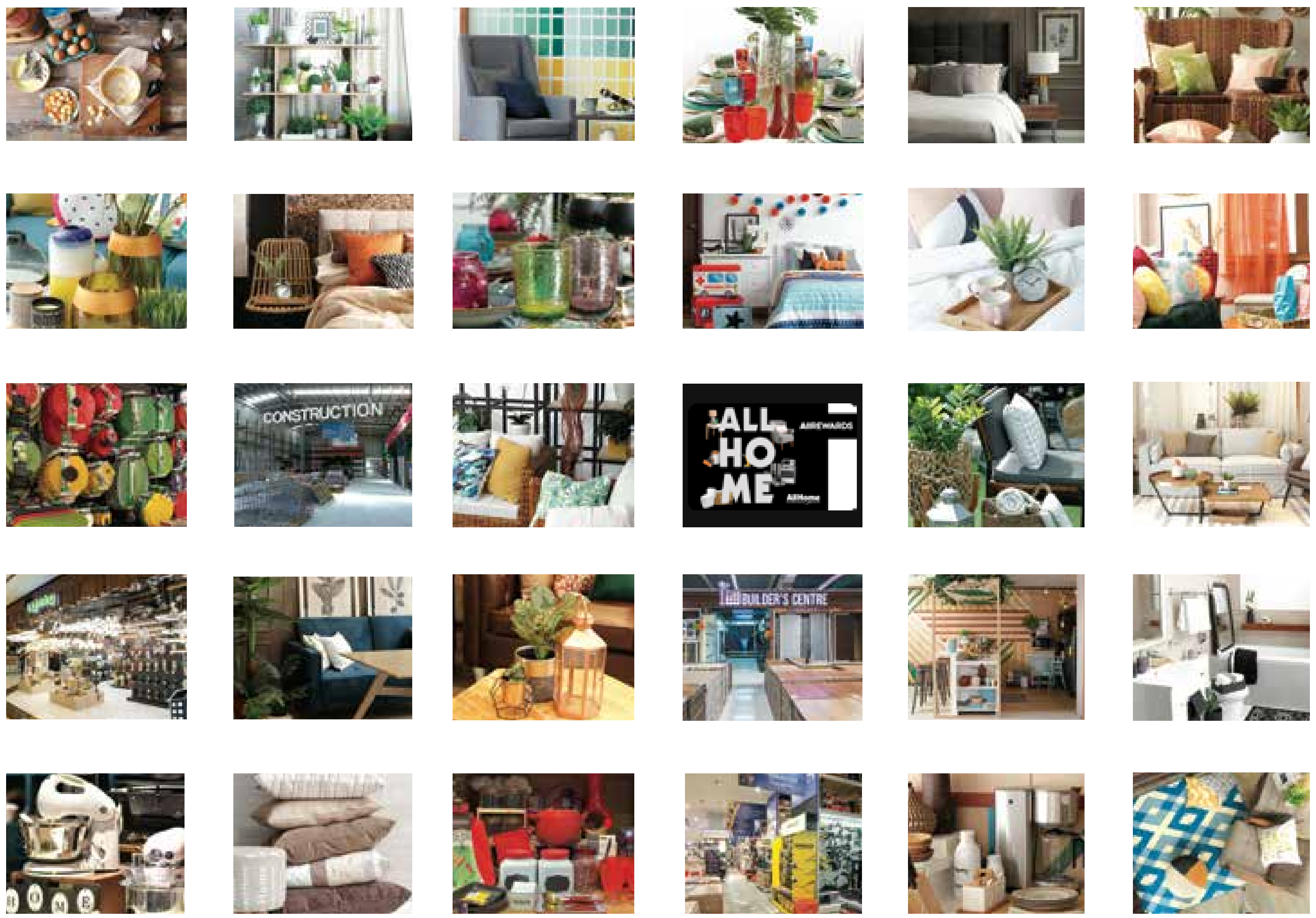

AllHome
One-stop shop for your home

LGF Bldg. B Evia Lifestyle Center,
Daang Hari Almanza Dos NCR,
Fourth District City Of Las Piñas
+632 8880 1100
corporate@allhome.ph

AllHome
One-stop shop for your home

DEFYING EXPECTATIONS

2019 ANNUAL REPORT

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— OUR COVER —

DEFYING EXPECTATIONS

AllHome has thrived on defying expectations.

AllHome has and continues to consistently deliver what its customers want; in the way they want it. On the strength of its unique concept—a one-stop-shop, large format home store with a vast and carefully crafted catalog of home-building and furnishing products—AllHome is able to provide its customers with a unique and unmatched experiential retail ecosystem.

In the short span of seven years, AllHome has rapidly grown its store network to 45 conveniently located stores nationwide.

Now a publicly-listed company despite its relative youth, AllHome continues to set new standards in all aspects of its business, positioning itself as an industry leader and innovator.

ABOUT US

Established in 2013, AllHome is a pioneering home improvement retailer in the Philippines. It is a one-stop shop, full line home center with a wide and comprehensive product offering, geared to towards providing every homeowner a complete customer journey in one large store—from construction to furnishing their homes, down to everyday home essentials. Its target market additionally is comprised of builders, contractors, architects and interior designers.

It is a stock corporation incorporated and registered under the laws of the Philippines.

AllHome is an affiliate of the Villar Group—the largest homebuilder in the Philippines having built nearly 500,000 homes, and with a landbank of more than 3,000 hectares. The synergy has given AllHome easy access to a captive market and ideal locations in growing residential communities nationwide, enabling its rapid store network growth.

AllHome banners a differentiated home shopping experience and is a vital cog of the innovative AllValue retail ecosystem that includes AllDay Supermarket, Coffee Project, Bake My Day, Finds, AllSports, AllToys, KinderCity, and Vista Cinemas.

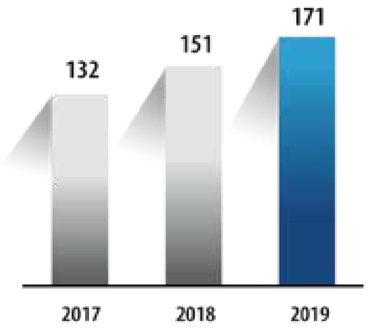
AllHome started with just four stores and a little over 23,000 sqm of net retail space in Mega Manila and Pampanga in 2013. It now has 45 stores and a net selling area of 296,772 sqm. The AllHome store network is composed of three compelling store formats—large mall-based, large free-standing and specialty stores.

AllHome is committed to opening more stores in the future, particularly in key cities and emerging urban centers outside the National Capital Region.

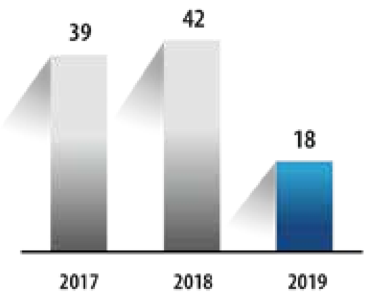
INCOME STATEMENT	*(in millions PHP)*		
	2019	**2018**	**2017**
Revenues	12,060	7,192	4,896
Gross Profit	3,608	2,130	1,324
GP Margin	*29.9%*	29.6%	27.1%
Net Income	1,050	511	113
NI Margin	*8.7%*	7.1%	2.3%
EBITDA	2,620	954	327
EBITDA Margin	*21.7%*	13.3%	6.7%

BALANCE SHEET	*(in millions PHP)*		
	2019	**2018**	**2017**
Total Assets	19,685	8,215	5,180
Total Liabilities	7,270	5,536	3,673
Total Equity	12,415	2,679	1,507

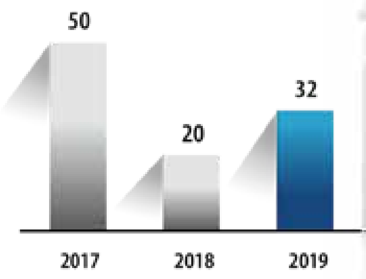
INVENTORY TURNOVER



TRADE RECEIVABLES TURNOVER



TRADE PAYABLES TURNOVER



DISRUPTING TRADITION

Dear Fellow Shareholders,

"Filipinos deserve better." This phrase rang particularly true in the formation of AllHome. The AllHome concept was born out of a pioneering spirit to innovate and use the best available proprietary knowledge and experience to meet the home essentials and improvement requirements of Filipino homebuilders and homeowners. Our group's first significant foray into the retail industry was through the introduction of AllHome. We wanted to offer upgraded, world-class retail concepts, an offering that we truly believed the Filipino deserved.

The first outlet opened in 2013 in San Jose del Monte, offering a few product categories within a modestly-sized format. With this unique concept, AllHome disrupted what home builders and home owners have grown accustomed to—having to go to a depot for construction materials, then to a hardware store for smaller items, then to another store for furniture, another for appliances and finally a specialty shop for home furnishings and accessories.

Now, AllHome comes in larger formats and has grown into the country's only network of one-stop shop home improvement stores that offer construction materials, tiles and sanitary wares, hardware, furniture, appliances, homewares and linens. It has succeeded in capturing a much more comprehensive and significant share of the overall home improvement retail market by constantly refining its offerings and keeping the convenience and satisfaction of customers in mind.

The company also takes full advantage of its synergistic relationship with Vista Land. Vista Land and Lifescapes, Inc., the leading integrated property developer and the country's largest homebuilder with nearly half a million homes built for over four decades, has a proven track record, not just in building structures but in setting industry standards for developing better lifestyles through well-planned communities in almost 150 cities and municipalities across the country.

AllHome's synergies with Vista land has allowed it to use existing commercial properties and construction capabilities to realize its vision of being **the most complete full-line home improvement center**, easily accessible in many locations around the country.

In addition, the same synergies with Vista Land have created an innovative retail ecosystem where, located close to most AllHome stores, affiliate establishments provide unique, world-class and family-centered dining, shopping and leisure experiences.

The future looks bright for AllHome, indeed. Our accomplishments over the last six years have resulted in our successful debut in the Philippine Stock Market in 2019, one of the biggest listings on the bourse in recent years. This move assures us of funds that will sustain our planned expansion and improvements that will cement our dominance in the market.

I would like to thank our management, employees, stockholders and business partners for supporting the industry disruption that AllHome has initiated. More than just bringing significant financial returns for the Company, your effort, trust and confidence have assured that our customers can always get quality and competitively-priced home improvement products from conveniently located AllHome outlets across the country.

MANUEL B. VILLAR, JR.
Chairman

PRESIDENT'S REPORT

FORGING AHEAD

Dear Fellow Shareholders,

2019 was a milestone year for AllHome.

In 2013, we introduced a unique and upgraded retail concept—a world-class one-stop shop home store—AllHome. In just a span of six years, we were able to successfully expand and grow the business by offering a haven that housed everything you could possibly need for your home: building construction materials, tiles, sanitary, hardware, decorating needs, appliances, furniture, linens and homeware, all set in beautiful, comfortable, spacious stores that are conveniently accessible to growing communities.

With the subsequent listing of AllHome, we have considerably strengthened both our operations and financial position. The calculated move made it easier for us to take advantage of the underpenetrated home improvement industry in the country. The funds raised from the public offering, then considered as one of the largest in recent years undertaken by a Philippine company, enabled us to compete more effectively and strengthened our foothold as a pioneer in the home improvement industry.

We are proud to report that our Company delivered excellent results in 2019. We crossed the Php12B mark in sales and Php1B in net profits, registering a 105.3 percent growth in net income and a 67.7 percent growth in total revenue over 2018. We have also sustained our gross margin to 29.9% while delivering a marked improvement in our operating margin by almost 500 basis points to 15.7% from 10.8% in the prior year. Our same store sales growth was a record at 41.7% compared to 16.3% in 2018. Average transaction value and number of transactions also posted double digit growth for the year to Php3,442 and 3.157M for the year.

In terms of our financial position, our total assets have more than doubled to Php19.6B as of end 2019 from Php8.2B in 2018, primarily due to the fresh capital we raised from our listing. We ended 2019 with a cash balance of Php2.3B from Php0.3B in 2018. Inventories were at Php5.2B and property and equipment ended 2019 with Php11.1B as we rolled out 22 additional stores during the year. Our equity base by the end of 2019 was at Php12.4B due to the issuance of stocks and net income recorded during the period. We also fully settled all our loans amounting to Php4.3B as part of our use of proceeds.

By constantly calibrating and improving our store size, design and layout, our aggressive expansion program saw us grow from just four stores with a little over 23,000 sqm of net retail space in Mega Manila and Pampanga in 2013 to a total of 45 outlets nationwide in 2019 with a total net selling area of 296,772 sqm in three store formats. In 2019 alone, we opened 22 stores across the country. As of last year, within our network are 22 large mall-based, 10 large free-standing, and 13 small specialty stores.

