jollibee Group tests goodwill acquired in a business combination for impairment annually as at December 31 and more frequently when circumstances indicate that the carrying amount is impaired.

Allocation of Impairment Loss. An impairment loss is recognized for a CGU if the recoverable amount of the unit or group of units is less than the carrying amount of the unit or group of units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit or group of units first to reduce the carrying amount of goodwill allocated to the CGU or group of units and then to the other assets of the unit or group of units pro rata on the basis of the carrying amount of each asset in the unit or group of units.

Intangible Assets
Intangible assets acquired separately are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. The useful lives of intangible assets are assessed at the individual asset level as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life using the straight-line method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. At a minimum, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

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

The estimated useful lives used in amortizing computer software and other intangible assets are disclosed in Note 14.

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 when the asset is derecognized.

Interests in and Advances to Joint Ventures, Co-venturers and an Associate
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Jollibee Group's investments in its associate and joint ventures are accounted for using the equity method based on the percentage share of ownership and capitalization. Interests in joint ventures are accounted for under the equity method from the date the joint control is obtained.

Under the equity method, the investment in an associate or joint ventures are carried in the consolidated statement of financial position at cost plus the Jollibee Group's share in post-acquisition changes in the net assets of an associate or joint ventures, less any impairment in value. Goodwill relating to the associate or joint ventures is included in the carrying amount of the investment and is not amortized. The consolidated statement of comprehensive income includes the Jollibee Group's share in the financial performance of the associate or joint ventures. The Jollibee Group's share in profit or loss of the associate is shown on the face of the consolidated statement of comprehensive income as "Equity in net losses of joint ventures and an associate", which is the profit or loss attributable to equity holders of the joint ventures and associate.

When the Jollibee Group's share of losses in the associate or joint ventures equals or exceeds its interest, including any other unsecured receivables, the Jollibee Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or joint ventures. Where there has been a change recognized directly in the equity of the associate or joint venture, the Jollibee Group recognizes its share in any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the Parent Company and the associate or joint ventures are identical and the latter's accounting policies conform to those used by the Parent Company for like transactions and events in similar circumstances. Unrealized gains arising from transactions with the associate or joint ventures are eliminated to the extent of the Jollibee Group's interests in the associate or joint ventures against the related investments. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment in the asset transferred.

The Jollibee Group ceases to use the equity method of accounting on the date from which it no longer has joint control in the joint ventures, no longer has significant influence over an associate, or when the interest becomes held for sale.

Upon loss of significant influence over the associate or joint control over the joint ventures, the Jollibee Group measures and recognizes its remaining investment at its fair value. Any difference between the carrying amount of the associate or former jointly controlled entities upon loss of significant influence or joint control, and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss. When the remaining interest in joint ventures constitutes significant influence, it is accounted for as interest in an associate.

Impairment of Nonfinancial Assets

The carrying values of interests in and advances to joint ventures, co-venturers and an associate, property, plant and equipment, investment properties, goodwill and other intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or CGU are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell or value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable, willing parties, less costs of disposal. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

For nonfinancial assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value on a systematic basis over its remaining useful life.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Additional paid-in capital is also credited for the cost of the Jollibee Group's equity settled share-based payments to its employees.

Subscriptions Receivable. Subscriptions receivable represents common stock subscribed and issued by the Parent Company but payment from the shareholders has not yet been received.

Retained Earnings. Retained earnings represent the Jollibee Group's accumulated earnings, net of dividends declared.

Dividends. The Jollibee Group recognizes a liability to make cash distribution to its equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in the equity. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the reporting period.

Treasury Shares. Acquisitions of treasury shares are recorded at cost. The total cost of treasury shares is shown in the consolidated statement of financial position as a deduction from the total equity. Upon re-issuance or resale of the treasury shares, cost of common stock held in treasury account is credited for the cost of the treasury shares determined using the simple average method. Gain on sale is credited to additional paid-in capital. Losses are charged against additional paid-in capital but only to the extent of previous gain from original issuance, sale or retirement for the same class of stock. Otherwise, losses are charged to retained earnings.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Jollibee Group and the amount of revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, sales taxes and duties. The Jollibee Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Jollibee Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to credit risks.

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

Sale of Goods. Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the customers, which is normally upon delivery. Sales returns and sales discounts are deducted from sales to arrive at net sales shown in the consolidated statement of comprehensive income.

Royalty Fees. Revenue from royalty fees is recognized as the royalty accrues based on a certain percentage of the franchisees' net sales.

Franchise Fees. Revenue from franchise fees is recognized when all services or conditions relating to the payment of franchise fees have been substantially performed.

Service Fees. Revenue is recognized in the period in which the service has been rendered.

Rent Income. Rent income from operating leases is recognized on a straight-line basis over the lease terms.

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

Other Income. Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Jollibee Group through an increase in asset or reduction in liability and that can be measured reliably.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized as incurred.

Advertising and promotions expenses include costs incurred for advertising schemes and promotional activities for new products. The amount of expenses incurred by the Jollibee Group is reduced by the network advertising and promotional costs reimbursed by the Jollibee Group's franchisees and subsidiaries.

Borrowing Costs

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

Pension Benefits

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

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as part of pension costs in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the pension liability or asset is the change during the period in the liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the pension liability or asset is recognized under "Cost of Sales" and "General and Administrative expenses" in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan liability or assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Jollibee Group, nor can they be paid directly to the Jollibee Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Jollibee Group also participates in various government-defined contribution schemes for the People's Republic of China (PRC)-based and USA-based subsidiaries. Under these schemes, pension benefits of existing and retired employees are guaranteed by the local pension benefit plan, and each subsidiary has no further obligations beyond the annual contribution.

Employee Leave Entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. Jollibee Group recognizes undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period.

Share-based Payments

The Jollibee Group has stock option plans granting its management and employees an option to purchase a fixed number of shares of stock at a stated price during a specified period ("equity-settled transactions").

The cost of the options granted to the Jollibee Group's management and employees that becomes vested is recognized in profit or loss over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant management and employees become fully entitled to the award ("vesting date").

The fair value is determined using the Black-Scholes Option Pricing Model. The cumulative expense recognized for the share-based transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Jollibee Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in profit or loss or the investment account for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, provided that all other performance conditions are satisfied.

Where the terms of a share-based award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification, which increases the total fair value of the share-based payment agreement, or is otherwise beneficial to the management and employees as measured at the date of modification.

Where a share-based award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if there were a modification of the original award.

Research Costs
Research costs are expensed as incurred.

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

Jollibee Group as Lessee. Leases which do not transfer to the Jollibee Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease term and carried at amortized cost. The related accretion is recognized as interest income and the amortization as rent expense. Associated costs, such as maintenance and insurance, are expensed as incurred. Contingent rent is recognized as expense in the period which they are incurred.

Jollibee Group as Lessor. Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rent income. Rent income from operating leases is recognized as income in profit or loss on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

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

Foreign Currency Transactions and Translations
The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. Each entity in the Jollibee Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of subsidiaries domiciled and operating in the Philippines are also determined to be the Philippine Peso. Where the functional currency is the Philippine Peso, transactions in foreign currencies are recorded in Philippine Peso using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign

currencies are restated using the closing rate of exchange at reporting date. All differences are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The functional currencies of the Jollibee Group's foreign operations are US dollar (USD), PRC Renminbi (RMB), Indonesia rupiah, Vietnam dong and Hong Kong dollar. As of the reporting date, the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Parent Company at the rate of exchange ruling at the reporting date while the income and expense accounts are translated at the weighted average exchange rates for the year. The resulting translation differences are included in the consolidated statement of changes in equity under the account "Cumulative translation adjustments of foreign subsidiaries and share in cumulative translation adjustment of an interest in a joint venture". On disposal of a foreign subsidiary, the accumulated exchange differences are recognized in profit or loss.

Taxes

Current Tax. Current tax liabilities for the current and prior periods are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity (not in the profit or loss). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward benefits of excess of MCIT over RCIT and NOLCO can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interest in a joint venture, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transactions, affects neither the accounting profit nor taxable profit; and

- in respect of taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as reduction in goodwill, as long as it does not exceed goodwill, if it was incurred during the measurement period or recognize in profit or loss.

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

Value Added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of tax, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of "Other current assets" or "Trade payables and other current liabilities" accounts in the consolidated statement of financial position.

Earnings per Share (EPS) Attributable to Equity Holders of the Parent Company

Basic EPS is calculated by dividing the net income for the year attributable to the equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend declaration, if any.

Diluted EPS is computed by dividing the net income for the year attributable to the equity holders of the Parent Company by the weighted average number of common shares outstanding during the period, adjusted for any potential common shares resulting from the assumed exercise of outstanding stock options. Outstanding stock options will have dilutive effect under the treasury stock method only when the average market price of the underlying common share during the period exceeds the exercise price of the option.

Where the EPS effect of the shares to be issued to management and employees under the stock option plan would be anti-dilutive, the basic and diluted EPS would be stated at the same amount.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Business Segments
The Jollibee Group is organized and managed separately according to the nature of operations and geographical locations of businesses. The three major operating businesses of the Jollibee Group are food service, franchising and leasing while geographical segments are segregated to Philippine businesses and international businesses. These operating and geographical businesses are the basis upon which the Jollibee Group reports its primary segment information presented in Note 5.

Events after the Reporting Period
Post year-end events that provide additional information about the Jollibee Group's financial position at reporting date (adjusting events) are reflected in the Jollibee Group's consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. The Jollibee Group believes the following represents a summary of these significant judgments, estimates and assumptions and the related impact and associated risks on the Jollibee Group's consolidated financial statements.

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

Functional Currency. Management has determined that the functional and presentation currency of the Parent Company and its Philippine-based subsidiaries is the Philippine peso, being the currency of the primary environment in which the Parent Company and its major subsidiaries operate. The functional currencies of its foreign operations are determined as the currency in the country where the subsidiary operates. For consolidation purposes, the foreign subsidiaries' balances are translated to Philippine peso which is the Parent Company's functional and presentation currency.

Operating Lease Commitments - Jollibee Group as Lessee. The Jollibee Group has entered into commercial property leases for its QSRs and offices as a lessee. Management has determined, based on an evaluation of the terms and condition of the arrangements that all the significant risks and benefits of ownership of these properties, which the Jollibee Group leases under various lease arrangements, remain with the lessors. Accordingly, the leases are accounted for as operating leases.

Rent expense amounted to ₱2,001.2 million and ₱1,804.7 million for the periods ended March 31, 2016 and 2015, respectively (see Notes 21, 22 and 29).

Operating Lease Commitments - Jollibee Group as Lessor. The Jollibee Group has entered into commercial property leases on its investment property portfolio and various sublease agreements. Management has determined, based on an evaluation of the terms and conditions of the arrangements, that the Jollibee Group retains all the significant risks and benefits of ownership of the properties which are leased out. Accordingly, the leases are accounted for as operating leases.

Rent income amounted to ₱21.9 million and ₱19.1 million for the periods ended March 31, 2016 and 2015, respectively (see Notes 20 and 29).

Assessing Joint Control of an Arrangement and the Type of Arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Jollibee Group assessed that it has joint control in all joint arrangements by virtue of a contractual agreement with other stockholders. The Jollibee Group's joint ventures have separate legal entity and the shareholders have right to their net assets (see Note 11).

Material Partly-Owned Subsidiaries
The consolidated financial statements include additional information about subsidiaries that have non-controlling interests that are material to the Jollibee Group (see Note 11). Management determined material partly-owned subsidiaries as those with balance of non-controlling interest greater than 5% of total non-controlling interests and those subsidiaries which type of activities they engage in is important to the Jollibee Group as at end of the year.

Material Associates and Joint Ventures
The consolidated financial statements include additional information about associates and joint ventures that are material to the Jollibee Group (see Note 11). Management determined material associates as those associates where the Jollibee Group's carrying amount of investment is greater than 5% of the total investments in an associate and interest in joint ventures as at end of the year.

Estimates and Assumptions
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Jollibee Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to changes on market circumstances arising beyond the control of the Jollibee Group. Such changes are reflected in the assumptions when they occur.

Impairment of Receivables. The Jollibee Group maintains an allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of allowance is evaluated on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Jollibee Group's relationship with the customers and counterparties, average age of accounts and collection experience. The Jollibee Group performs a regular review of the age and status of these accounts, designed to identify accounts with objective evidence of impairment and provide the appropriate allowance for impairment losses. The review is done quarterly and annually using a combination of specific and collective assessments. The amount and timing of recorded expenses for any period would differ if the Jollibee Group made different judgments or utilized different methodologies. An increase in allowance account would increase general and administrative expenses and decrease current assets

Provision for impairment loss on receivables for the periods ended March 31, 2016 and 2015 amounted to ₱6.5 million and ₱8.0 million, respectively, resulting from specific and collective assessments (see Note 22). In addition, reversal of previously recognized provisions amounting to ₱1.6 million and nil were recognized for the periods ended March 31, 2016 and 2015, respectively (see Note 22). The carrying amount of receivables amounted to ₱4,110.0 million and ₱5,432.8 million as at March 31, 2016 and December 31, 2015, respectively (see Note 7).

Net Realizable Value of Inventories. The Jollibee Group writes down inventories to net realizable value, through the use of an allowance account, whenever the net realizable value of inventories becomes lower than the cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

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

The Jollibee Group assessed that the net realizable value for some inventories is lower than cost, hence, it recognized provision for inventory obsolescence amounting to ₱7.6 million and nil for the periods ended March 31, 2016 and 2015, respectively (see Note 22). In addition, reversal of previously recognized provisions amounting to nil and ₱2.8 million were recognized for the periods ended March 31, 2016 and 2015, respectively (see Note 22). No write-offs were made in 2016 and 2015. The carrying amount of inventories amounted to ₱5,011.7 million and ₱5,478.4 million as at March 31, 2016 and December 31, 2015, respectively (see Note 8).

Impairment of Property, Plant and Equipment, Investment Properties, Interests in and Advances to Joint Ventures, Co-venturers and an Associate. The Jollibee Group performs impairment review of property, plant and equipment, investment properties, interests in and advances to joint ventures, co-venturers and an associate when certain impairment indicators are present. Determining the fair value of assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Jollibee Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Jollibee Group to conclude that the assets are impaired. Any resulting impairment loss could have a material adverse impact on the Jollibee Group's financial position and performance.

The aggregate carrying values of property, plant and equipment, investment properties, interests in and advances to joint ventures, co-venturers and an associate amounted to ₱24,447.3 million and ₱23,994.6 million as at March 31, 2016 and December 31, 2015, respectively (see Notes 11, 12 and 13).

Estimation of Useful Lives of Property, Plant and Equipment and Investment Properties. The Jollibee Group estimates the useful lives of property, plant and equipment and investment properties based on the period over which the property, plant and equipment and investment properties are expected to be available for use and on the collective assessment of the industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property, plant and equipment and investment properties are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits in the use of property, plant and equipment and investment properties. However, it is possible that future financial performance could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amount and timing of recording the depreciation and amortization for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and amortization and decrease noncurrent assets.

There was no change in the estimated useful lives of property, plant and equipment and investment properties in 2016 and 2015.

Impairment of Goodwill and Other Intangible Assets. The Jollibee Group determines whether goodwill and other intangible assets with indefinite useful life is impaired at least on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the Jollibee Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Management has determined that goodwill and other intangible assets are not impaired. The carrying amount of goodwill and other intangible assets amounted to ₱9,398.8 million and ₱9,412.1 million as at March 31, 2016 and December 31, 2015, respectively (see Note 14).

Realizability of Deferred Tax Assets. The carrying amounts of deferred tax assets at each reporting date is reviewed and reduced to the extent that sufficient taxable profits available to allow all or part of the deferred tax assets to be utilized. The Jollibee Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income. This forecast is based on past results and future expectations on revenue and expenses.

The carrying amount of deferred tax assets amounted to ₱2,349.8 million and ₱2,275.2 million as at March 31, 2016 and December 31, 2015, respectively (see Note 24).

Present Value of Defined Benefit Obligation. The pension expense as well as the present value of the defined benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates and the future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

Future salary increases are based on budgetary salary increases.

The carrying amount of pension liability amounted to ₱1,526.4 million and ₱1,466.5 million as at March 31, 2016 and December 31, 2015, respectively (see Note 25).

Share-based Payments. The Parent Company measures the cost of its equity-settled transactions with management and employees by reference to the fair value of the equity instruments at the grant date. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about these inputs. The fair value of the share option is being determined using the Black-Scholes Option Pricing Model. The expected life of the stock options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of the Parent Company.

Total expense arising from share-based payment recognized by the Jollibee Group amounted to ₱58.5 million and ₱44.3 million for the periods ended March 31, 2016 and 2015, respectively (see Notes 22 and 26).

Fair Value of Financial Assets and Liabilities. When the fair values of financial assets and financial liabilities recorded or disclosed in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair value of financial assets and liabilities are discussed in Note 31.

Derivative on Put / Call Rights on SJBF LLC. The Jollibee Group has derivatives arising from put / call rights on the controlling interest in SJBF LLC.

The derivative from put / call rights derive value from the fair value of SJBF LLC's equity, which considers forecasted cash flows from its operations and its cost of capital, and the price to exercise such put / call rights, which consider SJBF LLC's EBITDA near transaction date and exit multiples based on SJBF LLC's achievement of sales targets. Such derivative is valued using the binomial option pricing model, which also takes into account assumptions on the volatility of the fair value of SJBF LLC's equity and discount rate to arrive at present value, among others. Changes in the assumptions mentioned above can result to change in the amount recognized as derivative and may result to either a derivative asset or liability as recognized in the consolidated statement of financial position.

As at March 31, 2016, the Jollibee Group recognized a derivative asset amounting to ₱75.0 million from put / call rights (see Note 11).

Contingent Consideration or Earn-out. The Jollibee Group has existing joint venture agreements with contingent consideration or earn-out provisions. This requires the estimation of payout associated with the probability-weighted discounted cash flow model, taking into consideration the specific conditions outlined in the purchase agreement that must be met to satisfy the contingency.

Jollibee Group estimated nil earn-out as at March 31, 2016 and December 31, 2015.

Provisions. The Jollibee Group recognizes a provision for an obligation resulting from a past event when it has assessed that it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These assessments are made based on available evidence, including the opinion of experts. Future events and developments may result in changes in these assessments which may impact the Jollibee Group's financial position and performance.

There were no additional provisions recorded in 2016 and 2015. Total outstanding provisions amounted to ₱30.5 million as at March 31, 2016 and December 31, 2015 (see Note 17).

Contingencies. The Jollibee Group is involved in litigations, claims and disputes which are normal to its business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with the Jollibee Group's legal counsels and based upon an analysis of potential results. Management believes that the ultimate liability, if any, with respect to the litigations, claims and disputes will not materially affect the financial position and performance of the Jollibee Group.

5. Segment Information

For management purposes, the Jollibee Group is organized into segments based on the nature of the products and services offered and geographical locations. The Executive Management Committee monitors the operating results of its segments separately for resource allocation and performance assessment. Segment results are evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Business Segments

The Jollibee Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

- The food service segment is involved in the operations of QSRs and the manufacture of food products to be sold to Jollibee Group-owned and franchised QSR outlets.
- The franchising segment is involved in the franchising of the Jollibee Group's QSR store concepts.
- The leasing segment leases store sites mainly to the Jollibee Group's independent franchisees.