AllHome offers a balanced product category mix. We cover seven main categories with over 250,000 SKUs extensively spread across our store formats, including: Furniture, Appliances, Homewares, Linens, Hardware, Tiles & Sanitary Wares and Construction. Our standard product offering, as well as our 27 in-house brands that typically generate significantly higher margins, have positioned AllHome as a leader in home essentials and home improvement in the country. Maintaining very good relationships with both our local and international suppliers facilitated this expansive selection of items in our inventory.

Our synergistic relationship with Vista Land has given us the ability to scale up more quickly, using available, strategically-located commercial areas of Vista Land and creating a unique retail ecosystem with our affiliates Vista Malls, AllDay Supermarket, Coffee Project, Vista Cinemas and the other retail brands of the Group. The same synergies have also provided us deeper understanding of our target market and enabled us to continuously calibrate our product offerings to suit their home needs. Another dimension of our retail ecosystem is the AllRewards Card. A total of 371,567 members enjoy the perks and benefits of our AllRewards Card. Via our AllRewards loyalty program, members can earn points from AllHome that can be redeemed against the purchase of home goods and can also be used for coffee and food at Coffee Project, tickets to Vista Cinemas, or groceries from AllDay Supermarkets. AllRewards has created loyalty and helped us learn more about consumer behavior and demographics, enabling us to come up with compelling home packages appropriate for our customers' needs.

Having a highly competent and experienced management and staff allowed us to replicate operations in newly-opened stores and quickly assign well-trained personnel to these sites as needed. We have established three distribution centers and currently utilize an integrated inventory system that uses SAP to support inventory flow, monitor inventory leads and enhance operational efficiency. We also have dedicated logistics partners that ensure timely inventory replenishment in our stores as well as deliveries to our customers. Investing in IT systems early has paid off, as we can now actively analyze product offtake and optimize inventory levels and product mix, both in the selling area and in the warehouses.

To be a pioneer requires a clear foresight of what lies ahead and the ability to use what we have learned from the past as well as our understanding of what is current. Opportunities lie ahead amidst challenges brought about by the onset of the COVID-19 Pandemic in early 2020. We still view the coming years with optimism and plan to take full advantage of our balanced category mix to see the business through. We have consistently grown the sales of our hard and soft categories through the years and, by experience, we know that when there is a reduction in one category, we see an increase in others.

We will continue to consistently deliver solid performance for all our stakeholders as we tap the underpenetrated home improvement industry across the country. I am confident and thankful that all of us share the commitment to be agile and flexible as we strive to stay as the preferred home improvement one-stop shop, for home buyers and home builders alike.

Thank you very much.

BENJAMARIE THERESE N. SERRANO
President

KEY MILESTONES

AllHome has demonstrated rapid growth of store network over the last six years since incorporation.

AllHome
One-stop shop for your home

2013

Incorporated on May 29, 2013, **AllHome** started operations with **4** stores (**3** mall-based stores in **Mega Manila**, and **1** store in **Pampanga, Luzon**)

4 stores
23,528 sqm[1]

2014

TAGUIG CITY

Opened the **largest mall-based store** to **date** in **Taguig City,** with net selling space of **11,943 sqm**

5 stores
35,471 sqm[1]

2015

Opened **its first free-standing store, AllHome Imus** in **Cavite, Mega Manila** in September 2015

CAVITE

10 stores
81,209 sqm[1]

2016

CEBU

Opened the **first store** in **Visayas**

Launched the **first in-house brand "Rossio"** offering tiles

ROSSIO TILES

15 stores
111,204 sqm[1]

2017

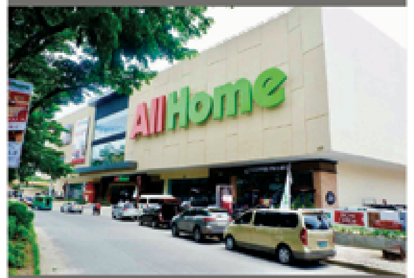
BRÄUHN
LIVEART SPACE
Blossoms

Added **three** more categories for **in-house brands** – (a) sanitary wares **"Brauhn",** (b) furniture **"LiveArt",** and (c) homewares **"Blossoms"**

18 stores
140,495 sqm[1]

2018

MISAMIS ORIENTAL



Opened the **first** store in **Mindanao**

Net profit hit new **record high** of **PHP511.4m**

23 stores
186,665 sqm[1]

2019

Opened additional 22 stores in 2019 with total net selling space of **110,107 sqm**

October 2019, **AllHome** debut in the stock market

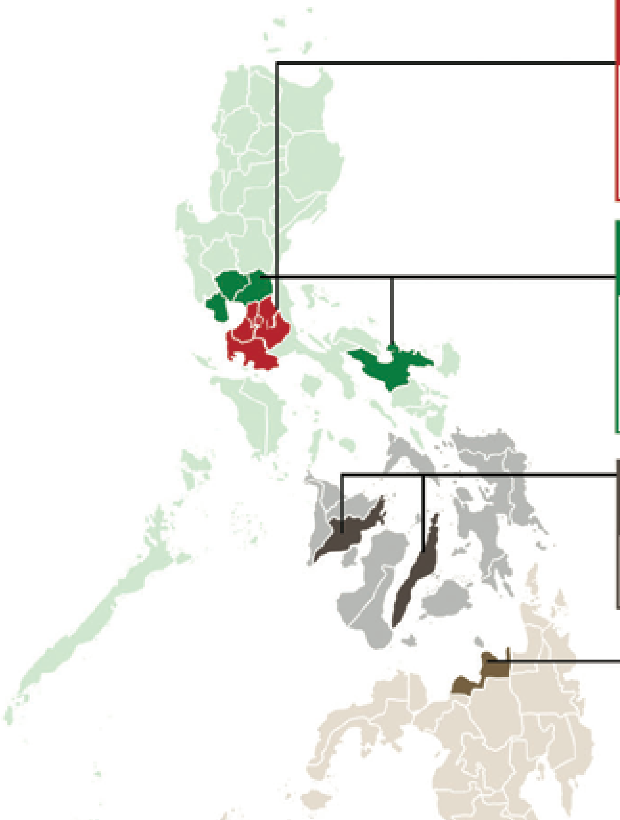
Ramped up to **27 in-house brands** as of December 2019

45 stores
296,772 sqm[2]

ALL HOME BY THE NUMBERS

45 stores located in key regions of growth in the Philippines

Existing Presence



Mega Manila
- 17 large mall-based stores
- 5 large free-standing stores
- 13 small specialty stores

Luzon (Outside Mega Manila)
- 3 large mall-based stores
- 2 large free-standing stores

Visayas
- 2 large mall-based

Mindanao
- 3 large free-standing stores

	Format 22/45 Large mall-based	Format 10/45 Large Free-Standing	Format 13/45 Small Specialty
Net Selling Spaces	203,254 sqm	86,078 sqm	7,440 sqm

67.7%
2019 Revenue Growth

allhome.com.ph

3,652,483
Total website pageviews

45 stores across 27 cities and municipalities with 296,772 sqm total net selling space

371,567 AllRewards cardholders

Our most loyal customers are members of AllRewards. An average of **7,435.5** sign up monthly!

7 key product categories

SOFT CATEGORIES
Furniture
Appliances
Homewares
Linens

HARD CATEGORIES
Hardware
Tiles & Sanitary Wares
Construction Materials

526 employees

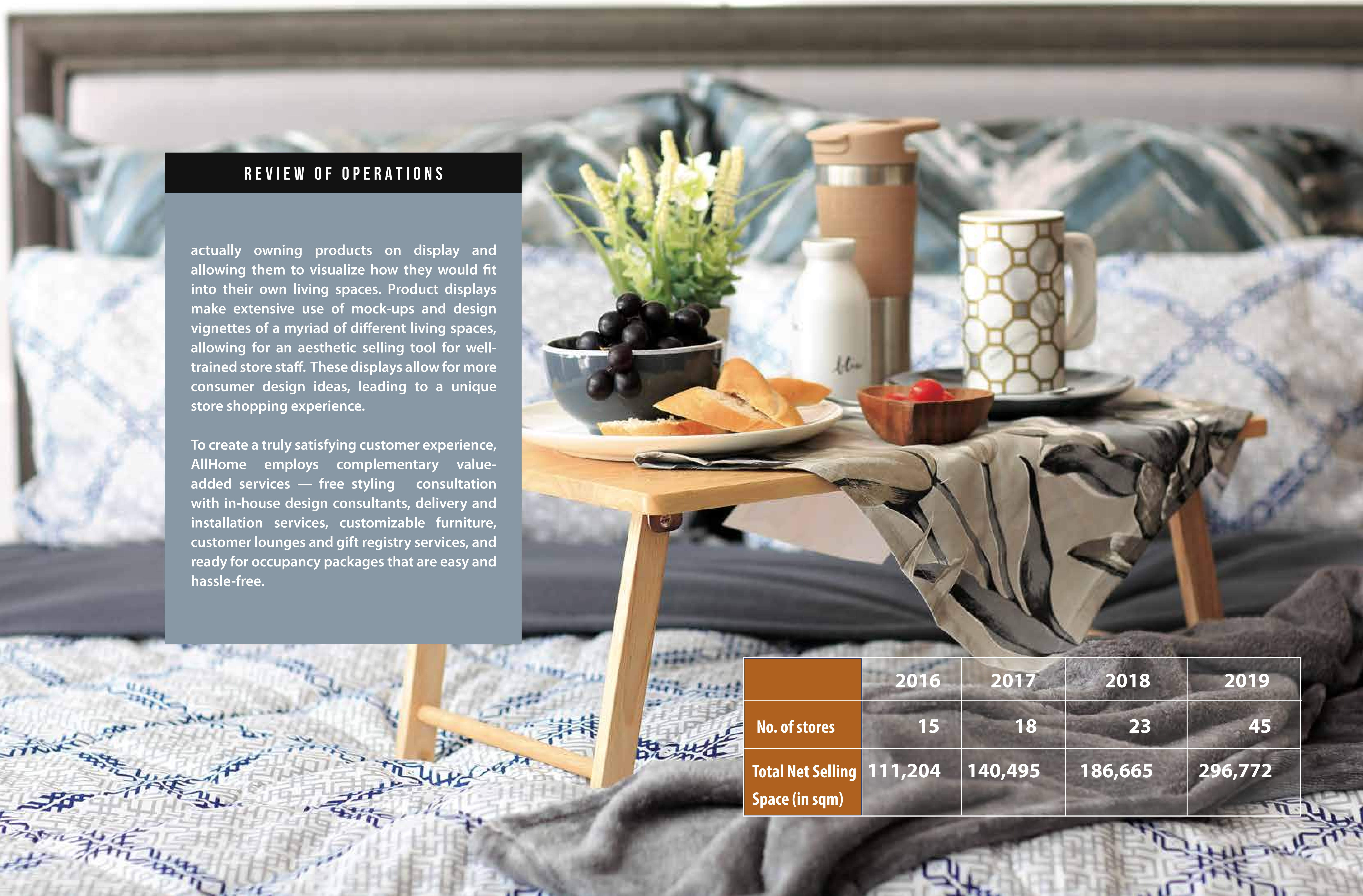
AllHome has 27 in-house brands with revenue contribution of 5.7%

150 AllHome employess attended a clean-up drive at the Las Piñas Paranque Critical Habitat & Eco-Tourism (LPPCHEA)

ALL YOU NEED, ALL THE TIME

AllHome aims to fulfill customer expectations, all the time. The AllHome store concept provides its consumer a complete journey, from construction down to furnishing and everyday home essentials. In one large home store, a homeowner can find everything he or she needs: home furnishing, materials for home repairs and upgrades, requirements for remodeling, everyday home essentials, construction, and even dedicated selling spaces for impulse buys.

In providing the complete, one-stop home store promise, AllHome stores are not only built to be efficient, they are created to be immersive as well. AllHome takes special initiative to allow consumers to imagine



actually owning products on display and allowing them to visualize how they would fit into their own living spaces. Product displays make extensive use of mock-ups and design vignettes of a myriad of different living spaces, allowing for an aesthetic selling tool for well-trained store staff. These displays allow for more consumer design ideas, leading to a unique store shopping experience.

To create a truly satisfying customer experience, AllHome employs complementary value-added services — free styling consultation with in-house design consultants, delivery and installation services, customizable furniture, customer lounges and gift registry services, and ready for occupancy packages that are easy and hassle-free.

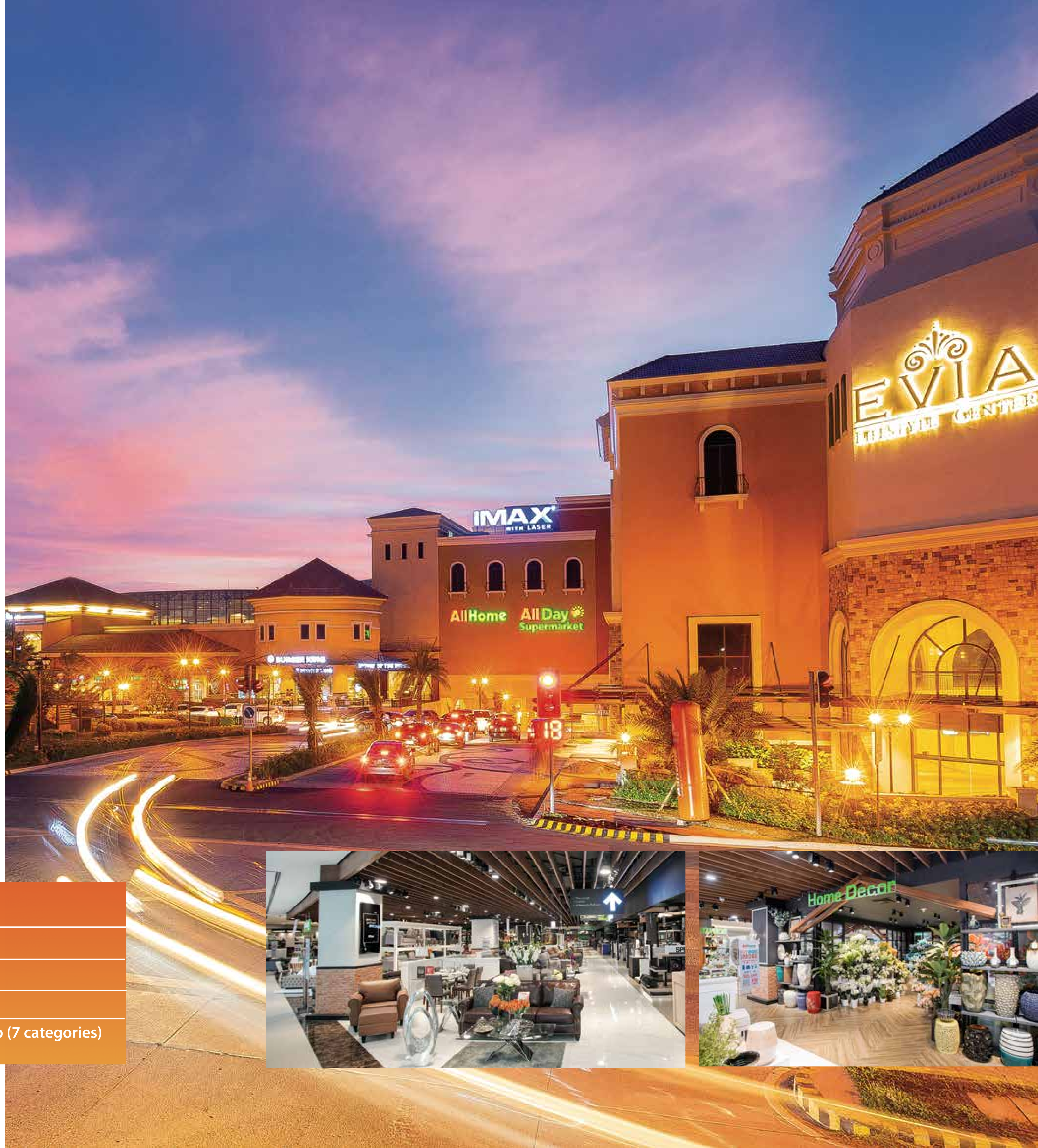
	2016	2017	2018	2019
No. of stores	15	18	23	45
Total Net Selling Space (in sqm)	111,204	140,495	186,665	296,772

EVERYTHING YOU NEED IN A ONE–STOP SHOP

While some industry players have focused on a particular category like construction materials, some furniture and appliances, and a few accessories, AllHome has put together a complete assortment of everything a homeowner or homebuilder needs in comfortable and attractive settings conveniently located in strategic areas. We currently have three store formats to cater to all customer types.

LARGE MALL– BASED

Large mall-based stores are located within shopping malls. The selection of products at mall-based stores are tailored to the needs of the community being served by the relevant mall.



AllHome Evia, Vista Alabang

Number of stores (as of Dec 31, 2019)	22
Total net selling space (asof Dec 31, 2019)	203,254 sqm
Average net selling space	9,100 sqm
SKUs	250,000
Product categories	Full product line-up (7 categories)

LARGE FREE – STANDING

Free-standing stores are large-scale retail locations usually built with one or two retail formats from the AllValue Retail Ecosystem.

Number of stores (as of Dec 31, 2019)	10
Total net selling space (as of Dec 31, 2019	86,078 sqm
Average net selling space	8,200 sqm
SKUs	250,000
Product categories	Full product line-up (7 categories)

AllHome, Libis

SMALL SPECIALTY

Specialty stores are small format stores focused on offering select product categories, either as an appliance store or as Everyday QuickFix by AllHome. These stores are built inside or near residential communities.

Number of stores (as of Dec 31, 2019)	13
Total net selling space (as of Dec 31, 2019)	7,440 sqm
Average net selling space	295 sqm
SKUs	10,000
Product categories	Home and kitchen appliances, TV and entertainment products, digital and mobile devices; or Everyday QuickFix by AllHome/ Hardware/DIY

CATEGORIES

FURNITURE

Looking for the perfect piece for your living, dining or bedroom? AllHome has a full range of sofas, recliners, cabinets, tables, beds and other essential furniture for all home and room sizes. Traditional or modern, ornate or minimalist, brightly-colored or neutral, AllHome has it.

Revenue Contribution	24%
Products Offered	Office, living, dining, bedroom, outdoor and children's furniture
Selected Brands	Ambassador Mattress, Salem, Uratex
In-house Brands	Slumberland, Delofoam, Homsuite, Icons Kreativ, Live Art Space, Urban Reluxur, Garden Story

APPLIANCES

Starting a new family or upgrading for a growing brood? AllHome has quality small and large appliances to fit your needs, both in affordable and high-end brands.

Revenue Contribution	26%
Products Offered	Air-conditioners, refrigerators and freezers, washing machines, TVs, sounds systems, kitchen appliances, small appliances, digital items (including mobile phones and gadgets)
Selected Brands	LG, Samsung, Sharp, Carrier, Condura, Whirlpool, La Germania, G.E., Philips
In-house Brands	N/A

HOMEWARES

What home is complete without accents? AllHome's assortment of kitchenware, glassware, dinnerware, and decor bring individuality to your rooms and homes.

Revenue Contribution	5%
Products Offered	Tableware, kitchenware, storage and organizers, décor
Selected Brands	Noritake, Luminarc, Corelle, Corningware, Ramontina, Rubbermaid, Lodge, Lock&Lock
In-house Brands	Blossoms, Elements, EZ Spaces, My Mother's Cupboard

LINENS

Linens are the ultimate home dress up items. Provide the unifying accent across your entire home with the right curtains, drapes, table covers, bedsheets, pillowcases and more through AllHome's extensive linen collection.

Revenue Contribution	3%
Products Offered	Comforters, duvets, bedsheets, curtains, pillows
Selected Brands	Canadian, Linens and Things, Joyce and Diana, Modern Linens
In-house Brands	Home Threads

HARDWARE

In the mood for DYI work or looking for the right items to do some repairs? Go to AllHome's hardware section for everything you can possibly need. Plumbing materials, electrical items, paint, cleaning aids, auto care, hand tools, power tools, garden stuff – we have it.

Revenue Contribution	25%
Products Offered	Electrical supplies and accessories, lighting, plumbing, paints and sundries, hardware, power and hand tools, automotive, lawn and garden products
Selected Brands	Sentry Safe, Solignum, Sento Stainless USA, 3M, DeWalt, Stanley, Makita, Dorma, Tramontina, Energizer, Phelps Dodge, Mag1, Weber, Black + Decker, Rain or Shine, Glade, Fluidmaster, Yale
In-house Brands	Homsuite, Icons, Leuchte, Markel, Berwick, Tough Notch

CATEGORIES

TILES & SANITARY WARES

Bathrooms should always be both functional and stylish at the same time. AllHome has a wide selection of local and imported brands of floor, wall and ceiling tiles as well as sanitary ware and fixtures for your toilet and bath.

Revenue Contribution	11%
Products Offered	Indoor and outdoor tiles, decorative tiles, mosaic tiles, engineered wood, laminated flooring, vinyl, pavers, decking, water closets and lavatories, bath tubs, shower enclosures and partitions
Selected Brands	Mariwasa, Gani Marble Tiles, Niro Tiles, Tenxen Tiles, Eurotiles, Kent Wood, Puyat Floorings, Mawood, Bisazza, European Tiles, Braun, Inax, American Standard,HCG
In-house Brands	Brauhn, Eisei, Teuer, Lustro Tiles, Rossio Tiles, Castel

CONSTRUCTION MATERIALS

Shop for lumber, cement, doors, windows, roofing and other construction needs with ease and convenience. Apart from quality materials, you can even get construction and decorating ideas from the well-designed AllHome Home Inspirations life-size mock-ups or by consulting with our in-house designers.

Revenue Contribution	6%
Products Offered	Building materials, wood and mouldings
Selected Brands	ABC, Bayer Makrolon, Solarlite, James Hardie, Matwood
In-house Brands	Finestra, Kernig, Terrawood, Emboss

BRANDS

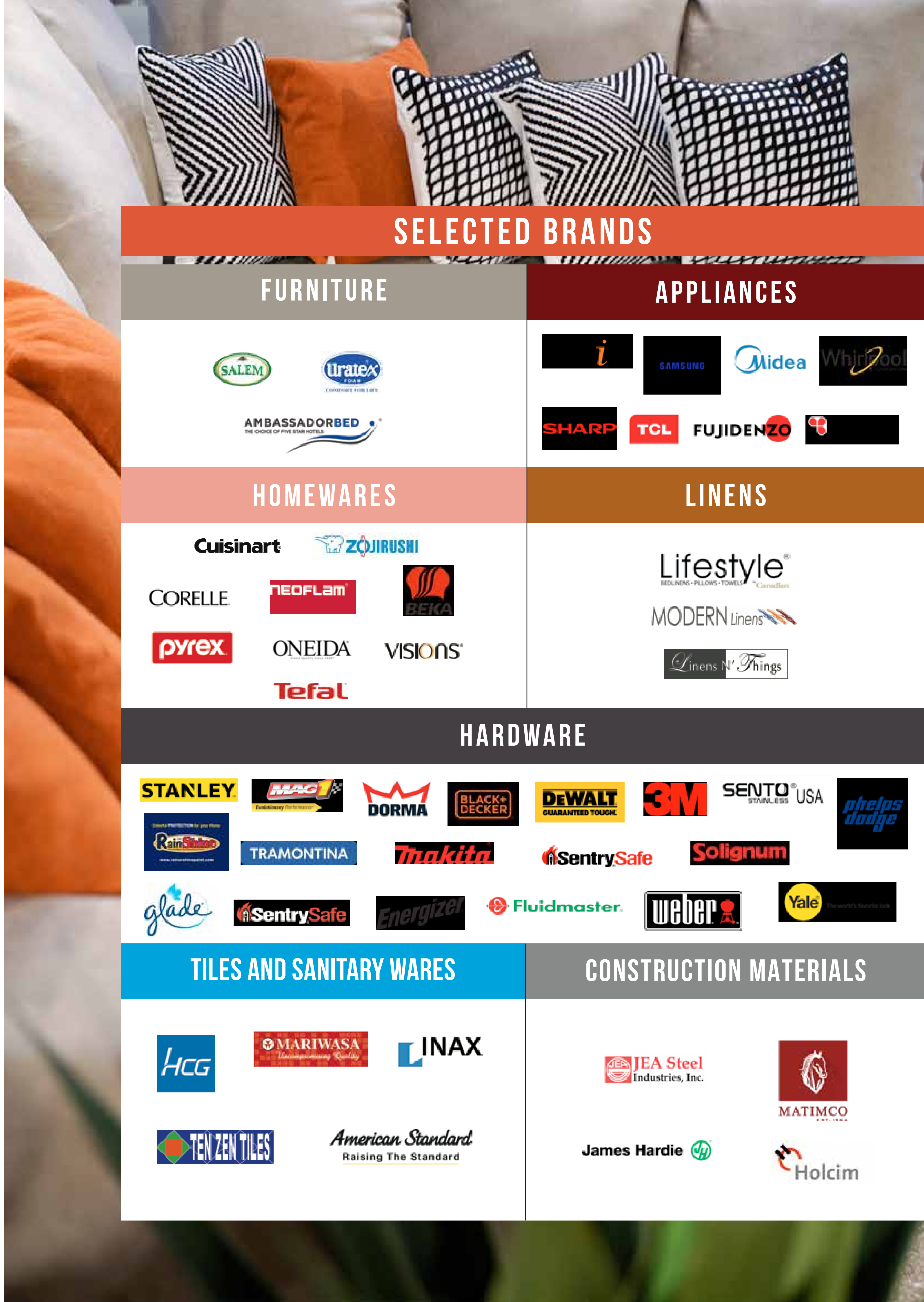
PIONEERING "ONE-STOP SHOP" STORE IN THE PHILIPPINES

Being a one-stop shop is not an easy promise to make. AllHome does this and delivers – with possibly the widest and most diversified range of products across seven product categories: Furniture, Appliances, Homewares, Linens, Hardware, Tiles & Sanitary Wares, and Construction Materials. With almost a thousand local and international brands, AllHome is indeed a go to destination for all your home furnishing and home building needs.