The following tables present certain information on revenues, expenses, assets and liabilities and other segment information of the different business segments as at March 31, 2016 and 2015 and for the periods ended March 31, 2016 and 2015:

	March 2016 (Unaudited)				
	Food Service	**Franchising**	**Leasing**	**Eliminations**	**Consolidated**
			(In Thousands)		
Revenues from external customers	₱24,847,471	₱1,195,524	₱59,279	₱–	₱26,102,274
Inter-segment revenues	7,793,686	398,303	1,011,732	(9,203,722)	–
Segment revenues	32,641,157	1,593,827	1,071,011	(9,203,722)	26,102,274
Segment expenses	(32,106,025)	(398,303)	(1,049,401)	9,203,722	(24,350,007)
Impairment losses on receivables, property, plant and equipment, investment properties and security deposit, net of reversals	(14,132)	–	–	–	(14,132)
Equity in net losses of joint ventures and an associate	(69,063)	–	–	–	(69,063)
Other segment income	144,836	–	386	–	145,222
Segment result	₱596,773	₱1,195,524	₱21,996	₱–	1,814,294
Interest income					57,857
Interest expense					(60,856)
Income before income tax					1,811,295
Provision for income tax					(379,089)
Net income					₱1,432,206
Assets and Liabilities					
Segment assets	₱62,663,916	₱–	₱379,006	₱–	₱63,042,922
Deferred tax assets– net	1,548,832	–	4,584	–	1,553,416
Consolidated assets	₱64,212,748	₱–	₱383,590	₱–	₱64,596,338
Segment liabilities	₱21,617,039	₱–	₱67,280	₱–	₱21,684,319
Long-term debt - including current portion	9,378,668	–	–	–	9,378,668
Income tax payable	395,242	–	4,852	–	400,094
Consolidated liabilities	₱31,390,949	₱–	₱72,132	₱–	₱31,463,081
Other Segment Information					
Capital expenditures	₱1,436,323	₱–	₱–	₱–	₱1,436,323
Depreciation and amortization	970,548	–	1,198	–	971,746

	March 2015 (Unaudited)				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
			(In Thousands)		
Revenues from external customers	₱21,913,368	₱1,040,679	₱48,629	₱–	₱23,002,676
Inter-segment revenues	7,084,875	198,527	988,744	(8,272,146)	–
Segment revenues	28,998,243	1,239,206	1,037,373	(8,272,146)	23,002,676
Segment expenses	(28,595,238)	(198,527)	(1,022,810)	8,272,146	(21,544,429)
Impairment losses on receivables, property, plant an equipment, investment properties and security deposit, net of reversals	(7,994)	–	–	–	(7,994)
Equity in net losses of joint ventures and an associate	(29,984)	–	–	–	(29,984)
Other segment income	182,613	–	354	–	182,967
Segment result	₱547,640	₱1,040,679	₱14,917	₱–	1,603,236
Interest income					49,493
Interest expense					(58,266)
Income before income tax					1,594,463
Provision for income tax					(358,015)
Net income					₱1,236,448
Assets and Liabilities					
Segment assets	₱55,943,423	₱–	₱432,775	₱–	₱56,376,198
Deferred tax assets– net	813,559	–	7,562	–	821,121
Consolidated assets	56,756,982	₱–	₱440,337	₱–	₱57,197,319

(Forward)

	March 2015 (Unaudited)				
	Food Service	Franchising	Leasing	Eliminations	Consolidated
Segment liabilities	₱22,247,308	₱–	₱97,300	₱–	₱22,344,608
Long-term debt - including current portion	4,963,998	–	–	–	4,963,998
Income tax payable	296,328	–	4,846	–	301,174
Consolidated liabilities	₱27,507,634	₱–	₱102,146	₱–	₱27,609,780
Other Segment Information					
Capital expenditures	₱1,093,172	₱–	₱–	₱–	₱1,093,172
Depreciation and amortization	855,664	–	1,078	–	856,742

Geographical Segments

The Jollibee Group's geographical segments are based on the location of the assets producing revenues in the Philippines and in other locations (which includes PRC, USA, UAE, Hongkong Brunei, Saudi Arabia, Singapore, Kuwait, Qatar and Vietnam). Sales to external customers disclosed in the geographical segments are based on the geographical location of the customers.

Majority of the Jollibee Group's revenues were generated from the Philippines, which is the Jollibee Group's country of domicile.

The Jollibee Group does not have a single external customer which revenue amounts to 10% or more of the Jollibee Group's revenues.

The following tables present revenues, segment assets and capital expenditures of the Jollibee Group's geographical segments:

	March 2016 (Unaudited)			
	Philippines	**International**	**Eliminations**	**Consolidated**
		(In Thousands)		
Segment revenues	**₱20,652,639**	**₱5,536,393**	**(₱86,758)**	**₱26,102,274**
Segment assets	**39,405,850**	**23,637,072**	**–**	**63,042,922**
Capital expenditures	**1,114,181**	**322,142**	**–**	**1,436,323**

	March 2015 (Unaudited)			
	Philippines	International	Eliminations	Consolidated
		(In Thousands)		
Segment revenues	₱17,845,976	₱5,272,148	(₱115,448)	₱23,002,676
Segment assets	38,970,078	17,406,120	–	56,376,198
Capital expenditures	707,291	385,881	–	1,093,172

6. Cash and Cash Equivalents and Short-term Investments

This account consists of:

	March 2016 (Unaudited)	December 2015 (Audited)
Cash on hand	**₱333,045,001**	₱292,751,687
Cash in banks	**5,729,797,232**	5,936,387,052
Short-term deposits	**6,467,938,875**	5,268,420,890
	₱12,530,781,108	₱11,497,559,629

Cash in banks earn interest at the respective savings or special demand deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Jollibee Group, and earn interest at the respective short-term deposit rates.

The Jollibee Group also has short-term investments amounting to ₱854.5 million and ₱922.3 million as at March 31, 2016 and December 31, 2015, respectively. These pertain to deposits with maturities of more than three months but less than a year.

Interest income earned from cash in bank, short-term deposits and short-term investments amounted to ₱23.0 million and ₱15.7 million for the periods ended March 31, 2016 and 2015, respectively (see Note 23).

7. Receivables

This account consists of:

	March 2016 (Unaudited)	December 2015 (Audited)
Trade	**₱4,285,768,971**	₱5,575,193,914
Less allowance for impairment loss	**524,556,706**	520,055,036
	3,761,212,265	5,055,138,878
Advances to employees	**130,360,846**	154,670,011
Current portion of employee car plan receivables	**53,771,736**	67,461,983
Others	**164,646,147**	155,504,667
	₱4,109,990,994	₱5,432,775,539

Trade receivables are noninterest-bearing and are generally settled on 30-60 day terms.

Advances to employees, current portion of employee car plan receivables and other receivables are normally collectible within the next financial year. Other receivables consist of receivables from the retirement plan and the Social Security System (SSS) and insurance claims.

The movements in the allowance for impairment loss on trade receivables as at March 31, 2016 and December 31, 2015 are as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Balance at beginning of period	**₱520,055,036**	₱208,940,071
Provisions (see Note 22)	**6,535,817**	325,907,626
Write-offs	**–**	(11,154,044)
Reversals (see Note 22)	**(1,639,136)**	(4,605,656)
Translation adjustments	**(395,011)**	967,039
Balance at end of period	**₱524,556,706**	₱520,055,036

The provisions in 2016 and 2015 resulted from specific and collective impairment assessments performed by the Jollibee Group.

8. Inventories

This account consists of:

	March 2016 (Unaudited)	December 2015 (Audited)
At cost:		
Food supplies and processed inventories	**₱4,721,735,357**	₱5,222,435,586
Packaging, store and other supplies	**193,072,611**	183,664,631
	4,914,807,968	5,406,100,217
At net realizable value -		
Novelty items	**96,923,168**	72,316,092
Total inventories at lower of cost and net realizable value	**₱5,011,731,136**	₱5,478,416,309

The cost of novelty items carried at net realizable value amounted to ₱122.5 million and ₱90.5 million as at March 31, 2016 and December 31, 2015, respectively.

The movements in the allowance for inventory obsolescence as at March 31, 2016 and December 31, 2015 are as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Balance at beginning of period	**₱18,180,388**	₱19,143,425
Provisions (see Note 22)	**7,596,040**	11,048,562
Reversals (see Note 22)	**–**	(12,047,290)
Translation adjustments	**(146,088)**	35,691
Balance at end of period	**₱25,630,340**	₱18,180,388

9. Other Current Assets

This account consists of:

	March 2016 (Unaudited)	December 2015 (Audited)
Deposits to suppliers and other third parties	**₱2,039,763,110**	₱2,221,639,595
Prepaid expenses:		
Taxes	**820,626,483**	743,623,466
Rent	**558,924,746**	589,550,139
Others	**290,274,899**	192,836,136
Supplies	**82,867,506**	80,579,744
	₱3,792,456,744	₱3,828,229,080

Deposits to suppliers are generally applied to purchase of inventories and availment of services within the next financial year.

Prepaid taxes mainly represent creditable withholding taxes that can be applied in the following year against the corporate income tax due from Jollibee Group or can be claimed as tax refund from the BIR.

Prepaid expenses – others include unused portion of advance payment for advertising, insurance and other expenses in 2016 and 2015.

10. Available-for-Sale Financial Assets

This account consists mainly of shares in golf and leisure clubs amounting to ₱21.5 million each as at March 31, 2016 and December 31, 2015.

11. Business Combinations, Incorporation of New Subsidiaries, and Interests in and Advances to Joint Ventures, Co-venturers and an Associate

A. Business Combinations

Business Combination through Acquisition of Equity Shares

Acquisitions in 2012 and Prior

San Pin Wang. On March 9, 2012, the Jollibee Group, through JWPL, completed its acquisition of 55% equity interest Guangxi San Pin Wang Food and Beverage Management Company Limited ("San Pin Wang") which operates the San Pin Wang beef noodle business in South China for a total acquisition cost of RMB30.0 million (₱195.9 million). The Jollibee Group paid RMB20.0 million (₱135.1 million) as at December 31, 2012. The remaining RMB10.0 million (₱67.6 million) was paid in March 2013. The other 45% of San Pin Wang is held by Guangxi Zong Kai Food Beverage Investment Company Limited ("GZK").

Subsequent to the acquisition date, the Jollibee Group and GZK contributed additional investments amounting to RMB11.0 million (₱74.6 million) and RMB9.0 million (₱59.2 million), respectively.

The primary reason for the acquisition of San Pin Wang was to expand the Jollibee Group's chain of QSRs and to serve high-quality but affordable noodles to urban areas in the PRC.

A contingent consideration had been agreed as part of the purchase agreement with GZK. This consideration is contingent on meeting target net income after tax of San Pin Wang for the next three years. In May 2013, the Jollibee Group paid RMB7.5 million (₱50.1 million) as the contingent consideration for the year 2012. In May 2015, another payment was made amounting to RMB6.8 million (₱50.1 million) as the contingent consideration for the year 2014.The remaining contingent consideration is due for final measurement and payment to GZK in May 2016.

As at March 31, 2016 and December 31, 2015, accrual for contingent consideration from the acquisition of San Pin Wang amounted to ₱23.1 million (RMB3.1 million) and ₱23.6 million (RMB3.1 million), respectively.

Business Combination through Purchase of Assets

Chowking US Operations. On May 27, 2011, the Jollibee Group, through its wholly-owned subsidiary, TTC, entered into an Asset Purchase Agreement with Fortune Capital Corporation (FCC), owner and operator of all Chowking stores in the USA as the master licensee therein, to purchase the property and equipment, inventories and security deposits of the twenty (20) existing stores of FCC. The purchase consideration amounted to USD16.0 million (₱693.3 million). The

Jollibee Group paid USD12.0 million (₱520.0 million) of the total consideration as at December 31, 2011, balance is payable over the next five (5) years.

The balance of the liability for acquisition of Chowking US operations amounted to USD0.8 million (₱35.7 million) and USD0.7 million (₱34.6 million) as at March 31, 2016 and December 31, 2015, respectively. The last installment is expected to be settled in May 2016.

With this acquisition, the Jollibee Group took a more active role to further the growth of the Chowking business in the USA.

B. Incorporation of New Subsidiaries

Honeybee Foods (Canada) Corporation (HFCC). On May 7, 2015, the Jollibee Group, through HFC, incorporated HFCC to own and operate Jollibee restaurants in Canada. As at March 31, 2016, no capital investment has been made other than the investment to incorporate.

Golden Cup Pte. Ltd. (Golden Cup). On December 19, 2014, the Jollibee Group, through JWPL, entered into a joint agreement to form Golden Cup together with Jasmine Asset Holding Ltd. (Jasmine), to own and operate Dunkin' Donuts restaurants in the PRC.

JWPL owns 60% of the business and Jasmine owns the other 40%. JWPL and Jasmine have committed to invest up to USD300.0 million to the Joint Venture, of which up to USD180.0 million will be contributed by JWPL in proportion to its ownership in the business. Golden Cup was incorporated on December 22, 2014. The first store started its commercial operations in February 2016.

As at March 31, 2016, capital contributions of the Jollibee Group to Golden Cup amounted to USD6.0 million (₱266.4 million).

Pursuant to the Master Franchise Agreement signed on January 5, 2015 between Dunkin Donuts Franchising LLC and Golden Cup, a market entry fee amounting to USD2.1 million (₱93.9 million) was paid by Golden Cup to Dunkin Donuts on the signing date (see Note 15).

C. Partly-owned Subsidiaries with Material Non-Controlling Interests

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

	Country of incorporation and operation	**2016**	2015
Mang Inasal	Philippines	**30%**	30%
HBFPPL	Singapore	**30%**	30%
San Pin Wang	People's Republic of China	**45%**	45%

The summarized financial information of these subsidiaries are provided below. These information are based on amounts before intercompany eliminations.

Summarized Unaudited Statement of Comprehensive Income for the period ended March 31, 2016

	Mang Inasal	**HBFPPL**	**San Pin Wang**
Revenues	**₱2,007,243,271**	**₱390,790,690**	**₱320,620,823**
Net income (loss)	**161,448,213**	**(35,225,416)**	**10,984,103**
Other comprehensive income (loss)	–	**(9,048,707)**	**(5,496,255)**
Total comprehensive income (loss)	**161,448,213**	**(44,274,123)**	**5,487,848**
Total comprehensive income (loss) attributable to non-controlling interests	**48,434,464**	**(13,282,237)**	**2,469,531**
Dividends paid to non-controlling interests	–	–	–

Summarized Unaudited Statement of Comprehensive Income for the period ended March 31, 2015

	Mang Inasal	HBFPPL	San Pin Wang
Revenues	₱1,770,794,210	₱402,270,652	₱279,813,359
Net income	87,521,950	59,830,133	14,123,017
Other comprehensive income	–	28,266,068	10,844,554
Total comprehensive income	87,521,950	88,096,201	24,967,571
Total comprehensive income attributable to non-controlling interests	26,256,585	26,428,860	11,235,406
Dividends paid to non-controlling interests	–	–	–

Summarized Unaudited Statement of Financial Position as at March 31, 2016

	Mang Inasal	**HBFPPL**	**San Pin Wang**
Current assets	**₱2,093,170,702**	**₱499,353,629**	**₱291,794,836**
Noncurrent assets	**512,398,175**	**905,125,401**	**118,316,055**
Current liabilities	**1,240,780,284**	**532,776,444**	**118,240,665**
Noncurrent liabilities	**201,329,297**	**456,093,000**	**15,889,530**
Total equity	**1,163,459,296**	**415,609,586**	**275,980,696**
Equity attributable to non-controlling interests	**777,703,221**	**124,682,624**	**123,138,988**

Summarized Audited Statement of Financial Position as at December 31, 2015

	Mang Inasal	HBFPPL	San Pin Wang
Current assets	₱2,176,382,490	₱450,607,662	₱261,324,261
Noncurrent assets	442,100,692	933,937,095	125,731,328
Current liabilities	1,449,329,972	369,497,486	100,353,245
Noncurrent liabilities	167,163,686	465,894,000	16,209,497
Total equity	1,001,989,524	549,153,271	270,492,847
Equity attributable to non-controlling interests	729,268,757	137,965,112	120,669,456

Summarized Unaudited Cash Flow Information for the period ended March 31, 2016

	Mang Inasal	**HBFPPL**	**San Pin Wang**
Net cash provided by operating activities	**₱393,752,079**	**₱20,032,913**	**₱27,883,088**
Net cash provided by (used in) investing activities	**(82,164,269)**	**28,629,176**	**7,774,705**
Net cash used in financing activities	**–**	**–**	**–**
Net increase in cash and cash equivalents	**311,587,810**	**48,662,089**	**35,657,793**

Summarized Unaudited Cash Flow Information for the period ended March 31, 2015

	Mang Inasal	HBFPPL	San Pin Wang
Net cash provided by (used in) operating activities	(₱137,276,602)	₱106,591,485	₱14,544,683
Net cash used in investing activities	(48,829,403)	(66,844,308)	(8,685,546)
Net cash provided by financing activities	315,000,000	–	–
Net increase in cash and cash equivalents	128,893,995	39,747,177	5,859,137

HBFPPL

On February 23, 2016, JWPL entered into an agreement with Hua Xia Harvest Holdings Pte. Ltd. ("Hua Xia") to acquire Hua Xia's 30% equity shareholding in its subsidiary, HBFPPL. With the acquisition, JWPL shall own 100% of HBFPPL. Payment for the acquisition is approximately USD10.4 million (₱495.4 million).

D. Interests in and Advances to Joint Ventures, Co-venturers and an Associate

	March 2016 (Unaudited)	December 2015 (Audited)
Interests in and advances to SuperFoods joint ventures and co-venturers	**₱3,314,100,849**	₱3,345,553,021
Interests in joint ventures:		
SJBF LLC	**4,880,124,340**	4,742,732,683
WJ	**206,334,238**	220,809,356
Golden Bee	**45,974,141**	47,943,083
	8,446,533,568	8,357,038,143
Interest in an associate – Entrek	**95,743,132**	92,272,121
	₱8,542,276,700	₱8,449,310,264

Interests in Joint Ventures

SuperFoods Group. On January 20, 2012, upon fulfillment of certain legal and regulatory requirements in Vietnam, the Jollibee Group, through JWPL, acquired effective ownership of 50% share in the business of the SuperFoods Group (includes SF Vung Tau Joint Stock Company, Higlands Coffee Service JSC, Quantum Corp., Pho24 Corp., Blue Sky Holding Limited Hongkong, Sino Ocean Asia Limited Hongkong, Blue Sky Holdings Limited Macau, and China Co.) through formation of joint ventures. This consists of a 49% share in SF Vung Tau Joint Stock Company, in Vietnam and a 60% share in Blue Sky Holding Limited in Hongkong (the SuperFoods Holding Companies). The formation of joint ventures is an implementation of the Framework Agreement made on May 20, 2011 between the Jollibee Group, through JSF, a 99%

subsidiary of JWPL, and its co-venturers, Viet Thai International Joint Stock Company and Viet Thai International Company Limited. The SuperFoods Group operates the chain of Highlands Coffee shops, Pho 24 restaurants and Hard Rock Cafe stores, whose market is mostly in Vietnam, Hong Kong and Macau. The Framework Agreement provided for the Jollibee Group to contribute a total of USD25.0 million to gain 50% effective ownership in the joint ventures. Loans and deposits were made to the SuperFoods Group and the co-venturers prior to the formation of the joint ventures in 2012.

Pursuant to the Framework Agreement, the preliminary consideration for the 50% share in SuperFoods Group amounted to a cash payment of USD25.0 million in 2011.

On October 22, 2015, JSF contributed additional investment in SuperFoods amounting to USD0.7 million (₱34.1 million).

The Supplemental Agreement further provides that JWPL shall be required to pay the co-venturers an additional amount in 2016 based upon achieving a positive amount determined in accordance with a formula contained in the agreement (earn-out formula). Based on management's assessment using the earn-out formula, no additional consideration needs to be recognized as at January 20, 2012, date of acquisition, and as at December 31, 2012 to 2015.

In accordance with the Framework Agreement, JWPL, through its 99%-owned subsidiary JSF, extended loans to the SuperFoods Group with the following details:

Loans to Co-venturers
Loan to the co-venturers in the SuperFoods Group joint venture amounting to USD35.0 million (₱1,523.9 million), extended on June 30, 2011, is payable in December 2016. The loan bears interest of 5% per annum payable in lump sum also in December 2016. The loan was agreed to be used for general corporate purposes. Total interest from this loan recognized as interest income amounted to USD0.4 million (₱20.4 million), USD1.8 million (₱81.7 million) and USD1.8 million (₱81.7 million) for the period ended March 31, 2016, years ended December 31, 2015 and 2014, respectively. The USD35.0 million loan is secured by a mortgage by the co-venturers of all their shares in SuperFoods Holding Companies.

On April 30, 2013, an additional loan was extended to the co-venturers in the SuperFoods Group amounting to USD1.0 million (₱41.2 million) payable in February 2014 but was extended to December 2016. The loan bears interest of 5% per annum payable in lump sum also in December 2016. The loan was agreed to be used for general corporate purposes. Total interest from this loan recognized as interest income amounted to USD0.01 million (₱0.6 million), USD0.05 million (₱2.5 million) and USD0.05 million (₱2.4 million) for the period ended March 31, 2016, years ended December 31, 2015 and 2014, respectively.

On August 22, 2013, an additional loan was extended to the co-venturers in the SuperFoods Group amounting to USD1.0 million (₱44.1 million) payable in August 2014. As of August 2014, the principal was subject to 5% interest per annum. However, with the extension to December 2016, the sum of principal and the accumulated interest as of August 2014 were subjected to 4.99% interest per annum. The loan was agreed to be used for general corporate purposes. Total interest from this loan amounted to USD0.01 million (₱0.6 million), USD0.05 million (₱2.5 million) and USD0.05 million (₱2.3 million) for the period ended March 31, 2016, years ended December 31, 2015 and 2014, respectively.