IN-HOUSE BRANDS

	2016	2017	2018	1H2019	9M2019	
SOFT CATEGORIES						
FURNITURE		LiveArt Space	Kreativ	Urban Relux	Abode Pieces, grab & go, Garden Story	6
APPLIANCES			N/A			
HOMEWARES		Blossoms	EZ Space, Elements			3
LINENS			Home Threads			1
HARD CATEGORIES						
HARDWARE			Markel	leuchte	Tough Notch	4
TILES AND SANITARY WARES	Rossio	Bräuhn	Lustro Tiles, Castel	Teuer, Eisei	wudland, Artigiana	8
CONSTRUCTION MATERIALS			Kernig, Terrawood	Finestra UPVC Windows	Emboss, Polyshade	5
TOTAL	1	3	9	5	9	

1 Data as of December 31, 2019



SELECTED BRANDS

FURNITURE
Salem, Uratex, Ambassador Bed

APPLIANCES
Samsung, Midea, Whirlpool, Sharp, TCL, Fujidenzo

HOMEWARES
Cuisinart, Zojirushi, Corelle, Neoflam, Beka, Pyrex, Oneida, Visions, Tefal

LINENS
Lifestyle, Modern Linens, Linens N' Things

HARDWARE
Stanley, Mag1, Dorma, Black+Decker, DeWalt, 3M, Sento USA, Phelps Dodge, Rain or Shine, Tramontina, Makita, SentrySafe, Solignum, Glade, SentrySafe, Energizer, Fluidmaster, Weber, Yale

TILES AND SANITARY WARES
HCG, Mariwasa, INAX, Ten Zen Tiles, American Standard

CONSTRUCTION MATERIALS
JEA Steel Industries, Inc., Matimco, James Hardie, Holcim

ALLHOME STOCK MARKET DEBUT ONE OF THE BIGGEST IN YEARS

Banking on credibility built over six years of successful operations, AllHome Corporation entered the Philippine Stock Exchange (PSE) in October 2019 with a bang, marking one of the biggest listings on the bourse in recent years. The ₱14.9 billion Initial Public Offering (IPO) represents the country's largest flotation since Shell Philippines in October 2016 and also the first 144A and Reg-S flotation from the Philippines in nearly a decade.

AllHome debuted as a listed firm selling 1.125 billion company shares to the public. The shares opened strong at ₱11.62 apiece, higher than the ₱11.50 listing price. It ended the session at ₱11.56, a gain of 0.52%. As a result, the AllHome IPO received the "IPO Best Deal of the Year Award" from Finance Asia Achievement Awards 2019.

This deal priced at 40.1 times estimated 2019 earnings -- a 27% premium to peer comps despite prevailing volatile market conditions and a bearish performance from both Philippines and regional retailers. The book was multiple times subscribed with a good mix of high-quality long only, domestic, sovereign and multi-strategy investors. It was also concentrated with the top 15 investors taking more than 80% of the deal.

PSE Chairman Jose T. Pardo noted, "The market debut of this young, vibrant, and rapidly growing company is a testament that even new companies can already tap the stock market for their capital requirements."

AllHome Chairman Manuel B. Villar, Jr expressed satisfaction that despite the heavy trading volume, the Company's stock price proved stable and steady.

(From left to right) AllHome Independent Director Jessie D. Cabaluna, AllHome CFO Frances Rosalie T. Coloma, AllHome President Benjamarie Therese N. Serrano, AllHome Independent Director Laura Suarez Acuzar, DPWH Sec. Mark A. Villar, AllHome Director Paolo A. Villar, Sen. Cynthia A. Villar, AllHome Vice Chairman & Director Camille A. Villar, AllHome Chairman Manuel B. Villar, Jr., PSE Chairman Jose T. Pardo, SEC Chairman Emilio Aquino, PSE President & CEO Ramon Monzon, PSE Directors Emmanuel Bautista, Vivian Yuchengco, Wilson Sy, and SEC Commissioner Kevin Lester Lee.

PSE Chairman Jose T. Pardo with AllHome Chairman Manuel B. Villar, Jr.

Listed on the Philippine Stock Exchange's Main Board with the stock symbol HOME, AllHome's fresh funding will support capital expenses, store expansions, and debt payment.

Vice Chairman Camille A. Villar said AllHome aims to double its market share of 7.1% in the home improvement industry by 2020. Short- and medium-term expansion will be focused on Metro Manila and neighboring towns, but the longer-term plan is to bring the brand to the rest of Luzon, the Visayas and Mindanao. AllHome has 45 stores as of end of 2019, spanning 27 cities and munipacilities nationwide.

EVERYDAY QUICKFIX BY ALL HOME – BRINGING HOME IMPROVEMENT CLOSER TO HOME

AllHome continues to be one step ahead in serving the needs of its customers with the introduction of **Everyday QuickFix by AllHome**, a direct solution to the consumer's growing preference to keep their shopping as close to home as possible.

Everyday QuickFix by AllHome is the new complete neighborhood store. It leverages on superior community locations, a unique synergy with Vista Land, and offers essential everyday needs that cover the basics of home improvement and repair in a more compact, but equally efficient format. As in relatively larger AllHome outlets, **Everyday QuickFix by AllHome** carries products in key categories: hardware, furniture, appliances, homewares and linens.

The latest **Everyday QuickFix by AllHome** was built at BF Resort Drive, Las Piñas adjacent to an AllDay Mart. The combination brings home improvement and daily convenience solutions even closer to customers.

Citta Italia (Imus), Everyday QuickFix by AllHome

"AllHome sees itself opening more new stores and ***Everyday QuickFix by AllHome*** *is an example of improving outlet efficiency and productivity by enhancing the merchandise mix that would suit changing demands."*

BF Resort (Las Piñas), Everyday QuickFix by AllHome

"With our capability to fast track fit-out construction, we are constantly thinking of ways to make things easier for the public," said AllHome Vice Chairman Camille Villar. "AllHome sees itself opening more new stores and **Everyday QuickFix by AllHome** is an example of improving outlet efficiency and productivity by enhancing the merchandise mix that would suit changing demands."

AllHome now has 45 stores all over the country with 22 new locations added in 2019 alone.

MOTHER KNOWS BEST

My Mother's Cupboard (MMC) changes the way homemakers look at shopping for household items. MMC's distinct concept promises to deliver a totally new shopping experience with its carefully-curated quality merchandise.

Stepping into MMC transports customers into a quaint paradise filled with topnotch kitchenware and appliances, elegant home accents, and sophisticated dinnerware. Among the recognized and trustworthy brands MMC carries are Breville, Neoflam, Luminarc, Corelle, Joseph Joseph, Brabantia, Lodge, Tefal, Cuisinart, Wilton, Oster, Tescoma, Vision, La Cafetière, Swissmar, Bormioli Rocco, Scanpan and Kitchenaid.

Along with these are stylish yet functional items – kitchen scarves, highly sought-after eccentric Asian goblets and other unique trinkets from here and abroad.

Making MMC even more unique is the fully functional kitchen right in the middle of the store that has hosted intimate events and workshops on cookie decorating, soap making, essential oil making and other subjects.

My Mother's Cupboard can be found in selected AllHome locations across the Philippines.


My Mother's Cupboard features a fully equipped working kitchen that can be used for live cooking demos.

OUR EMPLOYEES–LIVING OUR CORPORATE VALUES

Beyond quality affordable products, competitive pricing, customer-centered service and convenient locations, AllHome's true strength lies in a committed team of more than 500 employees nationwide.

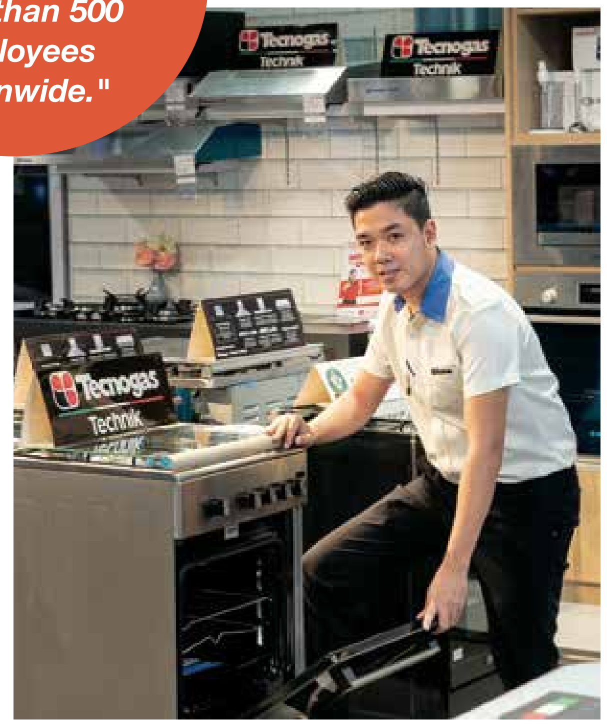
These professionals are composed of customer-centric sales personnel always ready to provide prompt assistance and advice. Also unique to AllHome are in-house building experts available for Free Interior Styling consultation. Knowledgeable, accommodating and ready to address whatever in-store inquiries customers may have, they can make suggestions based on a photo of the customer's space or go with the delivery team to check out the actual residence or office – at no extra cost!

The core of this dedication is a set of Corporate Values that are instilled early on in each employee:

- Cost Consciousness
- Teamwork
- Honesty
- Competitive Spirit
- Closeness to Customers

These fundamental beliefs serve as guiding principles of how the members of the team are expected to do their tasks. The values are shared and taught through annual values session for management and officers, integrating the core values into the individual's performance evaluation, a values-based design training program to support employee performance, a Welcome to AllHome company briefing for third-party staff and using digital tools like Microsoft Yammer to create an engaging portal that encourages transparency and constructive communication.

"AllHome's true strength lies in a committed team of more than 500 employees nationwide."



Just as AllHome constantly updates product offers and services, it regularly enhances staff competence to improve customer service relations through special training or seminars. These sessions focus on skills training, service culture development and performance measurement.

With its well–trained and motivated Team, AllHome is well on its way to realizing its Vision of being *THE MOST COMPLETE FULL-LINE HOME IMPROVEMENT CENTER in the country, known for excellent quality HOME BUILDING, DESIGN and IMPROVEMENT NEEDS*.

CARING HEARTS, HELPING HANDS

AllHome Builds—Building A Sustainable Environment

AllHome Builds is a program aimed at promoting a sustainable lifestyle for its stakeholders through projects that address relevant social and environmental issues.

In September 2019, AllHome Builds initiated a clean up at the Las Piñas-Paranaque Critical Habitat and Eco-Tourism Area. The Area is considered the last natural bastion in Metro Manila with a bird sanctuary, indigenous plants and trees, a 36-hectare mangrove forest, a coastal lagoon and a beach.

A team of 150 AllHome employees collected 155kg or 1,418 kg of trash which were segregated and marked for recycling.

The clean-up drive was led by AllHome's general manager and joined by AllHome Investor Relations Head Robi Abbot, AllHome Compliance Officer and Controller Cristina Barao, and AllHome merchandising heads.

Ban The Plastic Bag!

Plastic bags are everywhere. It is part of our modern life, a part of us. In the name of convenience, we have embraced their use for so long. The convenience however, has come at a very at a very high cost to the environment and human health.