Loan to Blue Sky
On June 10, 2011, a loan was extended to Blue Sky Holdings Limited (Blue Sky), the Hong Kong-based holding company, amounting to USD5.0 million (₱216.0 million) payable in June 2014. As of June 2014, the principal was subject to 5% interest per annum. However, with the extension to

December 2016, the sum of principal and the accumulated interest as of June 2014 were subjected to 4.99% interest per annum. Total interest from this loan recognized as interest income amounted to USD0.1 million (₱3.3 million), USD0.3 million (₱13.6 million) and USD0.3 million (₱12.2 million) for the period ended March 31, 2016, years ended December 31, 2015 and 2014, respectively.

On May 7, 2012, an additional loan was extended to Blue Sky amounting to USD2.5 million (₱105.9 million) payable in May 2014. As of May 2014, the principal was subjected to 5% interest per annum. However, with the extension to December 2016, the sum of principal and the accumulated interest as of May 2014 were subjected to 4.99% interest per annum. Total interest from this loan amounted to USD0.03 million (₱1.6 million), USD0.1 million (₱6.5 million) and USD0.1 million (₱6.0 million) for the period ended March 31, 2016, years December 31, 2015 and 2014, respectively.

The carrying value of the loans to co-venturers and Blue Sky, including the accrued interest, amounted to ₱2,521.1 million and ₱2,548.2 as at March 31, 2016 and December 31, 2015, respectively.

The details of the Jollibee Group's interests in the SuperFoods joint venture and advances to co-venturers as at March 31, 2016 and December 31, 2015 are as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Interest in a joint venture–cost		
Balance at beginning of period	**₱1,120,658,822**	₱1,086,562,975
Additions during the period	**–**	34,095,847
Balance at the end of the period	**1,120,658,822**	1,120,658,822
Cumulative equity in net losses:		
Balance at beginning of period	**(323,330,934)**	(259,539,871)
Equity in net loss for the period	**(4,301,631)**	(63,791,063)
Balance at the end of period	**(327,632,565)**	(323,330,934)
	793,026,257	797,327,888
Advances to the joint ventures and co-venturer:		
Balance at beginning of period	**2,548,225,133**	2,317,832,742
Accrual of interest	**26,456,393**	109,110,458
Translation adjustments	**(53,606,934)**	121,281,933
Balance at end of period	**2,521,074,592**	2,548,225,133
	₱3,314,100,849	₱3,345,553,021

Summarized financial information of the SuperFoods Group based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	March 2016 (Unaudited)	December 2015 (Audited)
Current assets	**₱513,963,624**	₱500,473,793
Noncurrent assets	**1,195,305,060**	1,196,430,982
Total assets	**₱1,709,268,684**	₱1,696,904,775
Current liabilities	**₱569,248,817**	₱576,963,970
Noncurrent liabilities	**1,048,384,810**	1,007,931,851
Total liabilities	**₱1,617,633,627**	₱1,584,895,821

	March 2016 (Unaudited)	December 2015 (Audited)
Cash and cash equivalents	**₱84,750,308**	₱97,215,799
Current financial liabilities (excluding trade payables and other current liabilities and provisions)	–	–
Noncurrent financial liabilities (excluding provisions)	**1,048,384,811**	1,007,931,851

The amounts of the income and expense accounts include the following:

	March 2016 (Unaudited)	March 2015 (Unaudited)
Revenues	**₱699,196,232**	₱597,016,838
Depreciation and amortization	**36,295,865**	27,380,163
Interest income	**14,120**	5,814
Interest expense	**16,885,399**	14,580,981
Provision for income tax	**646,933**	321,748
Net loss	**(8,603,262)**	(38,643,493)
Total comprehensive loss	**(8,603,262)**	(38,643,493)

	March 2016 (Unaudited)	December 2015 (Audited)
Net assets	**₱91,635,057**	₱112,008,954
Proportion of the Jollibee Group's ownership	**50%**	50%
	45,817,529	56,004,477
Goodwill	**708,890,600**	708,890,600
Cumulative translation adjustments	**38,318,128**	32,432,811
	₱793,026,257	₱797,327,888

SJBF LLC (SJBF). On October 8, 2015, the Jollibee Group, through JWPL, incorporated Bee Good! Inc. (BGI) in the state of Delaware, USA.

On October 13, 2015, BGI entered into an agreement with Smashburger Master LLC (Master) to acquire 40% of the outstanding equity interest of SJBF, the parent company of the entities comprising the Smashburger business, a fast casual better burger restaurant business based in the United States.

The consideration for BGI's 40% stake in SJBF amounted to USD99.5 million (₱4,629.5 million). Thereafter, a post-closing adjustment of USD0.8 million (₱36.6 million) to the purchase price at the closing date was recognized based on a pre-agreed mechanism with Master. The Jollibee Group settled with Master USD99.5 million (₱4,629.5 million) of the transaction price in December 2015. The remaining USD0.8 million (₱36.6 million) was carried as part of the "Current portion of liability for acquisition of business" account in the 2015 consolidated statement of financial position and was settled in January 2016. In addition, acquisition related costs consisting of professional fees for the Jollibee Group's financial, tax, accounting and legal advisors for the transaction amounted to ₱221.8 million.

The agreement between BGI and Master provides for a mechanism wherein Master can sell or BGI can purchase up to an additional 35% equity interest in SJBF (First Put/ Call Right) between January 1, 2018 and January 1, 2021, and up to an additional 25% equity interest from the closing date or after expiration of the First Put/ Call Right and five years thereafter (Second Put/Call Right). The purchase price of the remaining 60% will be based on the achievement of certain financial performance targets agreed between BGI and Master.

As a result of the first and second Put / Call Rights in the agreement, the Jollibee Group allocated ₱75.0 million of the purchase price to a derivative asset, representing the fair value of the First and Second Put / Call Rights on transaction date.

The details of Jollibee Group's interest in SJBF as at March 31, 2016 and December 31, 2015 are as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Interest in a joint venture - cost:		
Balance at beginning of period	**₱4,812,854,343**	₱–
Additions during the period	**189,180,000**	4,812,854,343
Balance at end of period	**5,002,034,343**	4,812,854,343
Cumulative equity in net loss:		
Balance at beginning of period	**(70,121,660)**	–
Equity in net loss during the period	**(51,788,343)**	(70,121,660)
Balance at end of period	**(121,910,003)**	(70,121,660)
Balance at end of period	**₱4,880,124,340**	₱4,742,732,683

Summarized financial information of the SJBF based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	March 2016 (Unaudited)	December 2015 (Audited)
Current assets	**₱1,897,928,145**	₱1,489,289,278
Noncurrent assets	**4,775,553,591**	4,698,052,225
Total assets	**₱6,673,481,736**	₱6,187,341,503
Current liabilities	**₱1,258,601,625**	₱2,549,999,466
Noncurrent liabilities	**5,320,172,077**	3,898,129,921
Total liabilities	**₱6,578,773,702**	₱6,448,129,387

The amounts of assets and liabilities above include the following:

	March 2016 (Unaudited)	December 2015 (Audited)
Cash and cash equivalents	**₱1,062,043,279**	₱586,506,568
Current financial liabilities (excluding trade payables and other current liabilities and provisions)	**–**	–
Noncurrent financial liabilities (excluding provisions)	**4,118,692,368**	3,791,307,722

The amounts of the income and expense accounts include the following:

	March 2016 (Unaudited)
Revenues	**₱2,650,218,416**
Depreciation and amortization	**128,372,237**
Interest expense	**83,649,378**
Net loss	**(129,470,857)**
Total comprehensive loss	**(129,470,857)**

	March 2016 (Unaudited)	December 2015 (Audited)
Net assets	**₱94,708,034**	(₱260,787,884)
Proportion of the Jollibee Group's ownership	**40%**	40%
	37,883,214	(104,315,154)
Provisional goodwill	**4,837,671,526**	4,837,671,526
Cumulative translation adjustments	**4,569,600**	9,376,311
	₱4,880,124,340	₱4,742,732,683

WJ Investments Limited (WJ). On August 22, 2012, the Jollibee Group, through JWPL and GPPL, entered into an agreement with Hoppime Ltd., a subsidiary of Wowprime Corporation of Taiwan (Wowprime) and some key executives of Wowprime, to establish a joint venture entity to own and operate the 12 Hotpot brand in the People's Republic of China, Hong Kong and Macau. The "12 Hotpot" restaurant is known in Taiwan for its low-priced hotpot dishes.

The joint venture entity, incorporated as WJ Investments Limited (WJ), is 48%-owned by the Jollibee Group and 48%-owned by Wowprime's subsidiary and executives. The remaining 4% is owned by certain individuals with experience in the retail sector in China. Through their subsidiaries, Jollibee and Wowprime have joint control and management of WJ.

The Jollibee Group has invested USD2.4 million (₱98.0 million) in 2012. The first store started commercial operations in January 2013. The Jollibee Group made additional investments of USD3.1 million (₱138.2 million), USD1.7 million (₱75.0 million) and USD2.4 million (₱103.6 million) during 2015, 2014 and 2013, respectively.

The details of Jollibee Group's interest in WJ as at March 31, 2016 and December 31, 2015 are as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Interest in a joint venture - cost:		
Balance at beginning of period	**₱414,872,115**	₱276,646,875
Additions during the period	**–**	138,225,240
Balance at end of period	**414,872,115**	414,872,115
Cumulative equity in net loss:		
Balance at beginning of period	**(194,062,759)**	(111,307,493)
Equity in net loss during the period	**(14,475,118)**	(82,755,266)
Balance at end of period	**(208,537,877)**	(194,062,759)
Balance at end of period	**₱206,334,238**	₱220,809,356

Summarized financial information of WJ based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	March 2016 (Unaudited)	December 2015 (Audited)
Current assets	**₱319,480,729**	₱360,433,195
Noncurrent assets	**169,215,933**	181,127,783
Total assets	**₱488,696,662**	₱541,560,978
Current liabilities	**₱39,042,236**	₱52,611,918

The amounts of assets and liabilities above include the following:

	March 2016 (Unaudited)	December 2015 (Audited)
Cash and cash equivalents	**₱269,726,191**	₱299,488,233
Current financial liabilities (excluding trade payables and other current liabilities and provisions)	**–**	–

The amounts of the income and expense accounts include the following:

	March 2016 (Unaudited)	March 2015 (Unaudited)
Revenues	**₱107,464,651**	₱97,042,014
Depreciation and amortization	**12,110,657**	10,915,301
Interest expense - net	**1,833,048**	553,779
Net loss	**(30,156,496)**	(35,126,938)
Total comprehensive loss	**(30,156,496)**	(35,126,938)

	March 2016 (Unaudited)	December 2015 (Audited)
Net assets	**₱449,654,426**	₱488,949,060
Proportion of the Jollibee Group's ownership	**48%**	48%
	215,834,124	234,695,549
Cumulative translation adjustments	**(9,499,886)**	(13,886,193)
	₱206,334,238	₱220,809,356

Golden Bee Foods Restaurants LLC (Golden Bee). On February 25, 2014, the Jollibee Group, through GPPL, signed a joint agreement with Golden Crown Foods LLC (GCFL) to establish a joint venture entity to own and operate the Jollibee brand in the United Arab Emirates.

The joint venture entity, incorporated as Golden Bee on January 28, 2015, is 49% owned by GPPL and 51% owned by GCFL. GPPL and GCFL will share joint control and management of Golden Bee.

GPPL has invested USD0.8 million (₱33.9 million) in 2015. The first store started commercial operations on May 4, 2015.

The details of the Jollibee Group's interest in the Golden Bee joint venture as at March 31, 2016 and December 31, 2015 are as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Interest in a joint venture - cost:		
Balance at beginning of period	**₱33,925,803**	₱–
Investment during the period	**–**	33,925,803
Balance at end of period	**33,925,803**	33,925,803
Cumulative equity in net loss:		
Balance at beginning of period	**14,017,280**	–
Equity in net loss during the period	**(1,968,942)**	14,017,280
Balance at end of period	**12,048,338**	14,017,280
Balance at end of period	**₱45,974,141**	₱47,943,083

Summarized financial information of Golden Bee based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	March 2016 (Unaudited)	December 2015 (Audited)
Current assets	**₱83,571,527**	₱98,590,566
Noncurrent assets	**66,197,194**	44,005,319
Total assets	**₱149,768,721**	₱142,595,885
Current liabilities	**₱65,809,280**	₱53,735,001

The amounts of assets and liabilities above include the following:

	March 2016 (Unaudited)	December 2015 (Audited)
Cash and cash equivalents	**₱46,553,316**	₱52,451,311
Current financial liabilities (excluding trade payables and other current liabilities and provisions)	**–**	–

The amounts of the income and expense accounts include the following:

	March 2016 (Unaudited)
Revenues	**₱84,230,559**
Depreciation and amortization	**1,296,997**
Net loss	**(4,018,250)**
Total comprehensive loss	**(4,018,250)**

	March 2016 (Unaudited)	December 2015 (Audited)
Net assets	**83,959,441**	88,860,884
Proportion of the Jollibee Group's ownership	**49%**	49%
	41,140,126	43,541,833
Cumulative translation adjustments	**4,834,015**	4,401,250
	₱45,974,141	₱47,943,083

Interest in an Associate

Entrek (B) SDN BHD (Entrek). The Jollibee Group, through JIBL, has 1/3 or 33.3% ownership in Entrek, a company that operates Jollibee stores in Brunei.

The details of the Jollibee Group's interest in an associate as at March 31, 2016 and December 31, 2015 are as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Interest in an associate - cost	**₱16,660,000**	₱16,660,000
Cumulative equity in net earnings:		
Balance at beginning of period	**75,612,121**	62,047,378
Equity in net earnings during the period	**3,471,011**	13,564,743
Balance at end of period	**79,083,132**	75,612,121
	₱95,743,132	₱92,272,121

Summarized financial information of Entrek based on its financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	March 2016 (Unaudited)	December 2015 (Audited)
Current assets	**₱468,353,671**	₱474,524,666
Noncurrent assets	**130,234,187**	92,958,117
Total assets	**₱598,587,858**	₱567,482,783
Current liabilities	**₱260,575,433**	₱244,262,858
Noncurrent liabilities	**4,412,157**	4,356,052
Total liabilities	**₱264,987,590**	₱248,618,910

The amounts of the income and expense accounts include the following:

	March 2016 (Unaudited)	March 2015 (Unaudited)
Revenues	**₱150,079,599**	₱120,953,023
Total comprehensive income	**10,413,034**	18,594,896

	March 2016 (Unaudited)	December 2015 (Audited)
Net assets	**₱333,600,268**	₱318,863,873
Proportion of the Jollibee Group's ownership	**33.33%**	33.33%
	111,200,089	106,287,958
Impairment loss recognized in 2011	**(16,660,000)**	(16,660,000)
Cumulative translation adjustments	**1,203,043**	2,644,163
	₱95,743,132	₱92,272,121

12. Property, Plant and Equipment

The rollforward analysis of property, plant and equipment are as follows:

	March 2016 (Unaudited)							
	Land and Land Improvements	Plant, Buildings, Condominium Units and Improvements	Leasehold Rights and Improvements	Office, Store and Food Processing Equipment	Furniture and Fixtures	Transportation Equipment	Construction in Progress	Total
	(In Thousands)							
Cost								
Balance at beginning of period	₱669,735	₱2,873,961	₱14,912,782	₱13,759,957	₱1,123,037	₱542,761	₱1,267,898	₱35,150,131
Additions	-	1,245	211,532	302,147	29,718	22,732	864,083	1,431,457
Retirements and disposals	-	-	(121,386)	(73,220)	(5,017)	(60)	(2,134)	(201,817)
Reclassifications (see Note 13)	-	17,050	487,949	259,492	31,970	-	(779,411)	17,050
Translation adjustments	(1,308)	(9,247)	(118,640)	(56,549)	(5,112)	(983)	(4,213)	(196,052)
Balance at end of period	668,427	2,883,009	15,372,237	14,191,827	1,174,596	564,450	1,346,223	36,200,769
Accumulated Depreciation and Amortization								
Balance at beginning of period	7,528	1,157,960	9,138,113	9,206,534	750,596	340,248	-	20,600,979
Depreciation and amortization (see Notes 21 and 22)	27	7,875	417,789	481,588	39,490	16,499	-	963,268
Retirements and disposals	-	-	(83,389)	(65,864)	(4,860)	(49)	-	(154,162)
Reclassifications (see Note 13)	-	17,050	7,228	(7,228)	-	-	-	17,050
Translation adjustments	-	(773)	(80,210)	(39,845)	(3,205)	(646)	-	(124,679)
Balance at end of period	7,555	1,182,112	9,399,531	9,575,185	782,021	356,052	-	21,302,456
Accumulated Impairment Losses								
Balance at beginning and end of period	-	-	-	2,000	-	-	-	2,000
Net Book Value	₱660,872	₱1,700,897	₱5,972,706	₱4,614,642	₱392,575	₱208,398	₱1,346,223	₱14,896,313

	December 2015 (Audited)							
	Land and Land Improvements	Plant, Buildings, Condominium Units and Improvements	Leasehold Rights and Improvements	Office, Store and Food Processing Equipment	Furniture and Fixtures	Transportation Equipment	Construction in Progress	Total
	(In Thousands)							
Cost								
Balance at beginning of year	₱666,643	₱2,513,950	₱13,266,463	₱11,986,533	₱980,901	₱511,145	₱1,275,237	₱31,200,872
Additions	-	16,322	740,028	1,030,269	126,336	43,782	2,640,049	4,596,786
Transfers	-	-	4,704	(4,004)	84	-	(784)	-
Retirements and disposals	-	-	(467,053)	(407,990)	(55,888)	(19,738)	(5,677)	(957,346)
Reclassifications	-	340,641	1,229,413	1,089,394	51,109	6,792	(2,644,460)	77,889
Translation adjustments	3,092	3,048	144,227	65,755	10,495	780	4,533	231,930
Balance at end of year	669,735	2,873,961	14,912,782	13,759,957	1,123,037	542,761	1,267,898	35,150,131
Accumulated Depreciation and Amortization								
Balance at beginning of year	7,420	1,001,352	7,773,154	8,103,470	659,396	290,513	-	17,835,305
Depreciation and amortization	108	98,857	1,610,406	1,432,084	139,774	64,411	-	3,345,640
Transfers	-	-	2,274	(2,238)	(36)	-	-	-
Retirements and disposals	-	-	(325,757)	(378,999)	(54,560)	(15,234)	-	(774,550)
Reclassifications	-	57,437	(1,451)	1,577	(116)	-	-	57,437
Translation adjustments	-	314	79,497	50,640	6,138	558	-	137,147
Balance at end of year	7,528	1,157,960	9,138,113	9,206,534	750,596	340,248	-	20,600,979
Accumulated Impairment Losses								
Balance at beginning and end of year	-	-	-	2,000	-	-	-	2,000
Net Book Value	₱662,207	₱1,716,001	₱5,774,669	₱4,551,423	₱372,441	₱202,513	₱1,267,898	₱14,547,152

The cost of fully depreciated property, plant and equipment still in use amounted to ₱9,008.9 million and ₱8,690.3 million as at March 31, 2016 and December 31, 2015, respectively.

Construction in progress account mainly pertains to costs incurred for ongoing construction of properties, including soon-to-open stores.

Loss on disposals and retirements of property, plant and equipment and investment properties amounted to ₱41.7 million and ₱20.3 million for the periods ended March 31, 2016 and 2015, respectively.

No property, plant and equipment as at March 31, 2016 and December 31, 2015 have been pledged as security or collateral.

13. Investment Properties

The rollforward analysis of this account follows:

	March 2015 (Unaudited)		
	Land	Buildings and Building Improvements	Total
		(In Thousands)	
Cost			
Balance at beginning and end of period	**₱983,428**	**₱199,951**	**₱1,183,379**
Reclassifications (see Note 12)	–	**(17,050)**	**(17,050)**
Balance at end of period	**983,428**	**182,901**	**1,166,329**
Accumulated Depreciation and Amortization			
Balance at beginning of period	–	**185,266**	**185,266**
Depreciation (see Notes 21 and 22)	–	**(10,580)**	**(10,580)**
Reclassifications (see Note 12)	–	**(17,050)**	**(17,050)**
Balance at end of period	–	**157,636**	**157,636**
Net Book Value	**₱983,428**	**₱25,265**	**₱1,008,693**

	December 2015 (Audited)		
	Land	Buildings and Building Improvements	Total
		(In Thousands)	
Cost			
Balance at beginning and end of year	₱983,428	₱277,840	₱1,261,268
Reclassifications	–	(77,889)	(77,889)
Balance at end of year	983,428	199,951	1,183,379
Accumulated Depreciation and Amortization			
Balance at beginning of year	–	235,623	235,623
Depreciation	–	7,080	7,080
Reclassifications	–	(57,437)	(57,437)
Balance at end of year	–	185,266	185,266
Net Book Value	₱983,428	₱14,685	₱998,113

In 2015, the Jollibee Group reclassified its buildings held as investment property with a carrying amount of ₱20.5 million as at December 31, 2015 to property, plant and equipment due to the change in its use to owner-occupied property.

The cost of fully depreciated buildings and building improvements still being leased out by the Jollibee Group amounted to ₱182.0 million as at March 31, 2016 and December 31, 2015, respectively.

The Jollibee Group's investment properties have an aggregate fair value of ₱1,414.3 million as at December 31, 2014 as determined by independent qualified appraisers. Management does not expect a significant change in the aggregate fair value of the Jollibee Group's investment properties in 2015. The fair value represents the amount at which the assets and liabilities can be exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions in accordance with International Valuation Standards.

In determining the fair value of the investment properties, the independent appraisers used the market data approach for land and cost approach for buildings and building improvements. For land, fair value is based on sales and listings of comparable properties within the vicinity after adjustments for differences in location, size and shape of the lot, time elements and other factors between the properties and their comparable properties. For buildings and building improvements, fair value is based on the current cost to replace the properties in accordance with prevailing market prices for materials, labor, and contractors' overhead, profit and fees in the locality after adjustments for depreciation due to physical deterioration, and functional and economic obsolescence based on personal inspection of the buildings and building improvements and in comparison to similar new properties. Fair value hierarchy disclosures for investment properties have been provided in Note 31.

Rent income derived from income-generating properties amounted to ₱21.9 million and ₱19.1 million for the periods ended March 31, 2016 and 2015, respectively (see Notes 20 and 29).

Direct operating costs relating to the investment properties which include depreciation and maintenance expenses totaled to ₱4.3 million and ₱4.0 million for the periods ended March 31, 2016 and 2015, respectively.

No investment properties as at March 31, 2016 and December 31, 2015 have been pledged as security or collateral for the Jollibee Group's debts.

14. Goodwill and Other Intangible Assets

This account consists of:

	March 2016 (Unaudited)	December 2015 (Audited)
Goodwill	**₱6,822,526,341**	₱6,822,526,341
Trademark	**2,004,255,942**	2,004,255,942
Computer software, net of accumulated amortization	**547,842,940**	559,241,901
Other intangible assets, net of accumulated amortization	**24,146,170**	26,110,015
	₱9,398,771,393	₱9,412,134,199

Goodwill and trademark
Goodwill and trademark acquired through business combinations are attributable to the following group of CGUs as at March 31, 2016 and December 31, 2015:

Goodwill:	
Hong Zhuang Yuan	₱2,497,252,906
Mang Inasal	1,781,266,639
Red Ribbon Bakeshop:	
Philippine operations	737,939,101
US operations	434,651,055
Yong He King:	
Yong He King	429,016,109
Hangzhou Yonghe	106,264,544
Chowking US operations	383,855,247
San Pin Wang (see Note 11)	292,141,532
Jinja Bar & Bistro	154,894,001
Burger King	5,245,207
Total goodwill	6,822,526,341
Trademark -	
Mang Inasal	2,004,255,942
Goodwill and trademark	₱8,826,782,283

Computer software
The Jollibee Group's computer software pertains to the Enterprise Resource Planning (ERP) system which the Jollibee Group started to use on August 1, 2014.

In 2015, the Jollibee Group conducted a reassessment of the useful life of its ERP system which resulted in a change in its expected usage. Considering the substantial amount of investment made by the Jollibee Group to implement the new application, the alternative applications currently available in the market and the Jollibee Group's historical experience with its previous ERP system, management now expects and intends to use the new ERP application for ten (10) years from commissioning date. Management has previously estimated the expected useful life of the new ERP application at five (5) years. This change will result to annual amortization expense to be lower by ₱58.0 million in 2015, by ₱64.0 million in 2016 to 2018, and by ₱33.0 million in 2019; and amortization expense which is higher by ₱58.0 million in 2020 thereafter.

The rollforward analysis of the Jollibee Group's computer software as at March 31, 2016 and December 31, 2015 are as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Cost:		
Balance at beginning of period	**₱656,177,279**	₱567,750,478
Additions	**4,830,639**	88,426,801
Balance at end of period	**₱661,007,918**	₱656,177,279
Accumulated amortization:		
Balance at beginning of period	**₱96,935,378**	₱31,458,784
Amortizations (see Note 22)	**16,229,600**	65,476,594
Balance at end of period	**₱113,164,978**	₱96,935,378
Net book value:		
At March 31, 2016 and December 31, 2015	**₱547,842,940**	₱559,241,901
At January 1	**559,241,901**	536,291,694

Other intangible assets
The Jollibee Group's other intangible assets include trademarks and patents amortized over its useful life of five years.

The rollforward analysis of other intangible assets as at March 31, 2016 and December 31, 2015 are as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Cost:		
Balance at beginning of period	**₱47,862,825**	₱36,309,205
Additions	**35,585**	11,553,620
Balance at end of period	**₱47,898,410**	₱47,862,825
Accumulated amortization:		
Balance at beginning of period	**₱21,752,810**	₱14,272,889
Amortizations (see Note 22)	**1,999,430**	7,479,921
Balance at end of period	**₱23,752,240**	₱21,752,810
Net book value:		
At March 31, 2016 and December 31, 2015	**₱24,146,170**	₱26,110,015
At January 1	**26,110,015**	22,036,316

Impairment Testing of Goodwill and Trademark
Goodwill acquired through business combinations have been allocated to nine (9) groups of CGUs, which are subsidiaries of the Parent Company, owned directly or indirectly. The recoverable amounts of the groups of CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by BOD covering a five-year period. Furthermore, the trademark of Mang Inasal is allocated to the CGU of Mang Inasal.

The calculation of value in use is most sensitive to the following assumptions which vary per geographical location:

CGUs	Geographical Location	Pre-tax Discount Rate	Long-term Growth Rate
Hong Zhuang Yuan	PRC	11.7%	6.2%
Mang Inasal	Philippines	13.1%	6.5%
Red Ribbon Bakeshop:			
Philippine operations	Philippines	12.9%	6.5%
US operations	USA	9.7%	2.5%
Yong He King	PRC	11.4%	6.2%
Chowking US operations	USA	9.5%	2.5%
San Pin Wang	PRC	11.7%	6.2%
Jinja Bar & Bistro	USA	7.9%	2.5%
Burger King	Philippines	12.4%	6.5%

Key assumptions with respect to the calculation of value in use of the groups of CGUs as at March 31, 2016 and December 31, 2015 used by management in its cash flow projections to undertake impairment testing of goodwill are as follows:

a) Discount rates - discount rates represent the current market assessment of the risks specific to each group of CGUs, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate

calculation is based on the specific circumstances of the Jollibee Group's group of CGUs, derived from weighted average cost of capital (WACC) of each group of CGUs. The WACC takes into account both the cost of debt and equity. The cost of equity is calculated using the Capital Asset Pricing Model (CAPM). The cost of debt is based on the assumed interest-bearing borrowings each group of CGUs is obliged to service. CGU-specific risk is incorporated by applying individual alpha and beta factors. The beta factors are evaluated annually based on publicly available market data.

b) Long-term growth rates - rates are determined in consideration of historical and projected results, as well as the economic environment where the group of CGUs operates.

c) Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) margin - is based on the most recent value achieved in the year preceding the start of the budget period, and adjusted for planned efficiency improvement, if any.

A rise in the pre-tax discount rate for Jinja Bar & Bistro to 12.0% (+4.0%) will result in impairment.

A reduction by 6.0% in the long-term growth rate for Jinja Bar & Bistro to -3.5% long-term growth rate decline would result to impairment.

Decreased demand can lead to a decline in the gross margin. A decrease in the gross margin of -3.5% and -2.1% from 2016 onwards would result in impairment for Jinja Bar & Bistro, respectively.

Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the other groups of CGUs to exceed its recoverable amount.

No impairment losses were recognized for goodwill and trademark for the periods ended March 31, 2016 and 2015.

15. Other Noncurrent Assets

This account consists of:

	March 2016 (Unaudited)	December 2015 (Audited)
Security and other deposits (see Notes 30 and 31)	**₱1,817,807,532**	₱1,794,988,953
Noncurrent portion of:		
Rent and other long-term prepayments	**400,462,907**	376,602,568
Employee car plan receivables (see Notes 30 and 31)	**130,156,134**	130,156,134
Market entry fee – net of accumulated amortization of ₱0.8 million in 2016 (see Notes 11 and 22)	**93,042,418**	93,870,000
Returnable containers and others	**52,546,564**	68,896,728
Deferred rent expense	**49,195,580**	58,751,612
Deferred compensation	**13,196,517**	13,196,517
Other assets	**227,061,739**	133,211,388
	₱2,783,469,391	₱2,669,673,900

Security and other deposits generally represent deposits for operating leases entered into by the Jollibee Group as lessee. The security deposits are recoverable from the lessors at the end of the lease terms, which range from three to twenty years. These are carried at amortized cost. The discount rates used range from 2.67%-5.50% in 2015 and 2014. The difference between the fair value at initial recognition and the notional amount of the security deposits is charged to "Deferred rent expense" account and amortized on straight-line basis over the lease terms.

Employees' car plan receivables are presented at amortized cost. The difference between the fair value at initial recognition and the notional amount of the employees' car plan receivables is recognized as deferred compensation and is amortized on a straight-line basis over the credit period.

Market entry fee represents upfront fee paid to the franchisor prior to the operations of Dunkin' Donuts restaurants in the PRC (see Note 11). Market entry fee is amortized over twenty (20) years effective February 2016, start of Dunkin' Donuts operations.

Other assets include tools for repairs and maintenance of office and store equipment which were still unused as at March 31, 2016 and December 31, 2015.

Accretion of interest on security and other deposits and employee car plan receivables amounted to ₱3.1 million and ₱3.2 million for the periods ended March 31, 2016 and 2015, respectively (see Note 23).

16. Trade Payables and Other Current Liabilities

This account consists of:

	March 2016 (Unaudited)	December 2015 (Audited)
Trade	**₱9,344,840,747**	₱9,433,766,730
Accruals for:		
Salaries, wages and employee benefits	**1,326,478,358**	1,577,551,002
Local and other taxes	**1,048,770,320**	1,297,183,541
Advertising and promotions	**938,463,695**	934,634,342
Rent	**855,722,074**	856,335,222
Store operations	**807,792,943**	1,062,570,902
Utilities	**348,344,253**	351,679,763
Operating supplies	**279,150,307**	252,667,293
Repairs and maintenance	**258,228,098**	255,114,294
Freight	**246,538,218**	335,996,262
Professional fees	**244,617,129**	379,863,402
Corporate events	**236,736,466**	212,493,276
Security	**101,559,426**	105,173,678
Communication	**85,034,611**	78,288,924
Trainings and seminars	**74,155,149**	64,129,887
Transportation and travel	**39,185,323**	39,609,756
Interest (see Note 18)	**35,413,733**	36,766,361
Insurance	**29,718,830**	18,174,378
Service fees and others	**750,995,202**	811,325,174
Customers' deposits	**623,805,977**	764,790,680

(Forward)

	March 2016 (Unaudited)	December 2015 (Audited)
Unearned revenue from gift certificates	**77,295,650**	108,845,361
Dividends payable	**34,964,086**	43,544,875
Other current liabilities	**509,798,775**	506,540,761
	₱18,297,609,370	₱19,527,045,864

Trade payables to suppliers are noninterest-bearing and are normally settled on a 30 to 60-day term.

Accrued expenses are noninterest-bearing and are normally settled within the next financial year.

Customers' deposits pertain to security deposits from operating leases with franchisees and subsidiaries, which are refundable at the end of the lease term and deposits for kiddie party packages.

Other current liabilities consist of stale checks, amounts payable for mascots and various subscriptions in newspapers given to customers as a complementary to their meals.

Accretion of interest on financial liabilities amounted to ₱4.5 million and ₱4.7 million for the periods ended March 31, 2016 and 2015, respectively (see Note 23).

17. Provisions

The Jollibee Group has outstanding provisions amounting to ₱30.5 million as at March 31, 2016 and December 31, 2015, consisting mainly of provisions for asserted claims.

These include estimates of legal services, settlement amounts and other costs of claims made against the Jollibee Group. Other information on the claims is not disclosed as this may prejudice the Jollibee Group's position on such claims.

18. Short and Long-term Debts

Short-term Debt

On February 12, 2015, JWPL availed a short-term loan from a local bank amounting to USD6.0 million (₱282.4 million) with an interest rate of 1.5%, subject to monthly repricing. The principal of USD6.0 million (₱286.4 million) and interest amounting to ₱1.0 million were paid in full on February 5, 2016, the date of maturity.

The Parent Company, Zenith and Mang Inasal also availed various short-term loans in 2015. Details of the short-term debts availed and fully paid at maturity follow:

Borrower	Date Availed	Maturity Date	Interest Rate	Principal Amount
Parent Company	January 14, 2015	February 27, 2015	1.9%	₱815,000,000
	January 30, 2015	February 27, 2015	2.1%	1,050,000,000
	February 12, 2015	June 30, 2015	2.5%	681,000,000
	February 27, 2015	August 27, 2015	2.4%	1,865,000,000
	August 27, 2015	September 28, 2015	2.5%	1,365,000,000
	September 28, 2015	November 11, 2015	2.5%	865,000,000
Zenith	March 20, 2015	September 18, 2015	2.5%	200,000,000
	March 27, 2015	September 25, 2015	2.5%	170,000,000
Mang Inasal	February 27, 2015	June 30, 2015	2.4%	315,000,000

The agreements for the short-term debts above did not provide any restrictions or requirements with respect to maintenance of required financial ratios.

Interest expense recognized on short-term debt amounted to ₱0.5 million and ₱12.2 million for the periods ended March 31, 2016 and 2015, respectively (see Note 23).

Long-term Debt

The long-term debt consists of the following:

	March 2016 (Unaudited)	December 2015 (Audited)
Principal	**₱9,385,566,000**	₱9,726,068,000
Unamortized debt issue cost	**(6,898,485)**	(7,439,394)
	₱9,378,667,515	₱9,718,628,606

The details of long-term debt follow:

	March 2016 (Unaudited)	December 2015 (Audited)
USD-denominated:		
Loan 1	**₱5,067,700,000**	₱5,176,600,000
Loan 2	**921,400,000**	1,058,850,000
Loan 3	**483,735,000**	564,720,000
Loan 4	**184,280,000**	188,240,000
Loan 5	**271,813,000**	277,654,000
PHP-denominated:		
Loan 6	**1,495,568,182**	1,495,227,273
Loan 7	**797,533,333**	797,333,333
Loan 8	**156,638,000**	160,004,000
	9,378,667,515	9,718,628,606
Less current portion - net of debt issue costs of ₱47,727	**1,049,479,692**	927,916,273
	₱8,329,187,823	₱8,790,712,333

USD-denominated loans of JWPL. Loan 1 consists of a 10-year unsecured loan acquired from a local bank on October 21, 2015 amounting to USD110.0 million (₱5,111.7 million) subject to a variable interest rate based on three-month London Interbank Offered Rate (LIBOR) plus spread of 1.20% which is payable and is reset on a quarterly basis. The spread applies provided the Republic of the Philippines' 5-year credit default swap remains under 1.10%. As at March 31, 2016 and December 31, 2015, the carrying value of the loan amounted to ₱5,067.7 million and ₱5,176.6 million, respectively.

Under the loan agreement, the Parent Company as the guarantor is subject to certain debt covenants which include among others, maintaining a Debt-to-Equity ratio and Debt-to-EBITDA ratio of 3.0 or below.

Loan 2 consists of a 5-year unsecured loan acquired on February 25, 2013 amounting to USD40.0 million (₱1,632.0 million) subject to quarterly interest repricing with one-time option to fix in the future. The interest rate is based on three-month US Dollar LIBOR plus spread of 1.00%. The principal is payable in 16 quarterly installments commencing on May 26, 2014 up to February 26, 2018, the maturity date. As at March 31, 2016 and December 31, 2015, the carrying value of the loan amounted to ₱921.4 million and ₱1,058.9 million, respectively.

Loan 3 consists of a 4-year unsecured loan acquired on October 25, 2013 amounting to USD18.0 million (₱777.8 million) with an interest rate based on three-month USD LIBOR plus spread of 1.00% subject to interest repricing every quarter. The principal is payable in 12 quarterly installment commencing on January 25, 2015 up to October 25, 2017, the date of maturity. As at March 31, 2016 and December 31, 2015, the carrying value of the loan amounted to ₱483.7 million and ₱564.7 million, respectively.

The loan agreements above (Loans 2-3) provide certain restrictions and requirements with respect to maintaining financial ratios, which include Debt-to-Equity ratio which is not to exceed 1.5 and below and Debt Service Coverage ratio of at least 2.0. As at March 31, 2016 and December 31, 2015, JWPL is in compliance with the terms of its loan covenants.

USD-denominated loans of HBFPPL. Loan 4 consists of a 5-year unsecured loan acquired on May 8, 2013 amounting to USD4.0 millinn (₱163.3 million) with an interest rate based on three-month USD LIBOR plus spread of 1.00% basis points subject to repricing every quarter. The principal is payable on May 7, 2018, the maturity date. As at March 31, 2016 and December 31, 2015, the carrying value of the loan amounted to ₱184.3 million and ₱188.2 million, respectively.

Loan 5 consists of a 5-year unsecured loan acquired on April 25, 2014 amounting to USD5.9 million (₱257.5 million) with an interest rate of 1.48% subject to repricing every quarter. The principal is payable on April 24, 2019, the maturity date. As at March 31, 2016 and December 31, 2015, the carrying value of the loan amounted to ₱271.8 million and ₱277.7 million, respectively.

The loan agreements above (Loans 4-5) provide certain restrictions and requirements with respect to maintaining financial ratios, which include Debt-to-Equity ratio and Debt-to-EBITDA ratio not to exceed 3.0. As at March 31, 2016 and December 31, 2015, the HBFPPL is in compliance with the terms of its loan covenants.

PHP-denominated loans of the Parent Company. On December 9, 2013, the Parent Company refinanced its ₱1,500.0 million term loan from a local bank due on December 16, 2013 by availing a term loan of the same amount (Loan 6). The new loan is payable over five years and six months from the date of drawdown with annual principal repayments of ₱15.0 million starting on the 30th month from the date of drawdown and ₱1,455.0 million upon maturity. The loan is subject to a

variable interest rate based on three-month Philippine Dealing System Treasury Fixing (PDST-F) rate plus spread of 1.25%, which is payable and is reset on a quarterly basis, and to an interest rate floor based on the Bangko Sentral ng Pilipinas (BSP) Overnight Reverse Repurchase Agreement Rate. The loan was drawn on December 16, 2013 and will mature on June 17, 2019. The Parent Company incurred debt issue costs of ₱7.5 million, representing documentary stamp tax, in relation to this loan in 2013.

Under the loan agreement, the Parent Company is subject to certain debt covenants which include among others, the maintenance of a required Debt-to-Equity ratio and Debt-to-EBITDA ratio of 3.0 or below. The Parent Company is in compliance with these debt covenants as at March 31, 2016 and December 31, 2015.

Loan 7 consists of a 5-year unsecured loan acquired from a local bank on April 21, 2014 amounting to ₱800.0 million. The loan is subject to a variable interest rate based on three-month PDST-F rate plus spread of 1.00%, and to an interest rate floor based on the BSP Special Deposit Account Rate plus spread of 1.00% or BSP Overnight Borrowing Rate plus spread of 1.0%. The Parent Company incurred debt issue costs of ₱4.0 million, representing documentary stamp tax, in relation to this loan in 2014. The principal is payable on April 21, 2019, the date of maturity.

Under the loan agreement, the Parent Company is subject to certain debt covenants which include, among others, maintaining a Debt-to-Equity ratio of 3.0 and below and Debt Service Coverage ratio of at least 3.0 and 1.3, respectively. The Parent Company is in compliance with these debt covenants as at March 31, 2016 and December 31, 2015.

The Parent Company's PHP denominated long-term debt (Loans 6 and 7) amounts to ₱2,293.1 million and ₱2,292.6 million, net of unamortized debt issue cost of ₱6.9 million and ₱7.4 million as at March 31, 2016 and December 31, 2015, respectively. The current portion is payable in 2016 amounting to ₱15.0 million, net of debt issue costs of ₱0.05 million as at March 31, 2016.

PHP-denominated loan of PERF Restaurants, Inc.(PERF). Loan 8 is a 5-year unsecured USD3.4 million (₱149.2 million) bearing fixed interest rate of 5.32% per annum. The principal is payable on December 20, 2016.

The loan contains certain restrictive covenants and requirements with respect to the following:

(a) Maintenance of the following ratios for the duration of the loan agreements: (1) minimum debt service coverage of 1.5:1; and (2) maximum debt to (EBITDA) of 4:1.