AllHome encourages its customers to use their reusable, recyclable eco-bags for their AllHome purchases.

Bahay Biyaya – A Home For Physically-Challenged Student

AllHome supported Bahay Biyaya Hostel, a refuge for physically handicapped students from different colleges and universities in Manila and Quezon City. Bahay Biyaya is a specialized dormitory located in Cubao, Quezon City. It provides a home and cultivates a sense of responsibility and independence in each of the students.

Working with Interior Design students of the University of the Philippines in the Tuloy Project, AllHome donated materials and accessories used to renovate the Hostel. The result was an enhanced look and ambiance of the living areas that also address the unique needs of the residents.

Watching Over And Caring For The Future

AllHome donated materials for the the renovation of Bantay Bata 163 Children's Village -- a symbol of hope that children can have a better future and a venue where healing, recovery and transformation take place.

Bantay Bata 163 is a child welfare program launched in 1997 to protect disadvantaged and at-risk children through a nationwide network of social services. It includes the rescue and rehabilitation of sick and abused children, training and advocacy on child abuse prevention, rehabilitation of families in crisis, educational scholarships, community outreach and medical and dental missions.

The Village is an integral part of the program and serves as a shelter for the abused children rescued. It is a 2.5-hectare piece of land found in Norzagaray, Bulacan.

AllHome also deployed Bantay Bata 163 Coin Banks in all its branches to encourage customers to do their share to help. The collections are remitted to Bantay Bata 163 regularly to fund the program's various projects.

STAYING ON COURSE

AllHome Corp.'s "Manual on Corporate Governance" guides the Company's strategies towards management and investor relations. It ensures that the Company and its employees adhere to set standards and ethics, and requires regular assessments and benchmarking. The Governance Code evolves to adapt to changes within the organization and the industry.

AllHome: Governance Code

Board of Directors

The Board of Directors (the "Board") shall be primarily responsible for the governance of the Corporation. In addition to setting the policies for the accomplishment of corporate objectives, it shall provide independent checks on Management. The term "Management," as used herein, shall refer to the body given authority by the Board to implement the policies it has laid down in conducting of the business of the Corporation.

Composition

The Board shall be composed of at least five (5), but not more than fifteen (15) members who are elected by the stockholders, and at least two (2) Independent Directors or such number of Independent Directors that constitute twenty percent (20%) of the members of the Board, whichever is lesser but in no case less than two (2).

The membership of the Board may be a combination of Executive and Non-executive Directors (which include Independent Directors) in order that no Director or small group of Directors can dominate the decision making process.

The Non-executive Directors should possess such qualifications and stature that would enable them to participate effectively in the deliberations of the Board.

Chairman

The Chairman of the Board, and President and Chief Executive Officer have been separated to ensure balance of power, increased accountability, and better capacity for independent decision making by the Board.

Board Performance

The Board holds regular meetings. To assist the Directors in the discharge of their duties, each Director is given access to the Corporate Secretary, who serve as counsel to the Board and at the same time communicate with the company shareholders and investing public.

Board Committees

To comply with the principles of good corporate governance, the Board created two (2) Committees.

Audit Committee. The Audit Committee is composed of three (3) members, two (2) of which are Independent Directors: Chairman Laura Suarez Acuzar, Manuel Paolo A. Villar, and Jessie D. Cabaluna. This committee assists the Board in providing oversight for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules, and regulations. It also provides oversight over Management's activities in managing credit, the market, liquidity, operations, legal, and other risks of the Corporation. This includes regularly receiving information on risk exposures and risk management activities from Management.

In compliance with SEC Memo Circular No. 4 series of 2012, the Board approved and adopted the Audit Committee Charter. The Audit Committee will hereafter meet to assess its compliance with the aforementioned SEC Memo Circular.

Corporate Governance Committee. The Corporate Governance Committee is composed of three (3) members, two (2) of which are Independent Directors: Chairman Jessie D. Cabaluna, Camille A. Villar, and Laura Suarez Acuzar. This committee assists the Board in the performance of its corporate governance responsibilities. It shall also be tasked with ensuring compliance with and proper observance of corporate governance. It also performs the functions of Nomination Committee pursuant to the By-laws of the Company.

Management

Management is primarily responsible for the day-to-day operations and business of the Company. The annual compensation of the Chairman, CEO, and the top five (5) Senior Executives of the Company are set out in the Definitive Information Statement distributed to Shareholders.

Compliance Monitoring

The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of good Corporate Governance.

Annual Corporate Governance Report

In compliance with SEC Memorandum Circular No. 15 Series of 2017, the Company submits an Integrated Annual Corporate Governance Report (I-ACGR) to the Securities and Exchange Commission and Philippine Stock Exchange every year. This report shall contain the Company's compliance/ non-compliance with the recommendation provided under the Code of Corporate Governance for publicly-listed companies (PLCs).

https://allhome.com.ph/corporate-governance/

Website

Up-to-date information on the Company's corporate structure, products and services, results of business operations, financial statements, career opportunities, and other relevant information on the Company may be found on its official website: **www.allhome.com.ph.**

To view the Manual on Corporate Governance please refer to the link below.
https://allhome.com.ph/corporate-governance/manual-of-corporate-governance/

In 2019, the Board held 6 meetings. The record of attendance is indicated in the chart.

Board Meeting Attendance

Director's Name	Jun 13	Jul 12	Aug 05	Sep 09	Nov 14
Manuel B. Villar, Jr.	P	P	P	P	P
Camille A. Villar	P	P	P	P	P
Manuel Paolo A. Villar	P	P	P	P	P
Benjamarie Therese N. Serreno	P	P	P	P	P
Francis Rosalie T. Coloma	P	P	P	P	P
Laura Suarez Acuzar		P	P	P	P
Jessie D. Cabaluna		P	P	P	P

Legend: (A) Absent, (P) Present ; Independent Directors: elected on 13 June 2019; took effect on 8 July 2019

BOARD OF DIRECTORS

MANUEL B. VILLAR, JR.
Chairman

BENJAMARIE THERESE N. SERRANO
President

MANUEL PAOLO A. VILLAR
Director

CAMILLE A. VILLAR
Vice Chairman & Director

FRANCES ROSALIE T. COLOMA
Treasurer

LAURA SUAREZ ACUZAR
Independent Director

JESSIE D. CABALUNA
Independent Director

Manuel B. Villar, Jr. Chairman of the Board. Mr. Villar, 70, was Senator of the Philippines from 2001 to June 2013. He served as Senate President from 2006 to 2008. He also served as a Congressman from 1992 to 2001 and as Speaker of the House of Representatives from 1998 to 2000. A Certified Public Accountant, Mr. Villar graduated from the University of the Philippines in 1970 with the degree of Bachelor of Science in Business Administration and in 1973 with the degree of Masters in Business Administration. He founded Camella Homes in the early 1970s and successfully managed said company over the years, to become the largest homebuilder in the Philippines now known as the Vista Land Group. Mr. Villar is also Chairman of the Board of Vista Land and Lifescapes, Inc., Vistamalls, Inc., and Golden Bria Holdings, Inc.

Benjamarie Therese N. Serrano. President 57, graduated from the University of the Philippines with a degree in Economics and from the Asian Institute of Management, with a Master's degree in Business Management. She is also the President of the other subsidiaries of AllValue. Ms. Serrano was the President of Vistamalls, Inc. from 2017 to 2019. She was also the President & CEO of Vista Land and Lifescapes, Inc. from 2007 to 2011.

Frances Rosalie T. Coloma. Director, Chief Financial Officer. Ms. Coloma, 57, graduated cum laude from the University of the Philippines with a degree of Bachelor of Science in Business Administration and Accountancy. She is a Certified Public Accountant. She is a Director of Vista Land and Lifescapes, Inc., and Golden Bria Holdings, Inc., Ms. Coloma was the Chief Financial Officer and Chief Information Officer of Golden Bria Holdings, Inc. from 2016 to 2019. She was also the Chief Financial Officer of Vistamalls, Inc. from 2012 to 2016.

Manuel Paolo A. Villar. Director, Mr. Villar, 43, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was a consultant for McKinsey & Co. in the United States from 1999 to 2001. He joined Crown Asia in 2001 as Head of Corporate Planning. He is the President and CEO of Vista Land & Lifescapes, Inc. since 2011 and President of Vistamalls, Inc. He is also the CEO and Chairman of St. Augustine Gold and Copper Limited from October 2012 and Chairman of TVI Resources Development Philippines, Inc. Mr. Villar is the majority shareholder of Prime Asset Ventures, Inc.

Camille A. Villar. Director, Ms. Villar, 34, graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management. She obtained a Master's Degree in Business Administration from the Instituto de Estudios Superiores de la Eprese (IESE) Business School, Barcelona, Spain. She is the President and CEO of AllValue. She is also a Director of Vista Land & Lifescapes, Inc., Vistamalls, Inc., and Golden Bria Holdings, Inc. She was President of AllHome until May 2019, Brittany Corporation from 2010 to 2013 and the Head of Corporate Communications for Vista Land from 2008 to 2010.

Laura Suarez Acuzar. Independent Director. Ms. Acuzar, 70, completed her Bachelor of Science in Commerce – Accountancy degree in the University of Santo Tomas, and Management Development Program in the Asian Institute of Management in 1981. In 1993, she finished the Advanced Management Program of Harvard Business School in Boston, USA. She was previously an Audit & Business Advisory Partner of SGV & Co., an Independent Director & Audit Committee Chairperson of Loyola Plans Consolidated Inc., and an Audit Committee Member of UST Hospital, Inc. Ms. Acuzar was also a Board and Audit Committee Member of Kerrisdale Community Center Society in Vancouver, BC, a Board Member and President of the UST Alumni Association, a Board Member of the Urban Inc. Productions Society, Vancouver BC, and a Charter Member and Incorporator of the Corporate Institute of the Philippines.

Jessie D. Cabaluna. Independent Director. Ms. Cabaluna, 62, graduated with a degree in Bachelor of Science in Commerce, major in Accounting from University of St. La Salle in 1977. She also completed the Management Development Program from the Asian Institute of Management in 1988, and Advance Management Program from the Harvard Business School in 2012. Ms. Cabaluna also completed Finance for Corporate Directors Program in 2017. She was previously a Partner at SGV & Co. from 1997 to 2017.

Mary Lee S. Sadiasa. Chief Operating Officer. Ms. Sadiasa, 50, graduated from the De La Salle University, Manila, with a Bachelor of Science in Applied Math with a minor in Operations Research. She was the Division Head of Brittany Corporation from 2005 to 2011, Managing Director of CrownAsia Properties Inc. from 2012 to 2014, and Managing Director of Camella Homes – North Luzon from 2015 to 2017.

Maria Cristina O. Barao. Compliance Officer and Controller. Ms. Barao, 38, graduated from the Pamantasan ng Lungsod ng Maynila in 2011 with a Bachelor of Science inAccountancy. She was previously the Senior Accountant and Chief Accountant of Camella Homes, Crown Asia Properties Inc., and Brittany Corporation from 2009 to 2018.

Jo Marie Lazaro-Lim. Corporate Secretary. Ms. Lazaro-Lim, 40, graduated from the University of Sto. Tomas with a degree in Bachelor of Arts in Legal Management and she earned her law degree from San Beda College of Law. She is the Compliance Officer and Assistant Corporate Secretary of Vistamalls, Inc. and Assistant Corporate Secretary of Golden Bria Holdings, Inc. She is also the Corporate Secretary of Manuela Corporation and Masterpiece Asia Properties, Inc. as well as other affiliate companies of the group.

Robirose M. Abbot. Investor Relations Head. Ms. Abbot, 47, graduated from Silliman University in 1992 with a degree in Business Administration – Accounting, and completed her Masters in Business Administration from Ateneo de Manila University in 2003 earning a Gold Medal (summa cum laude). She is a Certified Public Accountant. She was previously the General Manager – Business Resource Unit of Earth + Style Corporation from 2010 to 2011. She was also the Chief Finance Officer of Philippine Realty & Holdings Corp. from 2011 to 2014, Ubix Corporation from 2014 to 2015, and in Raemulan Lands, Inc. from 2015 to 2019.

MANAGEMENT COMMITTEE

BENJAMARIE THERESE N. SERRANO
President

FRANCES ROSALIE T. COLOMA
Chief Financial Officer

JO MARIE LAZARO-LIM
Corporate Secretary

MARY LEE S. SADIASA
Chief Operating Officer

MA. CRISTINA O. BARAO
Compliance Officer and Controller

ROBIROSE M. ABBOT
Investor Relations Head

REVIEW OF YEAR END 2019 VS YEAR END 2018

RESULTS OF OPERATIONS

Year Ended December 31, 2019 compared to year ended December 31, 2018

Revenues

The company recorded revenues of ₱12,060.3 million for the year ended 31 December 2019, an increase of 67.7% from ₱7,192.2 million for the year ended 31 December 2018. This was mainly brought about by the same store sales growth of existing 23 stores as of 31 December 2018 as well as the revenues generated from 22 additional stores launched since then until 31 December 2019.

The following tables show the key operating performance indicators relevant to the revenues for the period ended 31 December 2018 and 2019:

	As of and for the period ended 31 December		Percentage Change
	2019	2018	
Number of stores	45	23	95.6%
Net Selling Area (in sqms)	296,772	167,578	77.1%
Net Sales (₱ millions)	12,060	7,19	67.7%
SSSG	41.7%	18.9%	120.6%

Costs of Goods Sold

For the year ended 31 December 2019, cost of goods sold was at ₱8,452.2 million, an increase of 67.0% from the ₱5,061.9 million level for the same period in 2018 corresponding to the increase in sales in existing stores and the sales contributed by the 22 new stores added during the period.

Operating Expenses

Operating expenses increased by 32.3% to ₱2,069.7 million for the year ended 31 December 2019 from ₱1,564.9 million for the same period in 2018, primarily due to the following:

- Increase in depreciation and amortization from ₱178.7 million for the year ended 31 December 2018 to ₱708.4 million for the year ended 31 December 2019 primarily as a result of the adoption of PFRS 16 and due to the increase in the number of stores.
- Increase in salaries and wages from ₱165.4 million for the year ended 31 December 2018 to ₱273.2 million for the year ended 31 December 2019 due to the additional manpower for new stores, and increased headcount for Finance, Merchandising and IT personnel. There were also contracted personnel previously recorded under Outside Services that were converted into organic employees.
- Increase in communication and utilities from ₱193.8 million for the year ended 31 December 2018 to ₱220.3 million for the year ended 31 December 2019 attributable to the increase in the number of stores.
- Decrease in rentals from ₱450.1 million for the year ended 31 December 2018 to ₱181.1 million for the year ended 31 December 2019 primarily due to adoption of PFRS 16, net of increase due to new stores.
- Increase in merchant fees from ₱72.0 million for the year ended 31 December 2018 to ₱116.6 million for the year ended 31 December 2019 due to increase in revenues.
- Increase in taxes and licenses from ₱50.6 million for the year ended 31 December 2018 to ₱76.6 million for the year ended 31 December 2019 due to increase in number of stores as well as the increase in revenues.
- Increase in commission expense from ₱4.6 million for the year ended 31 December 2018 to ₱5.9 million for the year ended 31 December 2019 due to increase in corporate sales.
- Increase in transportation expense from ₱25.3 million for the year ended 31 December 2018 to ₱35.4 million for the year ended 31 December 2019 due to increase in delivery expenses on account of new stores.
- Increase in advertising and promotions from ₱48.9 million for the year ended 31 December 2018 to ₱67.0 million for the year ended 31 December 2019 on account of marketing campaigns for the new stores.
- Increase in professional fees from ₱4.1 million for the year ended 31 December 2018 to ₱12.2 million for the year ended 31 December 2019 on account of audit and market research fees incurred in relation to the company's initial public offering.
- Increase in office and store supplies from ₱25.4 million for the year ended 31 December 2018 to ₱32.8 million for the year ended 31 December 2019 due to increase in number of stores and increased revenues.
- Decrease in dues and subscription from ₱33.5 million for the year ended 31 December 2018 to ₱17.5 million for the year ended 31 December 2019 due to one-time IT systems payment made in 2018.
- Increase in repairs and maintenance from ₱24.9 million for the year ended 31 December 2018 to ₱27.3 million for the year ended 31 December 2019 due to the increase in the number of stores.
- Increase in representation and entertainment from ₱7.9 million for the year ended 31 December 2018 to ₱10.9 million for the year ended 31 December 2019 partially due to one-time post-initial public offering activities, year-end suppliers and employee thanksgiving parties.

Finance Cost

Finance Cost increased from₱46.4 million for the year ended 31 December 2018 to ₱412.1 million for the year ended 31 December 2019. The increase was primarily attributable to the adoption of PFRS 16, the availment of short-term and long-term interest-bearing debt of the Company for the year to finance store expansion, and recognition of retirement benefit obligation.

Other Income

Other income increased by 69.3% from ₱209.6 million for the year ended 31 December 2018 to ₱352.3 million for the year ended 31 December 2019, primarily due to the increase in vendor's support and marketing fees from ₱171.8 million for the year ended 31 December 2018 to₱281.1 million for the year ended 31 December 2019. This was brought about by higher volume-based incentives from suppliers based on our levels of sales, and opening support for newly opened stores.

Provision for Income Tax

Provision for income tax increased by 105.3% from ₱218.9 million for the year ended 31 December 2018 to ₱449.5 million for the year ended 31 December 2019 primarily due to a higher taxable base for the year.

Net Profit

As a result of the foregoing, our net income increased by 105.3% from ₱511.4 million for the year ended 31 December 2018 to ₱1,049.8 million for the year ended 31 December 2019.

For the 12-month of 2019, there was no seasonal aspect that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

FINANCIAL CONDITION

As of 31 December 2019 vs. 31 December 2018

Total assets as of 31 December 2019 were ₱19,685.1 million compared to ₱8,215.4 million as of 31 December 2018, or a 139.6% increase due to the following:

- Cash increased by 684.9% from ₱298.5 million as of 31 December 2018 to ₱2,343.0 million as of 31 December 2019 primarily due to proceeds from IPO intended earmarked for 2020 stores.
- Trade and other receivables decreased by 76.9% from ₱1,196.4 million as of 31 December 2018 to ₱276.7 million as of 31 December 2019 due mainly to collections made during the period.
- Inventories increased by 93.6% from ₱2,699.4 million as of 31 December 2018 to ₱5,208.9 million as of 31 December 2019 due primarily to the purchases for new stores.
- Due from related parties decreased from ₱133.9 million as of 31 December 2018 to nil as of 31 December 2019 due to settlement during the period.
- Property and equipment increased by 275.5% from ₱2,969.5 million as of 31 December 2018 to ₱11,151.0 million as of 31 December 2019 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores as well as the recognition of the right of use asset in relation to the adoption of PFRS 16.
- Other assets decreased by 33.5% from ₱1,060.2 million as of 31 December 2018 to ₱705.5 million as of 31 December 2019 due primarily to the advances for purchases applied against deliveries.

Total liabilities as of 31 December 2019 were ₱7,270.2 million compared to ₱5,536.8 million as of 31 December 2018, or a 31.3% increase. This was due to the following:

- Trade and other payables increased by 432.7% to ₱2,023.7 million as of 31 December 2019 from ₱379.9 million as of 31 December 2018 due to increase in trade payables pertaining to purchases of inventories and new stores fit-out construction.
- Loans payable including non-current portion decreased by 100% from ₱4,315.4 million as of 31 December 2018 to nil as of 31 December 2019 due to loan settlements made from proceeds of initial public offering.
- Lease liability including non-current portion increased from nil as of 31 December 2018 to ₱4,942.2 million as of 31 December 2019 due to recognition of lease liability in relation to the adoption of PFRS 16.
- Due to related parties decreased to nil as of 31 December 2019 from ₱627.3 million as of 31 December 2018 due to conversion to equity in July 2019.
- Deferred tax liabilities increased by 9.8% from ₱146.0 million as of December 31, 2018 to ₱160.3 million as of 31 December 2019 due to the adjustments to temporary tax differences for the period.

- Retirement benefit obligation increased from nil as of 31 December 2018 to₱73.3 million as of 31 December 2019 due to set-up of provision for the retirement benefit.

Total stockholder's equity increased by 363.5% from ₱2,678.6 million as of 31 December 2018 to ₱12,414.9 million as of 31 December 2019 due to the conversion of advances from parent, additional paid-in capital recognized from IPO, and net income recorded for the period.

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	12/31/2019	12/31/2018
Revenues (₱millions)	₱12,060.3	₱7,192.2
Gross Profit (₱millions)	3,608.1	2,130.3
Gross Profit Margin (%) [(a)]	29.9%	29.6%
Net Profit (₱millions)	1,049.7	511.4
Net Profit Margin (%) [(b)]	8.7%	7.1%

Notes:

(a) Gross Profit Margin: This ratio is obtained by dividing the Gross Profit of the Company by its Revenues

(b) Net Profit Margin: This ratio is obtained by dividing the Net Profit of the Company by its Revenues

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Revenues increased for the year ended 31 December 2019 compared to year ended 31 December 2018 due to same store sales growth of existing stores and the revenue contribution of the new stores.

Gross Profit and Gross Profit Margin increased for the year ended 31 December 2019 compared to year ended 31 December 2018 due to economies of scale achieved as a result of higher purchases made during the period.

Net Profit and Net Profit Margin increased for the year ended 31 December 2019 compared to period year ended 31 December 2018 due to improved revenues, gross profit, and other income.

Material Changes to the Company's Balance Sheet as of 31 December 2019 compared to 31 December 2018 (increase/decrease of 5% or more)

Cash increased by 684.9% from ₱298.5 million as of 31 December 2018 to₱2,343.0 million as of 31 December 2019 primarily due to proceeds from IPO intended earmarked for 2020 stores.

Trade and other receivables decreased by 76.9% from ₱1,196.4 million as of 31 December 2018 to ₱276.7 million as of 31 December 2019 due mainly to collections made during the period.

Inventories increased by 93.6% from ₱2,699.4 million as of 31 December 2018 to ₱5,208.9 million as of 31 December 2019 due primarily to the purchases for new stores.

Due from related parties decreased from ₱133.9 million as of 31 December 2018 to nil as of 31 December 2019 due to settlement during the period.

Property and equipment increased by 275.5% from ₱2,969.5 million as of 31 December 2018 to ₱11,151.0 million as of 31 December 2019 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores as well as the recognition of the right of use asset in relation to the adoption of PFRS 16.

Other assets decreased by 33.5% from ₱1,060.2 million as of 31 December 2018 to ₱705.5 million as of 31 December 2019 due primarily to the advances for purchases applied against deliveries.

Trade and other payables increased by 432.7% to ₱2,023.7 million as of 31 December 2019 from ₱379.9 million as of 31 December 2018 due to increase in trade payables pertaining to purchases of inventories and new stores fit-out construction.

Loans payable including non-current portion decreased by 100% from ₱4,315.4 million as of 31 December 2018 to nil as of 31 December 2019 due to loan settlements made from proceeds of initial public offering.

Lease liability including non-current portion increased from nil as of 31 December 2018 to ₱4,942.2 million as of 31 December 2019 due to recognition of lease liability in relation to the adoption of PFRS 16.

Due to related parties decreased to nil as of 31 December 2019 from ₱627.3 million as of 31 December 2018 due to conversion to equity in July 2019.

Deferred tax liabilities increased by 9.8% from ₱146.0 million as of December 31, 2018 to ₱160.3 million as of 31 December 2019 due to the adjustments to temporary tax differences for the period.

Retirement benefit obligation increased from nil as of 31 December 2018 to ₱73.3 million as of 31 December 2019 due to set-up of provision for the retirement benefit.

Material Changes to the Company's Statement of income for the 12-month of 2019 compared to the 12-month of 2018 (increase/decrease of 5% or more)

Revenues increased by 67.7% to ₱12,060.3 million for the year ended 31 December 2019 from ₱7,192.2 million for the year ended 31 December 2018. This was mainly brought about by the same store sales growth of existing 23 stores as of 31 December 2018 as well as the revenues generated from 22 additional stores launched since then until 31 December 2019

Cost of goods sold increased by 67.0% to₱8,452.2 million for the year ended 31 December 2019 from the ₱5,061.9 million level for the same period in 2018, corresponding to the increase in sales in existing stores and the sales contributed by the new stores added during the period.

Finance Cost increased from ₱46.4 million for the year ended 31 December 2018 to ₱412.1 million for the year ended 31 December 2019. The increase was primarily attributable to the adoption of PFRS 16, the availment of short-term and long-term interest-bearing debt of the Company for the year to finance store expansion, and recognition of retirement benefit obligation.

Other income increased by 69.3% from₱209.6 million for the year ended 31 December 2018 to ₱352.3 million for the year ended 31 December 2019. This was brought about by higher volume-based incentives from suppliers based on our levels of sales, and opening support for newly opened stores.