(b) Restrictions on changes in ownership structure; incurrence of any additional loans with term of more than one year; repayment of intercompany borrowings from the Parent Company except those agreed upon signing of this Facility Agreement; investing or entering into any business substantially different from the business in which PERF is presently engaged; and enter into merger or consolidation, except where PERF is the surviving corporation, and the Parent Company remains as the majority beneficial owner of the surviving corporation.

As at March 31, 2016, PERF ratios of debt service coverage cost and debt to EBITDA is 0.10:1 and 2.51:1, respectively. The loan is part of the current portion of the long-term debt.

Interest expense recognized on long-term debt including amortization of debt issue cost, amounted to ₱55.8 million and P41.4 million for the periods ended March 31, 2016 and 2015, respectively (see Note 23).

The future expected principal settlements of the Jollibee Group's loans follow:

2016	₱743,684,000
2017	767,960,000
2018	320,890,000
2019 to 2025	7,553,032,000
	9,385,566,000
Less debt issue costs	(6,898,485)
	₱9,378,667,515

Embedded Derivatives
Certain long-term loans of the Jollibee Group include provisions for an option to convert the variable interest rate into a fixed interest rate. Certain long-term loans are also subject to an interest rate floor. In addition, the Jollibee Group's long-term loans generally provide an option to pre-pay the loan in full before the maturity date.

The Jollibee Group assessed that the derivatives embedded in the loan contract need not be bifurcated since they are clearly and closely related to the economic characteristics and risks of the host loan contract and do not qualify for separate accounting as at March 31, 2016 and December 31, 2015.

Freestanding Derivatives, Hedges and Hedge Effectiveness Testing
On November 20, 2015, the Jollibee Group entered into an Interest Rate Swap (IRS) with a bank to convert its exposure in the variable interest rate of Loan 1 to a fixed interest rate. The IRS will terminate and the loan will mature simultaneously on October 21, 2025. The Jollibee Group has designated the IRS as a cash flow hedge.

The IRS with a notional amount equal to the principal amount of the loan requires the Jollibee Group to pay fixed interest payments at 3.36% in exchange of variable interest payments at three-month LIBOR plus spread of 1.20% from the bank throughout the term of the IRS on the notional amount. The IRS settles quarterly on a net basis.

The fair value of the IRS amounted to ₱167.7 million and ₱34.9 million as at March 31, 2016 and December 31, 2015, respectively, which were presented as a derivative liability in the 2016 and 2015 statement of financial position. The terms of the IRS approximately match the terms of the interest payments on the loan. Accordingly, there is no hedge ineffectiveness to be recognized in profit or loss. Unrealized loss of ₱132.8 million and ₱34.9 million were recognized under other comprehensive income in 2016 and 2015, respectively.

In 2012, Loan 8 was converted into a deliverable cross-currency swap transaction to hedge in full the foreign currency risk and interest rate risk on its floating rate. Under the cross-currency swap, PERF received at inception PHP notional amount of ₱149.2 million and paid USD notional amount of USD3.4 million based on the PHP/USD spot reference rate of ₱43.87. At every interest payment date, PERF will receive variable interest based on 3-month US Dollar LIBOR plus spread and will pay fix interest rate. At maturity date, PERF will receive USD notional amount of USD3.4 million and pay PHP notional amount of ₱149.2 million. The USD receipts from the cross-currency swap correspond to the expected interest fixed principal amount due on the hedged loan. Similar to the hedged loan, the cross-currency swap is non-amortizing and will mature on December 21, 2016.

Effectively, the cross-currency swap transformed the floating rate USD loan into a fixed rate PHP loan.

The fair value of the cross-currency swap resulted to a derivative asset amounting to P6.6 million and P9.9 million as of March 31, 2016 and December 31, 2015, respectively.

Since the critical terms of the hedged loan and cross-currency swap matched, the hedge was assessed to be highly effective. As such, there was no ineffectiveness recognized in the profit or loss for the periods ended March 31, 2016 and 2015.

The movements in fair value of cash flow hedges relative to the cross-currency swap presented in equity under other comprehensive loss as of March 31, 2016 and December 31, 2015 are as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Balance at beginning of period	**₱977,759**	**₱4,435,473**
Changes in fair value of the cash flow hedge	**1,310,945**	**(13,351,855)**
Transfer to profit or loss	**5,346,368**	**9,894,141**
Net movement on cash flow hedge	**6,657,313**	**(3,457,714)**
Balance at end of period	**7,635,072**	**977,759**
Non-controlling interests' share	**(3,512,133)**	**(449,770)**
	₱4,122,939	**₱527,989**

The foreign exchange revaluation of the hedged loan, amounting to P5.4 million and P9.9 million, was recognized in other comprehensive loss on derivative liability in 2016 and 2015, respectively.

19. Equity

a. Capital Stock

The movements in the number of shares are as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Authorized - P1 par value	**₱1,450,000,000**	P1,450,000,000
Issued and subscribed:		
Balance at beginning of the period	**₱1,086,149,410**	P1,081,040,314
Issuances during the period	**1,066,288**	5,109,096
Balance at end of period	**1,087,215,698**	1,086,149,410
Subscriptions receivable	**(17,177,884)**	(17,177,884)
	₱1,070,037,814	P1,068,971,526

The total number of shareholders of the Parent Company is 3,104 and 3,118 as at March 31, 2016 and December 31, 2015, respectively.

b. Additional Paid-in-Capital

The movements in the Additional paid in capital pertain to the difference between the exercised prices of stock options exercised and the par value of Parent Company's shares. For the periods ended March 31, 2016 and December 31, 2015, stock options totaling 1,066,288 shares and 5,109,096 shares, respectively, were exercised (see Note 26). These resulted to an additional paid in capital amounting to P84.6 million and P429.9 million in 2016 and 2015, respectively.

Stock options expense, amounting to P58.5 million and P44.3 million for the periods ended March 31, 2016 and 2015, respectively, were also recognized as part of additional paid in capital (see Notes 22 and 26).

As at March 31, 2016 and December 31, 2015, total additional paid in capital amounted to P5,198.4 million and P5,055.3 million, respectively.

c. Treasury Shares

The cost of common stock of the Parent Company held in treasury of P180.5 million consists of 16,447,340 shares as at March 31, 2016 and December 31, 2015.

d. Excess of Cost over the Carrying Value of Non-controlling Interests Acquired

The amount of excess of cost over the carrying value of non-controlling interests acquired as at March 31, 2016 and December 31, 2015, recognized as part of "Equity Attributable to Equity Holders of the Parent Company" section in the consolidated statements of financial position, resulted from the following acquisitions of non-controlling interests:

20% of Greenwich in 2006	P168,257,659
15% of Belmont in 2007	375,720,914
40% of Adgraphix in 2010	(1,214,087)
	P542,764,486

e. Retained Earnings

The Jollibee Group has a cash dividend policy of declaring one-third of the Jollibee Group's net income for the year as cash dividends. It uses best estimate of its net income as basis for declaring cash dividends. Actual cash dividends per share declared as a percentage of the EPS are 38.3% and 32.3% in 2015 and 2014, respectively.

The Parent Company's retained earnings available for dividend declaration, computed based on the guidelines provided in SEC Memorandum Circular No. 11, amounted to P11,944.4 million and P11,409.3 million as at March 31, 2016 and December 31, 2015, respectively.

The Parent Company's cash dividend declarations for 2015, 2014 and 2013 follow:

Declaration Date	Record Date	Payment Date	Cash Dividend per Share	Total Cash Dividends Declared
2015				
April 7	May 7	May 29	₱0.80	₱851,349,864
November 9	November 25	December 9	0.97	1,035,509,750
			₱1.77	₱1,886,859,614
2014				
April 7	May 8	May 30	₱0.75	₱788,176,867
November 12	November 27	December 18	0.89	945,305,674
			₱1.64	₱1,733,482,541
2013				
April 11	May 7	May 30	₱0.65	₱680,017,923
August 6	September 19	October 14	2.00	2,099,932,206
November 12	November 29	December 16	0.71	745,597,226
			₱3.36	₱3,525,547,355

An important part of the Jollibee Group's growth strategy is the acquisition of new businesses in the Philippines and abroad. Examples were acquisitions of 85% of Yonghe King in 2004 in PRC (₱1,200.0 million), 100% of Red Ribbon in 2005 (₱1,700.0 million), the remaining 20% minority share in Greenwich in 2007 (₱384.0 million), the remaining 15% share of Yonghe King in 2007 (₱413.7 million), 100% of Hong Zhuang Yuan restaurant chain in PRC in 2008 (₱2,600.0 million), 70% of Mang Inasal in 2010 (₱2,976.2 million), 100% of Chowking US operations in 2011 (₱693.3 million), 55% of San Pin Wang in 2012 (₱195.9 million plus a contingent consideration), 48% of WJ Investments Limited (₱98.0 million) in 2012 and 40% of SJBF LLC, the parent company of the entities comprising the Smashburger business (₱4,812.8 million), including transaction costs, in 2015.

The Jollibee Group plans to continue to make substantial acquisitions in the coming years. The Jollibee Group uses its cash generated from operations to finance these acquisitions and capital expenditures. These limit the amount of cash dividends that it can declare and pay, making the level of the retained earnings higher than the paid-up capital stock.

In support of the Jollibee Group's strategy, the BOD approved an additional appropriation of ₱5,200.0 million, ₱3,800.0 million and ₱1,200.0 million on April 11, 2013, February 15, 2012 and in 2009, respectively, for future acquisitions and capital expenditures. Details of the appropriated retained earnings as at March 31, 2016 and December 31, 2015 follow:

Projects	Timeline	Amount
Acquisition of Businesses	2013 - 2018	₱7,600,000,000
Capital Expenditures	2013 - 2018	2,600,000,000
		₱10,200,000,000

The unappropriated retained earnings of the Parent Company is also restricted to the extent of cost of common stock held in treasury amounting to ₱180.5 million in both years as well as the undistributed retained earnings of its subsidiaries which amounted to ₱3,416.0 million and ₱2,718.1 million as at March 31, 2016 and December 31, 2015, respectively.

In relation with the SRC Rule 68, as Amended (2011), Annex 68-D, below is the summary of the Parent Company's track record of registration of securities.

	Number of Shares registered	Issue/offer price	Date of approval	**2016 (Unaudited) Number of holders of securities as of March 31**	2015 (Audited) Number of holders of securities as of December 31
Common shares	75,000,000	P9	June 21, 1993	**3,104**	3,118

20. Royalty, Franchise Fees and Others

This account consists of:

	March 2016 (Unaudited)	March 2015 (Unaudited)
Royalty fees	**₱1,151,857,010**	P999,646,073
Franchise fees	**43,667,222**	41,033,391
Rent income (see Note 29)	**21,868,412**	19,143,570
Service fees	**31,054,612**	16,349,718
Scrap sales	**20,925,649**	25,859,182
Other revenues	**64,457,194**	43,155,803
	₱1,333,830,099	P1,145,187,737

The Jollibee Group has existing Royalty and Franchise Agreements with independent franchisees for the latter to operate quick service restaurant outlets under the "Jollibee", "Chowking", "Greenwich", "Red Ribbon", "Mang Inasal", "Yong He King" and "Hong Zhuang Yuan" concepts and trade names. In consideration thereof, the franchisees agree to pay franchise fees and monthly royalty fees equivalent to a certain percentage of the franchisees' net sales.

Other revenues pertain to delivery fees and other miscellaneous revenues earned by the Jollibee Group.

21. **Cost of Sales**

This account consists of:

	March 2016 (Unaudited)	March 2015 (Unaudited)
Cost of inventories	**₱12,633,811,556**	₱11,182,401,144
Personnel costs:		
Salaries, wages and other employee benefits	**2,583,378,247**	2,287,211,637
Pension expense	**27,065,488**	21,556,728
Rent (see Note 29)	**1,891,940,385**	1,708,580,769
Electricity and other utilities	**930,313,566**	886,585,878
Contracted services	**921,644,314**	691,502,495
Depreciation and amortization (see Notes 12 and 13)	**848,397,106**	744,389,474
Supplies	**486,937,044**	466,062,864
Repairs and maintenance	**311,524,666**	248,880,285
Security and janitorial	**145,507,076**	110,446,002
Communication	**41,482,316**	39,749,965
Entertainment, amusement and recreation	**7,305,908**	7,033,886
Professional fees	**5,497,389**	3,991,034
Others	**597,048,738**	521,862,747
	₱21,431,853,799	₱18,920,254,908

22. General and Administrative Expenses

This account consists of:

	March 2016 (Unaudited)	March 2015 (Unaudited)
Personnel costs:		
Salaries, wages and other employee benefits	**₱1,285,624,674**	P1,117,641,407
Stock options expense (see Note 26)	**58,511,102**	44,294,307
Pension expense	**32,376,239**	21,190,988
Taxes and licenses	**286,525,155**	250,161,170
Depreciation and amortization (see Notes 12, 13, 14 and 15)	**123,348,412**	112,352,655
Rent (see Note 29)	**109,304,239**	96,089,193
Transportation and travel	**102,225,391**	97,759,189
Professional fees	**90,016,031**	88,575,149
Contracted services	**82,735,957**	47,058,729
Repairs and maintenance	**26,248,518**	23,897,556
Training	**26,079,255**	19,632,609
Communication	**22,779,326**	33,993,550
Supplies	**18,693,350**	17,890,035
Entertainment, amusement and recreation	**16,185,905**	19,352,350
Provisions for impairment losses on:		
Receivables (see Note 7)	**6,535,817**	7,993,604
Inventories (see Note 8)	**7,596,040**	
Electricity and other utilities	**12,514,815**	11,577,109
Security and janitorial	**4,574,843**	4,931,985
Insurance	**2,491,558**	3,336,215
Reversals of provision for impairment losses on:		
Receivables (see Note 7)	**(1,639,136)**	
Inventories (see Note 8)	**-**	(2,774,521)
Donations	**27,600**	5,085,768
Corporate events and others	**198,583,538**	113,609,316
	₱2,511,338,629	P2,133,648,363

23. **Interest Income (Expense) and Other Income (Expense)**

	March 2016 (Unaudited)	March 2015 (Unaudited)
Interest income:		
Cash and cash equivalents and short-term investments (see Note 6)	**₱22,957,447**	₱15,746,659
Accretion of interest on security and other deposits and employee car plan receivables (see Note 15)	**3,119,447**	3,203,827
Loans and advances (see Note 11)	**31,780,456**	30,543,010
	₱57,857,350	₱49,493,496
Interest expense:		
Long-term debt (see Note 18)	**(₱55,812,879)**	(₱41,358,221)
Short-term debt (see Note 18)	**(534,127)**	(12,224,976)
Accretion of interest on the liability and remeasurement of contingent consideration from acquisition of businesses and accretion of customers' deposits (see Notes 11 and 16)	**(4,509,092)**	(4,683,274)
	(₱60,856,098)	(₱58,266,471)
Other income (expense):		
Write-off of other liabilities	**₱154,721,940**	₱161,745,908
Foreign exchange loss - net	**(29,165,194)**	(1,055,628)
Rebates and suppliers' incentives	**14,640,200**	29,648,082
Penalties and charges	**14,153,507**	3,051,445
Charges to franchisees	**3,634,313**	5,747,389
Other rentals	**2,419,332**	2,765,240
Pre-termination of operating leases		44,708
Bank charges, insurance claims and others	**(15,182,492)**	(18,980,126)
	₱145,221,606	₱182,967,018

24. Income Taxes

The Jollibee Group's provision for current income tax consists of the following:

	March 2016 (Unaudited)	March 2015 (Unaudited)
Final tax withheld on:		
Royalty and franchise fee income	**₱258,448,435**	₱209,114,104
Interest income	**3,388,818**	1,536,403
RCIT:		
With itemized deduction	**159,371,891**	111,616,909
With Optional Standard Deduction (OSD)	**61,334,142**	43,710,665
MCIT	**47,319,626**	71,229,676
	₱529,862,912	₱437,207,757

For the periods ended March 31, 2016 and 2015, Zenith, Grandworth and RRBHI, wholly-owned subsidiaries, elected to use OSD in computing for their taxable income. The total tax benefits from the availment of OSD amounted to ₱14.8 million and ₱3.0 million for the periods ended March 31, 2016 and 2015, respectively.

The components of the Jollibee Group's recognized net deferred tax assets follow:

	March 2016 (Unaudited)	December 2015 (Audited)
Deferred tax assets:		
NOLCO:		
Philippine-based entities	**₱644,439,994**	₱596,843,454
PRC-based entities	**202,173,779**	185,766,984
Pension liability	**437,854,018**	420,940,255
Operating lease payables	**432,882,861**	434,947,435
Excess of MCIT over RCIT	**365,751,267**	318,340,224
Accumulated impairment loss in value of receivables, property, plant and equipment, investment properties, and other nonfinancial assets	**166,011,905**	164,750,267

(Forward)

	March 2016 (Unaudited)	December 2015 (Audited)
Unrealized foreign exchange loss	**₱56,339,220**	P106,324,834
Unamortized past service costs	**23,406,138**	25,459,340
Unaccreted discount on security deposits and employee car plan receivables	**13,131,651**	13,849,282
Others	**7,809,223**	7,966,614
Total	**2,349,800,056**	2,275,188,689
Deferred tax liabilities:		
Excess of fair value over book value of identifiable assets of acquired businesses	**680,432,719**	682,326,007
Prepaid rent	**47,855,061**	42,854,387
Unrealized foreign exchange gain	**47,631,964**	118,662,126
Unaccreted discount on employee car plan receivable, security and product security deposit	**10,533,196**	11,139,822
Deferred rent expense	**9,067,898**	10,645,399
Operating lease receivables	**863,582**	1,072,412
	796,384,420	866,700,153
Deferred tax assets - net	**₱1,553,415,636**	P1,408,488,536

The rollforward analysis of the net deferred tax assets and liabilities follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Balance at beginning of period	**₱1,408,488,536**	P740,587,390
Additions	**150,773,991**	537,470,070
Income tax effect of other remeasurements of net defined benefit plan	--	104,824,523
Translation adjustments	**(5,846,891)**	25,606,553
	₱1,553,415,636	P1,408,488,536

OSD

The availment of the OSD method also affected the recognition of several deferred tax assets and liabilities. Deferred tax assets and liabilities, for which the related income and expense are not considered in determining gross income for income tax purposes, are not recognized. This is because the manner by which the Jollibee Group expects to recover or settle the underlying assets and liabilities, for which the deferred tax assets and liabilities were initially recognized, would not result to any future tax consequence under the OSD method. Meanwhile, deferred tax assets and liabilities, for which the related income and expense are considered in determining gross income for income tax purposes, are recognized only to the extent of their future tax consequence under OSD method. Hence, the tax base of these deferred tax assets and liabilities is reduced by the 40% allowable deduction provided for under the OSD method.

Accordingly, the Jollibee Group's deferred tax assets and liabilities, which were not recognized due to the use of the OSD method, are as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Deferred tax assets:		
Pension liability	**₱10,060,178**	₱9,696,538
Operating lease payables	**8,992,520**	9,562,295
Allowance for impairment losses on receivables	**6,009,062**	6,009,062
Unamortized past service cost	**383,003**	383,003
Unaccreted discount on financial instruments	**251,308**	279,918
Others	**30,379**	26,316
	25,726,450	25,957,132
Deferred tax liabilities:		
Operating lease receivables	**2,900,574**	4,772,417
Deferred rent expense	**70,563**	82,338
Others	**188,276**	200,959
	3,159,413	5,055,714
	₱22,567,037	₱20,901,418

As at March 31, 2016, NOLCO and excess of MCIT over RCIT of the Philippine-based entities that can be claimed as deductions from taxable income and income tax due, respectively, are as follows:

Year Incurred/Paid	Carry Forward Benefit up to	NOLCO	Excess of MCIT over RCIT
2016	December 31, 2018	₱205,697,632	₱47,411,043
2015	December 31, 2018	1,042,330,392	167,318,506
2014	December 31, 2017	1,269,523,632	138,387,628
2013	December 31, 2016	79,089,765	12,634,090
		2,596,641,421	₱365,751,267
Utilized during the period		(73,587,692)	--
		₱2,523,053,729	₱365,751,267

The PRC enterprise income tax law provides that income tax rates are unified at 25%. As at March 31, 2016, NOLCO of the PRC-based entities that can be claimed as deductions from taxable income are as follows:

Year Incurred	Carry Forward Benefit Up to	Tax Losses	Deferred Tax at 25%
2016	December 31, 2021	₱65,627,179	₱16,406,795
2015	December 31, 2020	234,392,612	58,598,153
2014	December 31, 2019	157,497,816	39,374,454
2013	December 31, 2018	145,788,888	36,447,222
2012	December 31, 2017	133,737,020	33,434,255
2011	December 31, 2016	71,651,599	17,912,900
		₱808,695,114	₱202,173,779

The following are the movements in deferred tax assets on NOLCO:

	March 2016 (Unaudited)	December 2015 (Audited)
Balance at beginning of period	**₱782,610,438**	₱544,952,592
Additions	**81,783,024**	365,752,990
Utilized during the period	**(14,112,748)**	(126,173,592)
Write-offs and expirations	**–**	(4,221,281)
Translation adjustments	**(3,666,941)**	2,299,729
	₱846,613,773	₱782,610,438

The following are the movements in deferred tax assets on Excess of MCIT over RCIT:

	March 2016 (Unaudited)	December 2015 (Audited)
Balance at beginning of period	**₱318,340,224**	₱160,357,672
Additions	**47,411,043**	167,318,506
Write-offs and expirations	**–**	(9,335,954)
	₱365,751,267	₱318,340,224

25. Pension Liability

Defined Benefit Plan

The Parent Company and certain Philippine-based subsidiaries have funded, independently-administered, non-contributory defined benefit pension plan covering all permanent employees. The benefits are based on the employees' projected salaries and number of years of service.

The funds are administered by trustee banks. Subject to the specific instructions provided by the Jollibee Group in writing, the Jollibee Group directs the trustee banks to hold, invest and reinvest the funds and keep the same invested, in its sole discretion, without distinction between principal and income in, but not limited to, certain government securities and bonds, term loans, short-term fixed income securities and other loans and investments.

Under the existing regulatory framework, Republic Act No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following tables summarize the components of pension expense, included under "Cost of sales" and "General and administrative expenses" accounts in the consolidated statements of comprehensive income and pension liability in the consolidated statements of financial position, which are based on actuarial valuations.

Changes in pension liability of the Jollibee Group in 2015 are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Pension Liability
At January 1, 2015	P2,329,211,722	P1,496,821,472	P832,390,250
Pension expense:			
Current service cost	244,819,845	-	244,819,845
Net interest	136,917,250	69,101,351	67,815,899
	381,737,095	69,101,351	312,635,744
Benefits paid	(85,855,905)	(85,855,905)	-
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)		(47,445,163)	47,445,163
Actuarial changes arising from changes in financial assumptions	(367,215,450)	-	(367,215,450)
Actuarial changes due to experience adjustment	741,274,687	-	741,274,687
	374,059,237	(47,445,163)	421,504,400
Contributions	-	100,000,000	(100,000,000)
At December 31, 2015	P2,999,152,149	P1,532,621,755	P1,466,530,394

Changes in pension liability of the Jollibee Group in 2014 are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Pension Liability
At January 1, 2014	P2,405,920,441	P1,473,079,332	P932,841,109
Pension expense:			
Current service cost	195,996,581	-	195,996,581
Net interest	125,947,807	76,360,661	49,587,146
	321,944,388	76,360,661	245,583,727
Benefits paid	(144,682,477)	(144,682,477)	-
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	-	104,557,655	(104,557,655)
Actuarial changes arising from changes in financial assumptions	224,517,003	-	224,517,003
Actuarial changes due to experience adjustment	(478,487,633)		(478,487,633)
	(253,970,630)	104,557,655	(358,528,285)
Contributions	-	58,300,000	(58,300,000)
Other adjustments	-	(70,793,699)	70,793,699
At December 31, 2014	P2,329,211,722	P1,496,821,472	P832,390,250

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The following table presents the carrying amounts, which approximate the estimated fair values, of the assets of the plan:

	March 2016 (Unaudited)	December 2015 (Audited)
Cash and cash equivalents	**₱195,518,566**	₱202,421,524
Investments in government and corporate debt securities	**1,123,080,650**	1,097,109,433
Investments in quoted equity securities		
Holding firms	**113,032,549**	125,772,547
Food, beverage and tobacco	**64,946,312**	58,378,590
Property	**65,503,975**	55,849,704
Banks	**42,529,067**	37,093,701
Electricity, energy, power and water	**29,042,031**	19,903,050
Telecommunications	**20,869,920**	17,092,000
Others	**11,941,475**	13,941,890
Interest and dividends receivable	**16,937,734**	16,367,289
Fund liabilities	**(128,494,204)**	(111,307,973)
	₱1,554,908,075	₱1,532,621,755

The plan assets consist of the following:

- Investments in government securities which consist of retail treasury bonds that bear interest ranging from 2.35%-8.13% and have maturities from February 2015 to August 2037 and fixed-rate treasury notes that bear interest ranging from 2.88%-11.70% and have maturities from September 2016 to October 2037.

- Investments in equity securities consist of investments in listed equity securities, including equity securities of the Parent Company, for certain retirement plans of the Jollibee Group (see Note 27).

- Investments in debt securities consist of long-term corporate bonds in the power sector, which bear interest ranging from 6.30%-7.75% maturing from April 2017 to April 2037.

- Other financial assets held by the retirement plan are primarily accrued interest income on cash and cash equivalents, debt instruments and other securities.

Pension expense as well as the present value of the pension liability is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension expense and liability for the defined benefit plans are shown below:

	December 31, 2015	December 31, 2014	January 1, 2014
Discount rate	5.00% - 5.10%	4.60% - 4.70%	5.00% - 6.00%
Salary increase rate	6.00%	7.00%	6.50% - 7.11%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	December 31, 2015	
	Increase (Decrease)	Philippine Plan
Discount rates	+0.50 %	(₱144,519,317)
	-0.50 %	156,998,632
Future salary increases	+0.50%	₱154,737,578
	-0.50%	(143,898,307)

	December 31, 2014	
	Increase (Decrease)	Philippine Plan
Discount rates	+0.50 %	(₱757,777,465)
	-0.50 %	1,029,419,507
Future salary increases	+0.50%	₱1,015,034,231
	-0.50%	(778,272,017)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2015:

Less than 1 year	₱424,284,936
More than 1 year to 5 years	904,330,471
More than 5 years to 10 years	1,687,578,041
More than 10 years to 15 years	2,066,460,644
More than 15 years to 20 years	2,136,735,329
More than 20 years	6,678,572,246

The Jollibee Group does not have a formal asset-liability matching strategy. The overall investment policy and strategy of the retirement plan is based on the client suitability assessment, as provided by its trustee banks, in compliance with the Bangko Sentral ng Pilipinas requirements. Nevertheless, the Jollibee Group ensures that there will be sufficient assets to pay the retirement benefits as they fall due while attempting to mitigate the various risks of the plan.

The plan assets are primarily exposed to financial risks such as liquidity risk and price risk. Liquidity risk pertains to the plan's ability to meet its obligation to the employees upon retirement. To effectively manage liquidity risk, the trustee banks maintain assets in cash and short-term deposits. Price risk pertains mainly to fluctuation in market prices of the retirement funds marketable securities. In order to effectively manage price risk, the trustee banks continuously assess these risks by closely monitoring the market value of the securities and implementing prudent investment strategies.

The Jollibee Group expects to contribute ₱424.3 million to the defined benefit pension plans in 2016.

The average duration of the defined benefit obligation is 10 years as at December 31, 2015 and 2014.

Defined Contribution Plan
The employees of the PRC-domiciled and USA-based subsidiaries of the Jollibee Group are members of a state-managed pension benefit scheme operated by the national governments. These subsidiaries are required to contribute a specified percentage of their payroll costs to the pension benefit scheme to fund the benefits. The only obligation of these subsidiaries with respect to the pension benefit scheme is to make the specified contributions.

The contributions made to the scheme and recognized as part of other employee benefits amounted to ₱516.5 million in 2015.

26. Stock Option Plans

Senior Management Stock Option and Incentive Plan
On December 17, 2002, the SEC approved the exemption requested by the Jollibee Group on the registration requirements of the 101,500,000 options underlying the Parent Company's common shares to be issued pursuant to the Jollibee Group's Senior Management Stock Option and Incentive Plan (the Plan). The Plan covers selected key members of management of the Jollibee Group.

The Plan is divided into two programs, namely, the Management Stock Option Program (MSOP) and the Executive Long-term Incentive Program (ELTIP). The MSOP provides a yearly stock option grant program based on company and individual performance while the ELTIP provides stock ownership as an incentive to reinforce entrepreneurial and long-term ownership behavior of executive participants.

MSOP. The MSOP is a yearly stock option grant program open to members of the senior management committee of the Jollibee Group and members of the management committee, key talents and designated consultants of some of the business units.

Each MSOP cycle refers to the period commencing on the MSOP grant date and ending on the last day of the MSOP exercise period. Vesting is conditional on the employment of the employee-participants in the Jollibee Group within the vesting period. The options will vest at the rate of one-third of the total options granted on each anniversary of the MSOP grant date until the third anniversary.

The exercise price of the stock options is determined by the Jollibee Group with reference to prevailing market prices over the three months immediately preceding the date of grant for the 1st up to the 7th MSOP cycle. Starting with the 8th MSOP cycle, the exercise price of the option is determined by the Jollibee Group with reference to the market closing price at date of grant.

For instance, on July 1, 2004, the Compensation Committee of the Jollibee Group granted 2,385,000 options under the 1st MSOP cycle to eligible participants. The options will vest at the rate of one-third of the total options granted from the start of the grant date on each anniversary date which will start after a year from the grant date. One-third of the options granted, or 795,000 options, vested and may be exercised starting July 1, 2005 and expired on June 30, 2012. From July 1, 2005 to 2015, the Compensation Committee granted series of MSOP grants under the 2nd to 12th MSOP cycle to eligible participants.

On August 25, 2015, the Compensation Committee granted 3,142,600 options under the 12th MSOP cycle to eligible participants. These options are similar to the 1st MSOP cycle. The 2nd, 3rd and 4th MSOP cycles expired on June 30, 2013, 2014 and 2015, respectively.

The movements in the number of stock options outstanding and related weighted average exercise prices (WAEP) are as follows:

	March 2016 (Unaudited)		December 2015 (Audited)		December 2014 (Audited)	
	Number of Options	WAEP	Number of Options	Number of Options	Number of Options	WAEP
Total options granted as at end of period	40,120,794	₱82.22	40,120,794	₱82.22	36,863,194	₱73.58
Outstanding at beginning of period	14,868,437	₱133.32	13,609,275	₱117.51	16,915,937	₱83.77
Options granted during the period	–	–	3,257,600	179.99	3,459,000	178.66
Options exercised during the period	(479,621)	100.94	(1,380,628)	100.42	(6,765,662)	63.57
Options forfeited during the period	–	–	(617,810)	104.73		
Outstanding at end of period	14,388,816	₱134.40	14,868,437	₱133.32	13,609,275	₱117.51
Exercisable at end of period	8,938,883	₱106.65	8,262,670	₱100.95	6,865,265	₱79.42

The weighted average share price of the Parent Company common shares is ₱215.61, ₱206.05 and ₱181.34 in 2016, 2015 and 2014, respectively. The weighted average remaining contractual life for the stock options outstanding as of December 31, 2015, 2014 and 2013 is 5.19 years, 5.83 years and 4.83 years, respectively.

The weighted average fair value of stock options granted in 2015, 2014 and 2013 is₱26.13, ₱32.39 and ₱30.55, respectively. The fair value of share options as at the date of grant is estimated using the Black-Scholes Option Pricing Model, taking into account, the terms and conditions upon which the options were granted. The option style used for this plan is the American style because the option plan allows exercise before the expiry date. The inputs in the valuation of the options granted on the dates of grant for each MSOP cycle are shown below:

MSOP Cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
1st	2004	1.72%	36.91%	6.20%	5-7 years	₱24.00	₱20.00
2nd	2005	1.72%	36.91%	6.20%	5-7 years	29.00	27.50
3rd	2006	1.72%	36.91%	6.20%	5-7 years	35.00	32.32
4th	2007	1.70%	28.06%	6.41%	3-4 years	52.50	50.77
5th	2008	1.80%	26.79%	8.38%	3-4 years	34.00	39.85
6th	2009	2.00%	30.37%	5.28%	3-4 years	48.00	45.45
7th	2010	2.00%	29.72%	5.25%	3-4 years	70.00	57.77
8th	2011	2.00%	34.53%	4.18%	3-4 years	89.90	89.90
9th	2012	2.00%	28.72%	3.50%	3-4 years	107.90	107.90
10th	2013	2.00%	29.38%	2.68%	3-4 years	145.00	145.00
11th	2014	2.00%	24.87%	2.64%	3-4 years	179.80	179.80
12th	2015	2.00%	18.94%	2.98%	3-4 years	180.00	180.00

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

ELTIP. The ELTIP entitlement is given to members of the senior management committee and designated consultants of the Jollibee Group.

Each ELTIP cycle refers to the period commencing on the ELTIP entitlement date and ending on the last day of the ELTIP exercise period. Actual grant and vesting is conditional upon achievement of the Jollibee Group's minimum medium to long-term goals and individual targets in a given period, and the employment of the employee-participants in the Jollibee Group within the vesting period. If the goals are achieved, the options will be granted. For the 3rd ELTIP cycle, a percentage of the options to be granted are based on the percentage of growth in annual

earnings per share such that 100%, 50% or 25% of the options granted when percentage of growth in annual earnings per share are 12% and above, 10% to less than 12% or 8% to less than 10%, respectively. For the upcoming 4th ELTIP cycle, the percentage of the options to be granted and the targeted percentage of growth in annual earnings per share have been further revised such that 150%, 100% or 50% of the options granted when percentage of growth in annual earnings per share are 15% and above, 12% to less than 15% or 10% to less than 12%, respectively.

The exercise price of the stock options is determined by the Jollibee Group with reference to prevailing market prices over the three months immediately preceding the date of entitlement for the first and second ELTIP cycles.

Starting with the 3rd ELTIP cycle, the exercise price of the option is determined by the Jollibee Group with reference to the closing market price as of the date of entitlement.

For instance, on July 1, 2004, the Compensation Committee gave an entitlement of 22,750,000 options under the 1st ELTIP cycle to eligible participants. The options will vest at the rate of one-third of the total options granted on each anniversary date which will start after the goals were achieved. One-third of the options granted, or 7,583,333 options, vested and may be exercised starting July 1, 2007 and expired on June 30, 2012. On July 1, 2008, October 19, 2012 and August 25, 2015, entitlement to 20,399,999, 24,350,000 and 11,470,000 options were given to eligible participants under the 2nd, 3rd and 4th ELTIP cycles, respectively.

The Jollibee Group does not pay cash as a form of settlement.

The movements in the number of stock options outstanding for the 2nd to 4th ELTIP cycles and related WAEP for the periods ended March 31, 2016, December 31, 2015 and 2014 follow:

	March 2016 (Unaudited)		December 2015 (Audited)		December 2014 (Audited)	
	Number of Options	**WAEP**	Number of Options	WAEP	Number of Options	WAEP
Total options given as at end of period	**78,969,999**	**₱74.58**	78,969,999	₱74.58	67,499,999	₱56.66
Outstanding at beginning of period	**38,344,999**	**₱117.74**	31,270,560	₱90.06	37,186,110	₱82.51
Options granted during the period	-	-	11,470,000	180.00	-	-
Options exercised during the period	**(586,667)**	**65.76**	(3,728,468)	79.46	(5,665,977)	39.85
Options forfeited during the period	–	–	(667,093)	105.00	(249,573)	105.00
Outstanding at end of period	**37,758,332**	**₱118.54**	38,344,999	₱117.74	31,270,560	₱90.06
Exercisable at end of period	**10,221,381**	**₱70.87**	10,808,048	₱70.59	7,170,133	₱39.85

The weighted average remaining contractual life for the stock options outstanding as of 2015, 2014 and 2013 is 4.85 years, 4.85 years and 5.30 years, respectively.

The fair value of stock options granted is ₱26.13 in 2015 and ₱22.96 in 2014. The fair value of share options as at the date of grant is estimated using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The option style used for this plan is the American style because this option plan allows exercise before the maturity date. The stock options granted under the 2nd, 3rd and 4th ELTIP cycles will expire on April 30, 2017, 2020 and 2023, respectively.

The inputs to the model used for the options granted on the dates of grant for each ELTIP cycle are shown below:

ELTIP Cycle	Year of Grant	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life of the Option	Stock Price on Grant Date	Exercise Price
1st	2004	1.72%	36.91%	6.20%	5 years	P24.00	P20.00
2nd	2008	1.80%	26.79%	8.38%	3-4 years	34.00	39.85
3rd	2012	2.00%	28.74%	3.60%	3-4 years	105.00	105.00
4th	2015	2.00%	18.94%	2.98%	3-4 years	180.00	180.00

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The cost of the stock options expense charged to operations for both MSOP and ELTIP in the "General and administrative expenses" account amounted to P58.5 million and P44.3 million for the periods ended March 31, 2016 and 2015, respectively (see Note 22). Correspondingly, a credit was made to additional paid-in-capital.

27. Related Party Transactions

The Jollibee Group has transactions with related parties. Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Jollibee Group, including holding companies, subsidiaries and fellow subsidiaries are related entities of the Jollibee Group. Individuals owning, directly or indirectly, an interest in the voting power of the Jollibee Group that give them significant influence over the enterprise; key management personnel, including directors and officers of the Jollibee Group, and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

Compensation of Key Management Personnel of the Jollibee Group
The aggregate compensation and benefits to key management personnel of the Jollibee Group in 2015, 2014 and 2013 are as follows:

	2015	2014	2013
Salaries and short-term benefits	P798,882,199	P687,549,458	P584,663,115
Stock options expense	173,211,693	166,490,888	150,418,741
Net pension expense	47,583,693	59,134,502	46,292,773
Employee car plan and other long-term benefits	42,803,342	41,335,689	34,443,875
	P1,062,480,927	P954,510,537	P815,818,504

Transactions with the Retirement Plans
As at March 31, 2016 and December 31, 2015, certain retirement funds of the Jollibee Group include investment in equity securities of the Parent Company with details as follows:

	March 2016 (Unaudited)	December 2015 (Audited)
Number of shares	**191,330**	188,390
Market value	**₱43,431,910**	P41,257,410
Cost	**8,814,222**	8,205,035
Unrealized gain	**₱34,617,688**	P33,052,375

The Jollibee Group's receivable from retirement fund amounted to P126.8 million and P109.6 million as at March 31, 2016 and December 31, 2015, respectively.

Transactions with a Joint Venture
As at March 31, 2016 and December 31, 2015, the Jollibee Group has outstanding advances to SuperFoods Group. The terms of these advances are disclosed in Note 11.

Terms and Conditions of Transactions with Related Parties
Transactions with related parties are made at market prices and are normally settled in cash.

28. Earnings Per Share

Basic and diluted EPS are computed as follows:

	March 2016 (Unaudited)	March 2015 (Unaudited)
(a) Net income attributable to the equity holders of the Parent Company	**₱1,398,487,697**	P1,187,774,125
(b) Weighted average number of shares - basic	**1,070,190,336**	1,064,764,415
Weighted average number of shares outstanding under the stock option plan	**52,736,708**	44,708,394
Weighted average number of shares that would have been purchased at fair market value	**(28,773,274)**	(21,303,539)
(c) Adjusted weighted average shares - diluted	**1,094,153,770**	1,088,169,270
EPS:		
Basic (a/b)	**₱1.307**	P1.116
Diluted (a/c)	**1.278**	1.092

There were no anti-dilutive options outstanding as at March 31, 2016 and December 31, 2015.

29. Commitments and Contingencies

a. Operating lease commitments - Jollibee Group as lessee

The Jollibee Group has various operating lease commitments for quick service restaurant outlets and offices. The noncancellable periods of the leases range from 3 to 20 years, mostly containing renewal options. Some of the leases contain escalation clauses. The lease contracts on certain sales outlets provide for the payment of additional rentals based on certain percentages of sales of the outlets. Contingent rent expense amounted to P368.7 million and P317.2 million for the periods ended March 31, 2016 and 2015, respectively.

The future minimum lease payments for the noncancellable periods of the operating leases follows:

	2015	2014	2013
Within one year	P1,532,583,258	P1,669,685,553	P2,500,831,215
After one year but not more than five years	5,581,731,024	6,449,433,284	8,090,153,478
More than five years	6,443,630,529	4,897,338,004	3,911,301,278
	P13,557,944,811	P13,016,456,841	P14,502,285,971

Rent expense recognized on a straight-line basis amounted to P2,001.2 million and P1,804.7 million for the periods ended March 31, 2016 and 2015, respectively (see Notes 21 and 22). The difference of rent expense recognized under the straight-line method and the rent amounts due in accordance with the terms of the lease agreements are charged to "Operating lease payables" account which amounted to P8.4 million and P11.5 million for the periods ended March 31, 2016 and 2015, respectively.

b. Operating lease commitments - Jollibee Group as lessor

The Jollibee Group entered into commercial property leases for its investment property units and various sublease agreements. Noncancellable periods of the leases range from 3 to 20 years, mostly containing renewal options. Leases generally include a clause to enable upward revision of the rent charges on an annual basis based on prevailing market conditions.