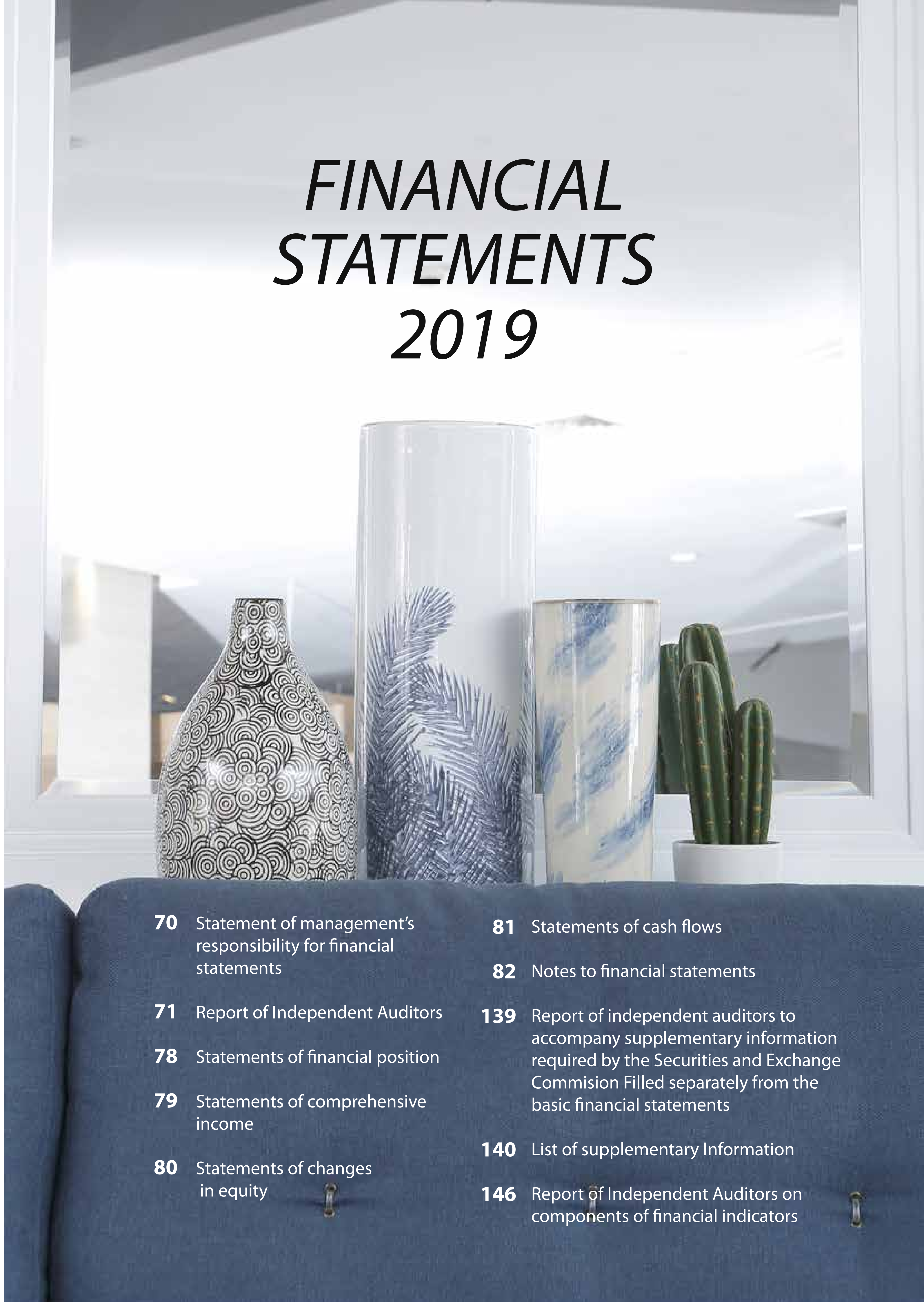
Provision for income tax increased by 105.3% from ₱218.9 million for the year ended 31 December 2018 to₱449.5 million for the year ended 31 December 2019 primarily due to a higher taxable base for the year.

As a result of the foregoing, our net income increased by 105.3% from ₱511.4 million for the year ended 31 December 2018 to ₱1,049.8 million for the year ended 31 December 2019.

There is no other material change in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there is no material event and uncertainty known to management that would impact or change reported financial information and condition on the Company.

COMMITMENTS AND CONTINGENCIES

There is no material commitment and contingency as of 31 December 2019 and as of 31 December 2018.



FINANCIAL STATEMENTS 2019

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **AllHome Corp.** (the Company) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan and Araullo, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Manuel B. Villar, Jr.
Chairman of the Board

Benjamarie Therese N. Serrano
President/Chief Executive Officer

Frances Rosalie T. Coloma
Treasurer/Chief Financial Officer

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 22 88

Report of Independent Auditors

The Board of Directors
AllHome Corp.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daang Hari, Almanza II
Las Piñas City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AllHome Corp. (the Company), which comprise the statements of financial position as of December 31, 2019 and 2018, and 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, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Certified Public Accountants
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd (GTIL).

Offices in Cavite, Cebu, Davao
BOA/PRC Cert. of Reg. No. 0002
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Emphasis of Matter

We draw attention to Note 25 in the notes to financial statements, which describes the management's assessment of the impact on the Company's financial statements of the business disruption brought about by the corona virus outbreak and the consequent events after the current reporting period. Our opinion is not modified in respect to these matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Revenue Recognition

Description of the Matter

Revenue is one of the key performance measures used to assess the Company's business performance. Revenue is recognized when the control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged delivery of goods. Revenue from sale of merchandise is generated through direct sales to customers. For the year ended December 31, 2019, total revenues amounted to P12,060.3 million.

In our view, revenue recognition is significant to our audit because of the inherent risk of material misstatement involved and the materiality of the amount of recorded revenues which impact the Company's profitability.

The Company's disclosures about its revenues and the related trade receivables, and revenue recognition policy are included in Notes 2, 3, 4, 6 and 13, respectively.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition, which was considered to be a significant risk, included:

- obtaining an understanding of the Company's revenue transactions by reviewing revenue contracts and revenue transaction processes;
- evaluating appropriateness of the Company's revenue recognition policy in accordance with PFRS 15, *Revenue from Contracts with Customers*;
- testing the information technology (IT) general controls and application controls over the automated system from origination to recording of sales;
- testing the design and operating effectiveness of internal controls related to the Company's sale and receipts processes, which include inquiry and observation, and test, on sampling basis, of revenue transactions during the year;
- performing sales cut-off test, including, among others, examining sales transactions near period end, and analysing and reviewing sales returns, credit memos and other receivable adjustments subsequent to period end to determine whether revenues are appropriately recognized in the proper period;

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- confirming receivables, on sample basis, using positive confirmations, performing alternative procedures for non-responding customers, reporting unresolved difference to appropriate client personnel and projecting errors to the population, to ascertain the testing precision achieved, which further validates the accuracy of revenue recognized by the Company; and,
- performing detailed analysis of revenue segments and related key ratios such as, but not limited to, current year's components of revenues (e.g., by customer and by location) as a percentage of total revenues, receivable turnover and average collection period.

(b) Existence and Valuation of Inventories

Description of the Matter

The Company's total inventories amounting to P5,208.9 million as of December 31, 2019 represents 26% of total assets of the Company. Inventories are valued at the lower of cost and net realizable value. Cost is determined using the moving average method. Management uses estimates in assessing whether inventories are valued at the lower of cost and net realizable value. Moreover, the Company's inventories are considered voluminous and majority of these are kept in the Company's stores and warehouses. Relative to these, we determined that existence and valuation of inventories are key audit matters.

The Company's disclosures about inventories and the related inventory valuation policies are included in Notes 2, 3 and 7, respectively.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to inventory existence and valuation, which was considered to be a significant risk included, among others, the following:

On inventory existence:

- conducting physical inventory count observation in selected stores and warehouses, including, among others, touring the facility before and after the inventory count observation, to gain an understanding of the location and condition of inventories prior to the count and after the count is concluded; determining that all sample inventory items were counted and no items were counted twice; obtaining relevant cut-off information and copy of count control documents; examining sample inventory items to test count against inventory records; clearing exceptions, if any, with appropriate personnel; and, projecting errors to the population; and,
- performing detailed analysis of inventory-related ratios such as, but not limited to, inventory turnover and current year's components of inventories as a percentage of total inventories.

On inventory valuation:

- determining the method of inventory costing and evaluating appropriateness and consistency of application of the valuation of inventories at lower of cost and net realizable value;
- performing test on inventory costing of selected inventory items by recomputing unit cost and comparing to unit cost per books, examining supplier invoices and other documents supporting movements affecting the moving average unit cost, reporting unresolved difference, if any, to appropriate personnel and projecting errors to the population; and,

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- determining whether inventory is stated at the lower of cost and net realizable value by verifying latest selling price, reviewing estimated cost to sell of sample inventory items and comparing the net selling price to the unit cost per books, reporting unresolved differences, if any, to appropriate personnel and projecting errors to the population.

(c) Adoption of PFRS 16, Leases

Description of the Matter

Effective January 1, 2019, the Company adopted PFRS 16, *Leases*, which replaced Philippine Accounting Standards (PAS) 17, *Leases*, and the related interpretations to PAS 17. The adoption of this new standard, which primarily affected the Company's accounting for leases as a lessee by recognizing "right-of-use" assets and lease liabilities "on-balance sheet", is considered significant due to the complexities of the accounting requirements and significant judgements involved in determining the assumptions to be used in applying the new standard.

Further, the recognition of right-of-use assets (presented as part of property and equipment) and lease liabilities, which amounted to P4,495.0 million and P4,942.2 million, respectively, as of December 31, 2019 is considered significant in amount relative to the Company's total assets and total liabilities.

The impact of the adoption of PFRS 16, and the related changes in accounting policies, and basis of judgement and estimates are disclosed in Notes 2 and 3 to the financial statements. In addition, the new disclosure requirements of PFRS 16 are discussed in Notes 9 and 12 to the financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the significant risk of material misstatement relating to the adoption of PFRS 16 included:

- understanding the accounting policies and procedures applied by the Company in identifying leases that qualify under PFRS 16, and leases that qualify under the recognition exemptions on short-term leases and low-value leases, as well as, compliance therewith;

- assessing the completeness of the lease contracts and verifying the accuracy of the lease information provided;

- evaluating the reasonableness of the inputs and assumptions used by the management in determining the lease term and incremental borrowing rate used, such as but not limited to, renewal and termination options, contractual terms of the lease, nature and quality of the security, and the economic environment in which the transaction occurs; and,

- evaluating the appropriateness of the adjustments as a result of the adoption of PFRS 16 on the recognition and measurement of right-of-use assets and lease liabilities and determining the adequacy of related financial statement disclosures, including changes in accounting policies and bases of judgments and estimates.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2019 required by the Bureau of Internal Revenue as disclosed in Note 27 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is Nelson J. Dinio.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8116543, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

May 27, 2020

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	P 2,342,992,013	P 298,492,381
Trade and other receivables - net	6	276,739,428	1,196,386,397
Inventories	7	5,208,925,853	2,690,897,676
Due from related parties	18	-	133,913,000
Other current assets	8	295,791,775	654,112,912
Total Current Assets		8,124,449,069	4,973,802,366
NON-CURRENT ASSETS			
Property and equipment - net	9	11,150,980,396	2,969,459,786
Other non-current assets	8	409,701,058	272,168,819
Total Non-current Assets		11,560,681,454	3,241,628,605
TOTAL ASSETS		P 19,685,130,523	P 8,215,430,971
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	10	P 2,023,727,076	P 379,871,290
Lease liabilities - current portion	12	371,097,743	-
Income tax payable		70,658,752	68,189,020
Loans payable - current portion	11	-	1,676,923,077
Due to related parties	18	-	627,352,292
Total Current Liabilities		2,465,483,571	2,752,335,679
NON-CURRENT LIABILITIES			
Lease liabilities - net of current portion	12	4,571,111,620	-
Deferred tax liabilities - net	17	160,288,464	146,029,890
Retirement benefit obligation	16	73,324,090	-
Loans payable - net of current portion	11	-	2,638,461,538
Total Non-current Liabilities		4,804,724,174	2,784,491,428
Total Liabilities		7,270,207,745	5,536,827,107
EQUITY	19		
Capital stock		3,750,000,002	2,000,000,000
Additional paid-in capital		7,209,298,114	-
Revaluation reserves		(29,896,666)	-
Retained earnings		1,485,521,328	678,603,864
Total Equity		12,414,922,778	2,678,603,864
TOTAL LIABILITIES AND EQUITY		P 19,685,130,523	P 8,215,430,971