The future minimum lease payments for the noncancellable periods of the operating leases, wherein Jollibee Group is the lessor, follow:

	2015	2014	2013
Within one year	P63,358,455	P55,256,411	P46,453,095
After one year but not more than five years	244,123,192	199,537,668	157,623,110
More than five years	598,950,095	432,616,032	359,274,585
	P906,431,742	P687,410,111	P563,350,790

Rent income recognized on a straight-line basis amounted to P21.9 million and P19.1 million for the periods ended March 31, 2016 and 2015, respectively (see Note 20). The difference of rent income recognized under the straight-line method and the rent amounts in accordance with the terms of the lease are included under "Operating lease receivables" which amounted to P1.3 million and P0.7 million for the periods ended March 31, 2016 and 2015, respectively.

c. Contingencies

The Jollibee Group is involved in litigations, claims and disputes which are normal to its business. Management believes that the ultimate liability, if any, with respect to these litigations, claims and disputes will not materially affect the financial position and financial performance of the Jollibee Group. Thus, other than the provisions in Note 17, there were no other provisions made for contingencies.

30. Financial Risk Management Objectives and Policies

The Jollibee Group is exposed to a variety of financial risks from its operating, investing and financing activities. The Jollibee Group's risk management policies focus on actively securing the Jollibee Group's short-term to medium-term cash flows by minimizing the exposure to financial markets.

The Jollibee Group's principal financial instruments comprise of cash and cash equivalents, short-term investments and receivables. The main purpose of these financial instruments is to obtain financing for the Jollibee Group's operations. The Jollibee Group has other financial assets and liabilities such as other noncurrent assets and trade payables and other current liabilities which arise directly from its operations.

The main risks arising from these financial instruments are equity price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Jollibee Group does not engage in any long-term debt and foreign currency-denominated transactions that may cause exposure to interest rate risk and foreign currency risk, respectively. The policies for managing each of these risks are summarized as follows:

Interest Rate Risk
Interest rate risk arises from the possibility that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

The Jollibee Group's exposure to interest rate risk relates primarily to long-term debt with floating interest rates. Floating rate financial instruments are subject to cash flow interest rate risk. The Jollibee Group's interest rate exposure management policy centers on reducing the Company's overall interest expense and exposure to changes in the interest rates.

To manage the interest rate risk related to the Jollibee Group's long-term debt, the Jollibee Group used a derivative instrument to fix the interest rate over the term of two of its long-term debts (see Note 18).

There is minimal exposure on the other sources of the Jollibee Group's interest rate risk. These other sources are from the Jollibee Group's cash in bank, short-term deposits, short-term investments refundable deposits and employees' car plan receivables.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's equity as at December 31, 2015 and 2014. The impact on the Company's equity is due to changes in the fair value of cross-currency swaps designated as cash flow hedges, floating rate investments and interest rate swaps.

Derivative Instrument

Derivative asset - put/call rights

	Increase/ Decrease in Basis Points	Effect in Profit or Loss Before Income Tax	Effect in Equity Before Income Tax
2015			
USD	+30	(₱33)	₱1,530
	-30	34	(1,598)
PHP	+100	(23,625)	(3,127,521)
	-100	22,113	2,916423

Derivative asset – cross-currency swap

	Increase/ Decrease in Basis Points	Effect in Profit or Loss Before Income Tax	Effect in Equity Before Income Tax
2015			
USD	+100	(₱203)	₱110,192
	-100	215	(114,914)
PHP	+100	(26,800)	(4,927,786)
	-100	27,802	5,138,954

Long-term Debt with Floating Interest Rates

	Increase/ Decrease in Basis Points	Effect in Profit or Loss Before Income Tax
2015		
USD	+100	(72,660,640)
	-100	72,660,640
PHP	+100	(24,525,646)
	-100	24,525,646

	Increase/ Decrease in Basis Points	Effect in Profit or Loss Before Income Tax
2014		
USD	+100	(27,010,880)
	-100	27,010,880
PHP	+100	(22,903,970)
	-100	22,903,970

Foreign Currency Risk

The Jollibee Group's exposure to foreign currency risk arises from the Parent Company's investments outside the Philippines, which are mainly in PRC and USA. The net assets of foreign businesses account for only 7.39% and 6.23% of the consolidated net assets of the Jollibee Group as at March 31, 2016 and December 31, 2015, respectively, and the businesses have been rapidly growing.

The Jollibee Group also has transactional foreign currency exposures. Such exposure arises from the Jollibee Group's Philippine operations' cash and cash equivalents, receivables and long-term debt in foreign currencies.

The following table shows the Jollibee Group's Philippine operations' foreign currency-denominated monetary assets and liabilities and their peso equivalents as at March 31, 2016 and December 31, 2015:

	March 2016 (Unaudited)			December 2015 (Audited)		
	USD	**RMB**	**PHP Equivalent**	USD	RMB	PHP Equivalent
Assets						
Cash and cash equivalents	**960,380**	**8,078**	**44,302,293**	569,392	8,076	26,854,314
Receivables	**266,622**	**–**	**12,283,264**	269,926	–	12,702,717
Liability						
Long-term debt	**–**	**–**	**–**	–	–	–
Net exposure	**1,227,002**	**8,078**	**56,585,557**	839,318	8,076	39,557,031

Foreign Currency Risk Sensitivity Analysis

The Jollibee Group has recognized in profit or loss, foreign currency exchange gains (losses) included under "Other income" account which amounted to a net foreign exchange loss of ₱29.2 million and ₱1.1 million for the periods ended March 31, 2016 and 2015, respectively (see Note 23). This resulted from the movements of the Philippine peso against the USD and RMB as shown in the following table:

	Peso to	
	USD	RMB
March 31, 2016	**46.07**	**7.13**
March 31, 2015	44.70	7.22

The following table demonstrates the sensitivity to a reasonably possible change in USD and RMB to Philippine peso exchange rate, with all other variables held constant, of the Jollibee Group's income before income tax (due to changes in the fair value of monetary assets and liabilities) as at March 31, 2016 and December 31, 2015:

		March 2016 (Unaudited)		December 2015 (Audited)	
Appreciation (Depreciation) of P against Foreign Currency		**Effect on Income before Income Tax**	**Effect on Equity before Income Tax**	Effect on Income before Income Tax	Effect on Equity before Income Tax
		(In Thousands)			
USD					
	₱1.50	**(₱1,840)**	**(₱1,840)**	₱3,440	(₱3,440)
	(1.50)	**1,840**	**1,840**	(3,440)	3,440
	1.00	**(1,227)**	**(1,227)**	2,293	(2,293)
	(1.00)	**1,227**	**1,227**	(2,293)	2,293
RMB					
	0.95	7.7	7.7	(7.7)	(7.7)
	(0.95)	(7.7)	(7.7)	7.7	7.7
	0.63	**5.1**	**5.1**	(5.1)	(7.7)
	(0.63)	(5.1)	**(5.1)**	5.1	5.1

Equity Price Risk

The Jollibee Group is not exposed to significant equity price risk on its investment in quoted equity securities consisting of investment in club shares.

Credit Risk

Credit risk is the risk that a customer or counterparty fails to fulfill its contractual obligations to the Jollibee Group. This includes risk of non-payment by borrowers, failed settlement of transactions and default on outstanding contracts.

The Jollibee Group has a strict credit policy. Its credit transactions are with franchisees and customers that have gone through rigorous screening before granting them the franchise. The credit terms are very short, while deposits and advance payments are also required before rendering the service or delivering the goods, thus, mitigating the possibility of non-collection. In cases of non-collection, defaults of the debtors are not tolerated; the exposure is contained the moment a default occurs and transactions that will further increase the exposure of the Jollibee Group are discontinued.

The Jollibee Group has no significant concentration of credit risk with counterparty. The Jollibee Group's franchisee profile is such that no single franchisee accounts for more than 5% of the total system wide sales of the Jollibee Group.

The aging analysis of loans and receivables as at March 31, 2016 and December 31, 2015are as follows:

	March 2016 (Unaudited)						
		Neither Past Due nor	Past Due but not Impaired (Age in Days)				
	Total	Impaired	1-30	31-60	61-120	Over 120	Impaired
			(In Millions)				
Cash and cash equivalents*	₱12,197.7	₱12,197.7	₱-	₱-	₱	₱	₱
Short-term investments	854.5	854.5	-	-			
Receivables:							
Trade	4,285.8	1,585.6	473.5	102.8	147.8	1,451.5	524.6
Employee car plan receivables**	183.9	183.9	-	-	-	-	
Advances to employees	130.4	130.4	-	-	-	-	
Other receivables***	152.6	152.6	-	-	-	-	
Other noncurrent assets:							
Security and other deposits	1,817.8	1,817.8	-	-	-	-	
Operating lease receivables	10.9	10.9	-	-	-	-	-
	19,633.6	16,933.4	473.5	102.8	147.8	1,451.5	524.6
AFS Financial Assets	21.5	21.5	-	-	-	-	-
	₱19,655.1	₱16,954.9	₱473.5	₱102.8	₱147.8	₱1,451.5	₱524.6

	December 2015 (Audited)						
		Neither Past Due nor	Past Due but not Impaired (Age in Days)				
	Total	Impaired	1-30	31-60	61-120	Over 120	Impaired
			(In Millions)				
Cash and cash equivalents*	₱11,204.8	₱11,204.8	₱-	₱-	₱	₱	₱
Short-term investments	922.3	922.3	-	-			
Receivables:							
Trade	5,575.2	2,646.5	711.8	183.0	416.7	1,097.1	520.1
Employee car plan receivables**	197.6	197.6		-			
Advances to employees	154.7	154.7					
Other receivables***	145.2	145.2	-	-			
Other noncurrent assets:							
Security and other deposits	1,795.0	1,795.0	-			-	
Operating lease receivables	12.5	12.5	-	-	-	-	
	20,007.3	17,078.6	711.8	183.0	416.7	1,097.1	520.1
AFS Financial Assets	21.5	21.5	-	-	-	-	
	₱20,028.8	₱17,100.1	₱711.8	₱183.0	₱416.7	₱1,097.1	₱520.1

**Excluding cash on hand amounting to P333.0 million and P292.8 million in 2016 and 2015, respectively.*

***Including noncurrent portion of employee car plan receivables.*

****Excluding receivables from government agencies amounting to P12.0 million and P10.3 million in 2016 and 2015, respectively.*

Credit Risk Exposure. The tables below show the maximum exposure to credit risk of the Jollibee Group as at December 31, 2015 and 2014 without considering the effects of collaterals and other credit risk mitigation techniques:

	2015		
	Gross Maximum Exposure (a)	Fair Value and Financial Effect of Collateral or Credit Enhancement (b)	Net Exposure (c) = (a) - (b)
		(In Millions)	
Financial Assets			
Cash and cash equivalents*	₱11,204.8	₱223.3	₱10,981.5**
Short-term investments	922.3	-	922.3
Receivables:			
Trade	5,055.1	137.7	4,917.4***
Employee car plan receivables	197.6	-	197.6
Advances to employees	154.7	-	154.7
Other receivables****	145.2	-	145.2
Other noncurrent assets:			
Security and other deposits	1,795.0	-	1,795.0
Operating lease receivables	12.5	-	12.5
AFS financial asset	21.5	-	21.5
	₱19,508.7	₱361.0	₱19,147.7

	2014		
	Gross Maximum Exposure (a)	Fair Value and Financial Effect of Collateral or Credit Enhancement (b)	Net Exposure (c) = (a) - (b)
		(In Millions)	
Financial Assets			
Cash and cash equivalents*	₱7,214.8	₱149.6	₱7,065.2**
Receivables:			
Trade	7,586.5	197.6	7,388.9***
Employee car plan receivables	195.6	-	195.6
Advances to employees	157.1	-	157.1
Other receivables****	121.6	-	121.6
Other noncurrent assets:			
Security and other deposits	1,522.9	-	1,522.9
Operating lease receivables	21.1	-	21.1
AFS financial asset	21.5	-	21.5
	₱16,841.1	₱347.2	₱16,493.9

* *Excluding cash on hand amounting to P292.8 million and P403.7 million in 2015 and 2014, respectively.*

** *Gross financial assets after taking into account insurance bank deposits for cash and cash equivalents.*

*** *Gross financial assets after taking into account payables to the same counterparty.*

**** *Excluding receivables from government agencies amounting to P10.3 million and P6.9 million in 2015 and 2014, respectively.*

With respect to credit risk arising from financial assets of the Jollibee Group, the Jollibee Group's exposure to credit risk arises from default of the counterparty, with a gross maximum exposure equal to the carrying amount of these instruments.

Credit Quality. The tables below show the credit quality by class of financial assets that are neither past due nor impaired, based on the Jollibee Group's credit rating system as at March 31, 2016 and December 31, 2015.

	March 2016 (Unaudited)				
		Neither Past Due nor Impaired			Past Due or
	Total	A	B	C	Impaired
		(In Millions)			
Receivables					
Trade	**₱4,285.8**	**₱1,008.9**	**₱253.1**	**₱323.6**	**₱2,700.2**
Employee car plan receivables*	**183.9**	**183.9**	–	–	–
Advances to employees	**130.4**	**130.4**	–	–	–
Other receivables**	**152.6**	**152.6**	–	–	
AFS financial asset	**21.5**	**21.5**			
	₱4,774.2	**₱1,497.3**	**₱253.1**	**₱323.6**	**₱2,700.2**

	December 2015 (Audited)				
		Neither Past Due nor Impaired			Past Due or
	Total	A	B	C	Impaired
		(In Millions)			
Receivables					
Trade	₱5,575.2	₱1,684.0	₱422.4	₱540.1	₱2,928.7
Employee car plan receivables*	197.6	197.6	–	–	–
Advances to employees	154.7	154.7	–	–	–
Other receivables**	145.2	145.2	–	–	–
AFS financial asset	21.5	21.5			
	₱6,094.2	₱2,203.0	₱422.4	₱540.1	₱2,928.7

**Including noncurrent portion of employee car plan receivables.*

***Excluding receivables from government agencies amounting to P12.0 million and P10.3 million in 2016 and 2015, respectively.*

The credit quality of financial assets is managed by the Jollibee Group using internal credit ratings, as shown below:

A - For counterparty that is not expected by the Jollibee Group to default in settling its obligations, thus, credit risk exposure is minimal. This counterparty normally includes financial institutions, related parties and customers who pay on or before due date.

B - For counterparty with tolerable delays (normally from 1 to 30 days) in settling its obligations to the Jollibee Group. The delays may be due to cut-off differences and/or clarifications on contracts/billings.

C - For counterparty who consistently defaults in settling its obligation, but with continuing business transactions with the Jollibee Group, and may be or actually referred to legal and/or subjected to cash before delivery (CBD) scheme. Under this scheme, the customer's credit line is suspended and all subsequent orders are paid in cash before delivery. The CBD status will only be lifted upon full settlement of the receivables and approval by management. Thereafter, the regular credit term and normal billing and collection processes will resume.

Liquidity Risk

The Jollibee Group's exposure to liquidity risk refers to the risk that its financial liabilities are not serviced in a timely manner and that its working capital requirements and planned capital expenditures are not met. To manage this exposure and to ensure sufficient liquidity levels, the Jollibee Group closely monitors its cash flows to be able to finance its capital expenditures and to pay its obligations as and when they fall due.

On a weekly basis, the Jollibee Group's Cash and Banking Team monitors its collections, expenditures and any excess/deficiency in the working capital requirements, by preparing cash position reports that present actual and projected cash flows for the subsequent week. Cash outflows resulting from major expenditures are planned so that money market placements are available in time with the planned major expenditure. In addition, the Jollibee Group has short-term cash deposits and has available credit lines with accredited banking institutions, in case there is a sudden deficiency. The Jollibee Group maintains a level of cash and cash equivalents deemed sufficient to finance the operations. No changes were made in the objectives, policies or processes of the Jollibee Group during the period ended March 31, 2016 and year ended December 31, 2015.

The Jollibee Group's financial assets, which have maturity of less than 12 months and are used to meet its short-term liquidity needs, are cash and cash equivalents, short-term investments and trade receivables amounting to ₱12,530.8 million, ₱854.5 million and ₱3,761.2 million, respectively, as at March 31, 2016 and cash and cash equivalents, short-term investments and trade receivables amounting to ₱11,497.6 million, ₱922.3 million and ₱5,055.1 million, respectively, as at December 31, 2015.

The tables below summarize the maturity profile of the Jollibee Group's financial liabilities based on the contractual undiscounted cash flows as at March 31, 2016 and December 31, 2015:

	March 2016 (Unaudited)				
	Due and Demandable	Less than 1 Year	1 to 5 Years	Over 5 Years	Total
Financial Liabilities					
Trade payables and other current liabilities*	₱–	₱16,991,577,376	₱–	₱–	₱16,991,577,376
Long-term debt (including current portion)	–	970,641,688	4,347,200,241	5,483,986,411	10,801,828,340
Liability for acquisition of businesses	–	58,811,641	–	–	58,811,641
Operating lease payables	–	205,976,178	486,815,789	910,471,663	1,603,263,630
Total Financial Liabilities	₱–	₱18,227,006,883	₱4,834,016,030	₱6,394,458,074	₱29,455,480,987

	December 2015 (Audited)				
	Due and Demandable	Less than 1 Year	1 to 5 Years	Over 5 Years	Total
Financial Liabilities					
Trade payables and other current liabilities*	₱–	₱16,543,465,961	₱–	₱–	₱16,543,465,961
Long-term debt (including current portion)	–	1,385,129,936	4,371,187,586	5,490,591,850	11,249,909,372
Liability for acquisition of businesses	–	94,852,231	–	–	94,852,231
Operating lease payables	–	205,976,178	486,815,789	922,847,531	1,615,639,498
Total Financial Liabilities	₱–	₱18,229,424,306	₱4,861,003,375	₱6,413,439,381	₱29,503,867,062

**Excluding statutory obligations such as accrued local and other taxes, PHIC, SSS, HDMF and NHMFC payables and unearned revenue from gift certificates*

Capital Management Policy

Capital includes equity attributable to equity holders of the Parent Company.

The primary objective of the Jollibee Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Jollibee Group has sufficient capitalization.

The Jollibee Group generates cash flows from operations sufficient to finance its organic growth. It declares cash dividends representing at least one-third of its consolidated net income, a ratio that would still leave some additional cash for future expansion. If needed, the Jollibee Group would borrow money for acquisitions of new businesses.

As at March 31, 2016 and December 31, 2015, the Jollibee Group's debt ratio and net debt ratio are as follows:

Debt Ratio

	March 2016 (Unaudited)	December 2015 (Audited)
Total debt (a)	**₱31,463,081,300**	₱33,006,458,507
Total equity attributable to equity holders of the Parent Company	**31,976,562,314**	30,623,224,057
Total debt and equity attributable to equity holders of the Parent Company (b)	**₱63,439,643,614**	₱63,629,682,564
Debt ratio (a/b)	**50%**	52%

Net Debt Ratio

	March 2016 (Unaudited)	December 2015 (Audited)
Total debt	**₱31,463,081,300**	₱33,006,458,507
Less cash and cash equivalents and short-term investments	**13,385,283,750**	12,419,876,641
Net debt (a)	**18,077,797,550**	20,586,581,866
Total equity attributable to equity holders of the Parent Company	**31,976,562,314**	30,623,224,057
Net debt and equity attributable to equity holders of the Parent Company (b)	**₱50,054,359,864**	₱51,209,805,923
Net debt ratio (a/b)	**36%**	40%

31. Fair Value of Financial Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

Financial Instruments Whose Carrying Amounts Approximate Fair Value. Management has determined that the carrying amounts of cash and cash equivalents, short-term investments, receivables, operating lease receivables, trade payables and other current liabilities, short-term debt, operating lease payables, current portion of liability for acquisition of businesses, based on their notional amounts, reasonably approximate their fair values because of their short-term nature or due to the immaterial effect of discounting when the present value of future cash flows from these instruments are calculated.

AFS Financial Assets. The fair value of investments in quoted shares of stock is based on quoted prices. The Jollibee Group does not have the intention to dispose these financial assets in the near term.

Investment Properties. The fair value of the investment properties are determined by independent appraisers using the market data and cost approach, which considers the local market conditions, the extent, character and utility of the property, sales and holding prices of similar parcels of land and the highest and best use of the investment properties.

Security and Other Deposits, Employee Car Plan Receivables, Long-term Debt, Liability for acquisition of Business and Derivative Assets or Liability. Management has determined that the estimated fair value of security and other deposits, noncurrent portion of employee car plan receivables, long-term debt, liability for acquisition of business (contingent consideration) and derivative assets or liability are based on the discounted value of future cash flows using applicable rates as follows:

	2015	2014
Security and other deposits	2.37%-7.25%	0.48%-5.44%
Employee car plan receivables	2.14%-6.55%	0.35%-9.37%
Derivative assets	0.81%-2.78%	
Long-term debt	3.43%-3.71%	1.48%-3.31%
Derivative liability	0.96%-1.00%	0.96%-1.00%

The following tables provide the fair value measurement hierarchy of the Jollibee Group's recurring financial assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets as at December 31, 2015:

		Fair Value Measurement Using		
	Carrying Value	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Available-for-sale financial assets					
Quoted equity shares - club shares	₱21,462,462	₱21,462,462	₱-	₱21,462,462	₱-
Derivative asset – cross currency swap	9,868,242	9,868,242	-	9,868,242	-
Derivative asset – put/call rights	75,031,052	75,031,052	-	-	75,031,052
Assets for which fair values are disclosed:					
Investment properties:	998,113,494	1,414,303,072	-	1,414,303,072	-
Land	983,427,880	1,311,229,072	-	1,311,229,072	-
Building	14,685,614	103,074,000	-	103,074,000	-
Other noncurrent assets:					
Security and other deposits	1,794,988,953	1,894,451,261	-	1,894,451,261	-
Employee car plan receivables	130,156,134	138,22,669	-	138,22,669	-

Quantitative fair value measurement hierarchy for assets as at December 31, 2014:

		Fair Value Measurement Using		
	Carrying Value	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Available-for-sale financial assets					
Quoted equity shares - club shares	₱21,479,461	₱21,479,461	₱-	₱21,479,461	₱-
Assets for which fair values are disclosed:					
Investment properties:	1,025,645,035	1,414,303,072	-	1,414,303,072	-
Land	983,427,880	1,311,229,072	-	1,311,229,072	-
Building	42,217,155	103,074,000	-	103,074,000	-
Other noncurrent assets:					
Security and other deposits	1,522,942,799	1,545,877,698	-	1,545,877,698	-
Employee car plan receivables	130,234,889	139,690,838	-	139,690,838	-

Quantitative fair value measurement hierarchy for liabilities as at December 31, 2015:

		Fair Value Measurement Using			
	Date of Valuation	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities measured at fair value:					
Derivative liability	December 31, 2015	₱34,921,275	₱-	₱34,921,275	₱ -
Contingent consideration	December 31, 2015	23,635,513			23,635,513
Liabilities disclosed at fair value:					
Long-term debt	December 31, 2015	10,558,419,087	-	10,558,419,087	-

Quantitative disclosure fair value measurement hierarchy for liabilities as at December 31, 2014:

		Fair Value Measurement Using			
	Date of Valuation	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities measured at fair value:					
Derivative liability	December 31, 2014	₱1,545,472	₱-	₱1,545,472	₱ -
Contingent consideration	December 31, 2014	72,176,257	-	-	72,176,257
Liabilities disclosed at fair value:					
Long-term debt	December 31, 2014	8,194,850,283	-	8,194,850,283	-

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements during the year.

Description of significant unobservable input to the measurement of the contingent consideration as at December 31, 2015 is as follows:

	Valuation Technique	Significant Unobservable Input	Range of Input	Sensitivity of the Input to Fair Value
Contingent consideration	Multiple-scenario weighted-probability approach	Revenue growth rate used to forecast EBITDA	7.8% to 25.0%	Increase (decrease) in the revenue growth rate would increase (decrease) the fair value.
Derivative asset - put/call rights	Binomial pricing option model	Long-term growth rate used to calculate equity value	7.0% to 8.0%	Increase (decrease) in the long-term rate would increase (decrease) the fair value.

32. Events after the Reporting Period

Parent Company

Acquisition. On April 22, 2016, the Parent Company acquired the remaining 30% stake in Mang Inasal owned by Injap Investments, Inc., Mr. Edgar J. Sia II and Mr. Ferdinand J. Sia, for the purchase price of ₱2,000.0 million in line with the terms of the Shareholders' Agreement among Mang Inasal shareholders dated November 22, 2010. With the acquisition, JFC now owns 100% of Mang Inasal.

Loan Availment. On April 21, 2016, the Parent Company availed a new loan amounting to ₱1,000.0 million from a local bank. The loan is subject to an interest rate based on Reference Rate plus spread of 0.55%, subject to repricing every quarter, and to an interest rate floor of BSP SDA. Provided, however that on any Interest Payment Date, in lieu of a floating interest rate, the Parent Company shall have a one-time option to convert into a fixed-interest rate loan. The loan will mature five (5) years from date of drawdown. The Parent Company incurred debt issue cost of ₱5.0 million representing documentary stamp tax for this loan.

Under the loan agreement, the Parent Company is subject to certain debt covenants which include among others, the maintenance of a required Debt-to-Equity ratio and Debt-to-EBITDA ratio of 3.0 and below.

Dividend Declaration. On April 6, 2016, the BOD approved a regular cash dividend of ₱0.86 per share of common stock to all stockholders of record as of April 21, 2016. Consequently, the cash dividend is expected to be paid out by May 6, 2016. The cash dividend is 7.5 % higher than the ₱0.80 regular dividend a share declared in April 2015.

Appropriation of Retained Earnings. On April 6, 2016, the BOD approved an additional appropriation of ₱8,000.0 million for capital expenditures for the years 2016 to 2018. Consequently, the appropriated earnings of the Parent Company will increase from ₱10,200.0 million to ₱18,200.0 million.

Annex "E"

Certifications of Nominee as an Independent Director

Annex "E-1"

Certification and Curriculum Vitae of Mr. Monico V. Jacob

CERTIFICATION OF NOMINEE AS AN INDEPENDENT DIRECTOR

I, **MONICO V. JACOB**, Filipino, of legal age and a resident of the Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I was nominated for election to the Board of Directors of Jollibee Foods Corporation ("JFC") and I accept the nomination;

2. I am a shareholder of JFC;

3. I possess all the qualifications and none of the disqualifications of a director under law and JFC's Articles of Incorporation, By-Laws and Manual of Corporate Governance, and that I have no knowledge or notice of any fact that would disqualify my nomination to the JFC Board, including but not limited to the grounds enumerated in *Annex A* of this Certification;

4. I am independent of management and am free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with my exercise of independent judgment in carrying out my responsibilities as director;

5. I am not a director or officer of any of JFC's subsidiaries, affiliates or substantial shareholder except as an independent director of JFC;

6. I do not and will not be an owner of more than two percent (2%) of the shares of JFC and/or its subsidiaries, affiliates or any of its substantial shareholders;

7. I am not related to any director, officer or substantial shareholder of JFC, its subsidiary, affiliate or substantial shareholder;

8. I have not been employed in any executive capacity by JFC, or any of its subsidiaries, affiliates or substantial shareholders within the last five (5) years;

9. I am not retained, either personally or through any entity as professional adviser by JFC, or any of its subsidiaries, affiliates or substantial shareholder within the last five (5) years;

10. I have not engaged and do not engage in any transaction with JFC and/or with any of its subsidiaries, affiliates or substantial shareholders, whether by myself or through another entity other than transactions which are conducted at arms' length and are immaterial.

11. I am not engaged in any business which competes with or is antagonistic to that of JFC nor am I a nominee of any person who is engaged in such business. In this connection, I am affiliated with the companies listed below:

(Table of Companies/Organizations Follows)

Company/Organization	Position/Relationship	Period of Service
1. STI Education Services Group, Inc.	*Vice-Chairman and CEO*	2016 – Present
2. Rockwell Land Corporation	*Independent Director*	2016 – Present
3. Rosehills Memorial Management, Inc.	*Chairman*	2014 – Present
4. TechZone Philippines, Inc.	*Vice-President*	2014 – Present
5. PhilPlans First, Inc.	*Chairman*	2013 – Present
6. PhilhealthCare, Inc.	*Director*	2013 – Present
7. Phil. Life Financial Assurance, Inc.	*Chairman*	2013 – Present
8. STI -West Negros University Corp.	*President*	2013 – Present
9. Lopez Holdings, Inc.	*Independent Director*	2013 - Present
10. Asian Terminals, Inc.	*Director*	2009 - Present
11. 2GO Group, Inc.	*Independent Director*	2009 – Present
12. Total Consolidated Asset Mgmt., Inc.	*Chairman*	1999 – Present
13. Phoenix Petroleum Philippines, Inc.	*Independent Director*	2010 – Present
14. STI Education Systems Holdings, Inc.	*President and CEO*	2010 – Present
15. Maestro Holdings, Inc. *(Formerly STI Investments, Inc.)*	*President*	2007 – Present

12. I shall faithfully and diligently comply with my duties and responsibilities as director of JFC should I be elected; and

13. I shall inform JFC's Corporate Secretary of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 31st day of May at Makati City.

MONICO V. JACOB

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF QUEZON CITY) S.S.

Before me, a Notary Public in and for the city named above, personally appeared:

Name	Competent Evidence of Identity	
Monico V. Jacob	Philippine passport EB4638151	Issued on February 6, 2012, expires on February 5, 2017

who is personally known to me to be the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this JUN 0 2 2016 day of _____.

Doc. No. 295;
Page No. 59;
Book No. 78;
Series of 2016.

JOEL G. GORDOLA
Notary Public
Commission expires until December 31, 2017
Adm. No. 060; Roll No. 25103; IBP No. 1013094
PTR No. 1276282; 1/04/16; Q.C.
TIN 126-792-103; MCLE No. V-0001531
Until 1 # 878 Quirino Hiway, Gulod, Novaliches, Q.C

Annex A – Certification of Nominee
Grounds for Disqualification

The nominee is not:

i. An officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of share of, any corporation (other than one in which the company owns at least thirty percent (30%) of the capital stock) engaged in a business which the Board by a majority vote, determines to be competitive, antagonistic, and/or in clear conflict of interest to that of the Company; or

ii. An officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the company, when in the judgment of the Board, by a majority vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors;

iii. A nominee of any person set forth in (i) or (ii), provided that he acknowledges that the Board, may in the exercise of its judgment, determine by a majority vote that is such a nominee or agent of, or otherwise represents, any person set forth in (i) or (ii);

iv. Convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person or any of them;

v. By reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission (the "Commission") or any court or administrative body or competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;

vi. The subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or the Bangko Sentral ng Pilipinas ("BSP") or any rule or regulation issued by the Commission or the BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

vii. Convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent act or transgressions;

viii. Finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or the BSP;

ix. Elected as independent director who becomes an officer, employee or consultant of the Company;

x. Judicially declared as insolvent;

xi. Found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct in paragraphs (iv) to (viii) above; or

xii. Convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

Annex B
List of Companies

		Period of Service
Listed Companies		
Independent Director	2 Go Group, Inc. (formerly Aboitiz Transport Systems, Inc.)	2009-present
Director	Asian Terminals, Inc.	2009-present
Independent Director	Lopez Holdings Corp.	2013-present
Independent Director	Phoenix Petroleum Philippines, Inc.	2010-present
Director	STI Education Systems Holdings, Inc.	2012-present
Independent Director	Rockwell Land Corporation	2016-present
Non-listed Companies		
Director	Ateneo de Naga University	2000-present
Director	De Los Santos – STI College	2004-present
Director	De Los Santos – STI Medical Center	2014-present
Director	Information and Communications Technology (i-Academy), Inc.	2003-present
Independent Director	Negros Navigation Co., Inc.	2009-present
Director	STI Education Services Group, Inc.	2003-present
Director	PhilPlans First, Inc.	2012-present
Director	Philhealthcare, Inc.	2012-present
Director	Philippine Life Financial Assurance, Inc.	2013-present
Director	Total Consolidated Asset Management, Inc.	1999-present
Director	Republic Surety Insurance Corp.	2008-present
Director	Rosehills Memorial Management, Inc.	2014-present

MONICO V. JACOB

PERSONAL INFORMATION:

Address	:	447 Duke St., Greenhills East Mandaluyong City
Birthdate	:	May 6, 1945
Birthplace	:	Manila
Citizenship	:	Filipino
Civil Status	:	Married
Business Address	:	7th Floor STI Holdings Center 6764 Ayala Ave. Makati City
Telephone No.	:	[632] 891-3863
Fax No.	:	[632] 891-3866
E-mail	:	nick.jacob@sti.edu

EDUCATIONAL BACKGROUND:

Graduate School	:	Bachelor of Laws (1971) Ateneo de Manila University
Tertiary	:	AB Liberal Arts (1966) Ateneo de Naga University

PROFESSIONAL BACKGROUND

STI Education Services Group, Inc.	-	Vice-Chairman and CEO (2016)
Rosehills Memorial Management, Inc.	-	Chairman (2014)
TechZone Philippines, Inc.	-	Vice-President (2014)
Philippine Life Financial Assurance Corp.	-	Chairman (2013)
STI West Negros University	-	President (2013)
GROW Vite, Inc.	-	President (2013)
Philplans First Inc.	-	Chairman (2012)
STI Education Systems Holdings, Inc.	-	President (2010)
Insurance Builders, Inc.	-	President (2010)
Republic Surety & Insurance Co., Inc.	-	Chairman (2008)
Maestro Holdings, Inc. *(formerly STI Investments, Inc.)*	-	President (2007)
Capital Managers and Advisors, Inc.	-	President (2006)
Global Resource for Outsourced Workers, Inc.	-	Chairman (2000)
Total Consolidated Asset Mgmt., Inc.	-	Chairman (1999)

DIRECTORSHIPS

Ateneo de Naga University – since 2000
Jollibee Foods, Inc.* – since 2000

Information and Communications Technology (iAcademy), Inc. – since 2003
De Los Santos – STI College – since 2004
Philippine Health Educators, Inc. – since 2004
2GO Group, Inc. (formerly Aboitiz Transport Systems, Inc.)* - since 2009
Asian Terminals, Inc. – since 2009
Phoenix Petroleum Philippines, Inc. – since 2010
MegaClinic – since 2013
Philhealthcare, Inc. – since 2013
Lopez Holdings, Inc.* – since 2013
Rockwell Land Corporation* -- since 2016

**As Independent Director*

Annex "E-2"

Certification and Curriculum Vitae of Mr. Cezar P. Consing

CERTIFICATION OF NOMINEE AS AN INDEPENDENT DIRECTOR

I, **CEZAR P. CONSING**, Filipino, of legal age and a resident of Manila, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I was nominated for election to the board of directors of Jollibee Foods Corporation ("JFC") and I accept the nomination;

2. I am a shareholder of JFC;

3. I possess all the qualifications and none of the disqualifications of a director under law and JFC's Articles of Incorporation, By-Laws and Manual of Corporate Governance, and that I have no knowledge or notice of any fact that would disqualify my nomination to the JFC Board, including but not limited to the grounds enumerated in *Annex A* of this Certification;

4. I am independent of management and am free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with my exercise of independent judgment in carrying out my responsibilities as director;

5. I am not a director or officer of any of JFC's subsidiaries, affiliates or substantial shareholder except as an independent director of JFC;

6. I do not and will not be an owner of more than two percent (2%) of the shares of JFC and/or its subsidiaries, affiliates or any of its substantial shareholders;

7. I am not related to any director, officer or substantial shareholder of JFC, its subsidiary, affiliate or substantial shareholder;

8. I have not been employed in any executive capacity by JFC, or any of its subsidiaries, affiliates or substantial shareholders within the last five (5) years;

9. I am not retained, either personally or through any entity as professional adviser by JFC, or any of its subsidiaries, affiliates or substantial shareholder within the last five (5) years;

10. I have not engaged and do not engage in any transaction with JFC and/or with any of its subsidiaries, affiliates or substantial shareholders, whether by myself or through another entity other than transactions which are conducted at arms' length and are immaterial;

11. I am not engaged in any business which competes with or is antagonistic to that of JFC nor am I a nominee of any person who is engaged in such business. In this connection, I am affiliated with the companies listed below:

Company/Organization	Position/Relationship	Period of Service
* see attached (Annex B)		

12. I shall faithfully and diligently comply with my duties and responsibilities as director of JFC should I be elected; and

13. I shall inform JFC's Corporate Secretary of any changes in the abovementioned information within five (5) days from its occurrence.

Done this _____ at _____.

CEZAR P. CONSING

REPUBLIC OF THE PHILIPPINES)
CITY OF QUEZON CITY) S.S. JUN 0 2 2016

Before me, a Notary Public in and for the city named above, personally appeared:

Name	Competent Evidence of Identity
Cezar P. Consing	Driver's license no. X01-13-000212 expiring on October 20, 2018

who is personally known to me to be the same person who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this ___ day of JUN 0 2 2016.

Doc. No. 94;
Page No. 19;
Book No. 18;
Series of 2016.

JOEL G. GORDOLA
Notary Public
Commission expires on December 31, 2017
Adm No. 669, Roll [illegible] IBP No. 1013094
PTR No. [illegible]; Q.C.
TIN 120-[illegible] VNQ[illegible]
Until 1 # 878 Quirino Highway, Gulod, Novaliches, Q.C.

Annex A – Certification of Nominee
Grounds for Disqualification

The nominee is not:

i. An officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of share of, any corporation(other than one in which the company owns at least thirty percent (30%) of the capital stock) engaged in a business which the Board by a majority vote, determines to be competitive, antagonistic, and/or in clear conflict of interest to that of the Company; or

ii. An officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the company, when in the judgment of the Board, by a majority vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors;

iii. A nominee of any person set forth in (i) or (ii), provided that he acknowledges that the Board, may in the exercise of its judgment, determine by a majority vote that is such a nominee or agent of, or otherwise represents, any person set forth in (i) or (ii);

iv. Convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person or any of them;

v. By reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission (the "Commission") or any court or administrative body or competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;

vi. The subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or the Bangko Sentral ng Pilipinas ("BSP") or any rule or regulation issued by the Commission or the BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

vii. Convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent act or transgressions;

viii. Finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or the BSP;

ix. Elected as independent director who becomes an officer, employee or consultant of the Company;

x. Judicially declared as insolvent;

xi. Found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct in paragraphs (iv) to (viii) above; or

xii. Convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

Annex B
List of Companies

		Period of Service
Listed Companies		
Director	Bank of the Philippine Islands	April 18, 2013
Director	National Reinsurance Corp. of the Philippines (PhilNare)	July 7, 2014
Non-listed Companies		
Director	BPI Family Savings Bank, Inc.	May 10, 2013
Chairman/ Director	BPI Globe BanKO, Inc.	October 21, 2014
Director	BPI/MS Insurance Corp.	May 16, 2013
Director	BPI-Philam Life Assurance Corp.	April 3, 2014
Vice-Chairman	BPI Capital Corp.	May 10, 2013
Chairman	BPI Europe PLC	June 14, 2014
Chairman	BPI Direct Savings Bank, Inc.	April 24, 2013
Chairman	BPI Century Tokyo Lease & Finance Corp.	December 22, 2014
Chairman	BPI Century Tokyo Rental Corp.	January 28, 2015
Vice-Chairman, Board of Trustees	BPI Foundation, Inc.	April 23, 2014
Chairman	BPI Computer Systems Corp.	May 22, 2013
Director	LGU Guarantee Corp.	May 16, 2014
Board Director & Non-Executive Chairman	Filgifts.com	December 2003
Board Partner	TRG Management Principals LP	February 28, 2014
Director	Sqreem Technologies Private Ltd.	2007
Director	Endeavor Philippines	August 26, 2015



Cezar "Bong" Consing is President and CEO of Bank of the Philippine Islands ("BPI").

From 2004 to 2013, Mr. Consing was a Partner with The Rohatyn Group, a New York headquartered investment management company that manages about $5.5 billion in investments in the global emerging markets. He was responsible for the firm's private equity business in Asia, managed its Hong Kong based operations and was a member of the board of partners of the firm's management company.

Mr. Consing was an investment banker with J.P. Morgan & Co. from 1985 to 2004, where he was based in Hong Kong and Singapore. From 1999 to 2004 he was President of J.P. Morgan Securities (Asia Pacific) and, as a senior Managing Director, co-headed or headed the firm's investment banking group in the Asia Pacific region. As an investment banker, Mr. Consing was directly involved in some of the most significant corporate transactions in Asia, including several mergers, privatizations and debt and equity fund raisings. Mr. Consing worked for BPI in Manila in corporate planning and corporate banking from 1980 to 1985.

Mr. Consing served as an independent director of the boards of CIMB Group Holdings Berhad and CIMB Group Sdn. Berhad from 2004 – 2012 and First Gen Corporation, a major Philippine power generation company, from 2005 – 2013. He has been an independent director of the board of Jollibee Foods Corporation since 2010. He served as a board director of BPI from 1995 – 2000, 2004 – 2007, and most recently since 2010. He received an M.A. in Applied Economics from the University of Michigan, Ann Arbor, in 1980.