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
SALES	13	P 12,060,276,883	P 7,192,220,055	P 4,896,285,914
COST OF MERCHANDISE SOLD	14	8,452,189,178	5,061,884,474	3,571,840,574
GROSS PROFIT		3,608,087,705	2,130,335,581	1,324,445,340
SUPPORT, FEES, RENTALS AND OTHER REVENUES	13	352,331,702	209,612,057	62,067,097
GROSS PROFIT INCLUDING OTHER REVENUES		3,960,419,407	2,339,947,638	1,386,512,437
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	14	2,069,721,185	1,564,883,247	1,197,688,969
OPERATING PROFIT		1,890,698,222	775,064,391	188,823,468
FINANCE INCOME (COSTS)				
Finance costs	15	(412,060,322)	(46,364,729)	(28,713,753)
Finance income	5	20,641,481	1,646,539	663,371
		(391,418,841)	(44,718,190)	(28,050,382)
PROFIT BEFORE TAX		1,499,279,381	730,346,201	160,773,086
TAX EXPENSE	17			
Current		329,346,931	105,715,139	24,205,657
Deferred		120,183,392	113,224,068	23,959,932
		449,530,323	218,939,207	48,165,589
NET PROFIT		1,049,749,058	511,406,994	112,607,497
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of retirement benefit plan	16	(42,709,522)	-	-
Deferred income tax	17	12,812,856	-	-
		(29,896,666)	-	-
TOTAL COMPREHENSIVE INCOME		P 1,019,852,392	P 511,406,994	P 112,607,497
Basic and Diluted Earnings per Share	20	P 0.39	P 0.38	P 0.08

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	Capital Stock	Additional Paid-in Capital	Retained Earnings	Revaluation Reserves	Total Equity
Balance at January 1, 2019						
As previously reported		P 2,000,000,000	P -	P 678,603,864	P -	P 2,678,603,864
Effect of adoption of PFRS 16	2	-	-	(217,261,244)	-	(217,261,244)
As restated		2,000,000,000	-	461,342,620	-	2,461,342,620
Issuance of shares during the year	19	1,750,000,002	7,209,298,114	-	-	8,959,298,116
Dividend declared	19	-	-	(25,570,350)	-	(25,570,350)
Total comprehensive income (loss) for the year		-	-	1,049,749,058	(29,896,666)	1,019,852,392
Balance at December 31, 2019		**P 3,750,000,002**	**P 7,209,298,114**	**P 1,485,521,328**	**(P 29,896,666)**	**P 12,414,922,778**
Balance at January 1, 2018		P 1,340,000,000	P -	P 167,196,870	P -	P 1,507,196,870
Issuance during the year	19	660,000,000	-	-	-	660,000,000
Total comprehensive income for the year		-	-	511,406,994	-	511,406,994
Balance at December 31, 2018		P 2,000,000,000	P -	P 678,603,864	P -	P 2,678,603,864
Balance at January 1, 2017		P 1,340,000,000	P -	P 54,589,373	P -	P 1,394,589,373
Total comprehensive income for the year		-	-	112,607,497	-	112,607,497
Balance at December 31, 2017		P 1,340,000,000	P -	P 167,196,870	P -	P 1,507,196,870

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 1,499,279,381**	P 730,346,201	P 160,773,086
Adjustments for:				
Depreciation and amortization	9	**708,368,766**	177,708,409	137,217,561
Interest expense	11, 12, 15, 16	**411,809,031**	46,364,729	28,713,753
Interest income	5	**(20,641,481)**	(1,646,539)	(663,371)
Impairment loss on trade receivables	6	**10,961,202**	19,388,772	15,568,064
Operating profit before working capital changes		**2,609,776,899**	972,161,572	341,609,093
Decrease (increase) in trade and other receivables		**908,685,767**	(624,427,449)	(137,174,008)
Increase in merchandise inventories		**(2,518,028,177)**	(1,196,607,900)	(406,895,109)
Decrease (increase) in due from related parties		**5,305,716**	(8,000,000)	-
Decrease (increase) in other current assets		**323,826,604**	(288,476,962)	(47,867,364)
Decrease (increase) in other non-current assets		**(137,532,239)**	9,351,445	(253,330,964)
Increase in due to related parties		**501,254,992**	1,047,750,000	131,840,000
Increase (decrease) in trade and other payables		**1,666,527,820**	(106,469,023)	(238,600,731)
Increase in retirement benefit obligation		**28,566,605**	-	-
Cash generated from (used in) operations		**3,388,383,987**	(194,718,317)	(610,419,083)
Cash paid for income taxes		**(326,877,199)**	(55,821,901)	(13,148,706)
Net Cash From (Used in) Operating Activities		**3,061,506,788**	(250,540,218)	(623,567,789)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	9	**(3,731,532,578)**	(1,051,698,182)	(811,295,065)
Interest received		**20,641,481**	1,646,539	663,371
Net Cash Used in Investing Activities		**(3,710,891,097)**	(1,050,051,643)	(810,631,694)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares of stock	19	**7,959,298,116**	-	-
Repayment of loans	11	**(6,716,684,615)**	(284,615,385)	(100,000,000)
Proceeds from availment of loans	11	**2,401,300,000**	1,700,000,000	1,550,000,000
Interest paid for loans payable	11	**(354,997,750)**	(216,085,685)	(91,828,554)
Repayment of lease liabilities	12	**(302,321,645)**	-	-
Interest paid for lease liabilities	12	**(267,139,815)**	-	-
Dividends paid	19	**(25,570,350)**	-	-
Net Cash From Financing Activities		**2,693,883,941**	1,199,298,930	1,358,171,446
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT		**2,044,499,632**	(101,292,931)	(76,028,037)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**298,492,381**	399,785,312	475,813,349
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 2,342,992,013**	P 298,492,381	P 399,785,312

Supplemental Information on Non-cash Operating, Investing and Financing Activities:

(1) In 2019, 2018 and 2017, the Company capitalized borrowing costs amounting to P220.3 million, P173.7 million and P81.8 million based on capitalization rate ranging from 6.25% to 6.69% for specific borrowings in those periods (see Notes 9 and 11).

(2) The Company has accrued interest amounting to P22.7 million as of December 31, 2018 (see Notes 10 and 11). There was no unpaid interest as of December 31, 2019.

(3) In 2019, the Company's receivables from related parties under common ownership amounting to P128.6 million were assigned by these related parties to the parent company. Subsequently, these receivables were set-off by the Company against its payables to the parent company (see Note 18).

(4) In 2019 and 2018, the Company issued additional shares of stock amounting to P1,000.0 million and P660.0 million, which was subscribed and fully paid through the conversion of certain advances from related parties to equity (see Note 18).

(5) On January 1, 2019, as a result of adoption of PFRS 16, Leases, the Company recognized right-of-use assets and lease liabilities amounting to P3,234.9 million and P3,510.7 million, respectively, and reversed certain prepaid rent amounting to P34.5 million (see Note 2). During the year, the Company recognized additional right-of-use asset amounting to P1,703.2 million and the corresponding lease liability of the same amount (see Notes 9 and 12). Also, in 2019, the Company accrued interest arising from rent-free periods amounting to P30.6 million which is presented as part of Lease Liability in the 2019 statement of financial position (see Note 12).

(6) In 2019, the Company recognized a receivable for the transferred retirement benefit obligation amounting to P16.7 million and is presented as part of Non-trade receivables under Trade and Other Receivables in the 2019 statement of financial position (see Notes 6 and 18).

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

AllHome Corp. (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on May 29, 2013. The Company is primarily engaged in buying, selling, distributing, marketing, at wholesale and retail, of all kinds of goods, commodities, wares and merchandise.

The Company's shares were listed in the Philippine Stock Exchange (PSE) on September 27, 2019 (see Note 19.1).

The Company is a subsidiary of AllValue Holdings Corp. (AllValue or the parent company), which is a subsidiary of Fine Properties Inc. (FPI or the ultimate parent company). AllValue and FPI are incorporated and domiciled in the Philippines. Both companies are presently engaged in the business of a holding company; to buy and hold shares of other companies either by subscribing unissued shares of the capital stock in public or private offerings.

The registered office and principal place of business of the Company is located at Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City. The registered offices and principal places of business of AllValue and FPI are located at 3rd Level Starmall Las Piñas, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City.

The financial statements of the Company as of and for the year ended December 31, 2019 (including the comparative financial statements as of December 31, 2018 and for the years ended December 31, 2018 and 2017) were authorized for issue by the Company's Board of Directors (BOD) on May 27, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized in the succeeding pages. The policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expense in a single statement of comprehensive income.

The Company presents a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

The financial statements are presented in Philippine pesos (P), the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

(d) Reclassification of Accounts

In 2019, the Company's management performed a review of its prior year financial statements to verify that the recognition and measurement of the Company's assets, liabilities, income and expenses are in accordance with the relevant accounting and financial reporting standards. Accordingly, the Company's management made reclassifications on certain income accounts to conform with the current year presentation. Other income amounting to P209.6 million and P62.1 million was reclassified from Other Income under Finance Income (Costs) account to Support, Fees, Rentals and Other Revenues account in the statements of comprehensive income for the years ended December 31, 2018 and 2017.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2019 that are Relevant to the Company

The Company adopted for the first time the following PFRS, amendments, interpretation and annual improvements to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2019:

PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PFRS 9 (Amendments)	:	Financial Instruments – Prepayment Features with Negative Compensation
PFRS 16	:	Leases
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty over Income Tax Treatments
Annual Improvements to PFRS 2015-2017 Cycle		
PAS 12 (Amendments)	:	Income Taxes – Tax Consequences of Dividends
PAS 23 (Amendments)	:	Borrowing Costs – Eligibility for Capitalization

Discussed below are the relevant information about these pronouncements.

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement*. The amendments clarify that past service cost and gain or loss on settlement is calculated by measuring the net defined benefit liability or asset using updated actuarial assumptions and comparing the benefits offered and plan assets before and after the plan amendment, curtailment or settlement but ignoring the effect of the asset ceiling that may arise when the defined benefit plan is in a surplus position. Further, the amendments now require that if an entity remeasures its net defined benefit liability or asset after a plan amendment, curtailment or settlement, it should also use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the change to the plan. The application of these amendments had no significant impact on the Company's financial statements.

(ii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation*. The amendments clarify that prepayment features with negative compensation attached to financial assets may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at fair value through other comprehensive income (FVOCI). The application of these amendments had no significant impact on the Company's financial statements.

(iii) PFRS 16, *Leases*. The new standard replaced PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, Standard Interpretations Committee (SIC) 15, *Operating Leases – Incentives* and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. For lessees, it requires an entity to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and lease liability arising from contract that is, or contains, a lease.

For lessors, the definitions of the type of lease (i.e., finance and operating leases) and the supporting indicators of a finance lease are substantially the same with the provisions under PAS 17. In addition, basic accounting mechanics are also similar but with some different or more explicit guidance related to variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

The Company has adopted PFRS 16 using the modified retrospective approach as allowed under the transitional provisions of the standard. Accordingly, comparative information were not restated. The adoption of the standard has resulted in adjustments to the amounts recognized in the financial statements as of January 1, 2019, with the cumulative effect recognized in equity as an adjustment to the opening balance of Retained Earnings for the current period.

The new accounting policies of the Company as a lessee are disclosed in Note 2.12(a), while the accounting policies of the Company as a lessor, as described in Note 2.12(b), were not significantly affected.

Discussed below are the relevant information arising from the Company's adoption of PFRS 16 and how the related accounts are measured and presented on the Company's financial statements as of January 1, 2019.

a. For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from PAS 17 and IFRIC 4 and has not applied PFRS 16 to arrangements that were previously not identified as leases under PAS 17 and IFRIC 4.

b. The Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under PAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019. The Company's weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6.45%.

c. The Company has elected not to include initial direct costs in the measurement of right-of-use assets at the date of initial application. The Company also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid lease payments and estimated cost to restore the leased asset that existed as of January 1, 2019.

d. The Company has also used the following practical expedients, apart from those already mentioned above, as permitted by the standard:

   i. application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
   ii. reliance on its historical assessments on whether leases are onerous as an alternative to performing an impairment review on right-of-use assets. As of January 1, 2019, the Company has no onerous contracts; and,
   iii. use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The table below shows the effects of the adoption of PFRS 16 in the statement of financial position as of January 1, 2019.

	Note	Carrying Amount (PAS 17) December 31, 2018	Reclassification	Remeasurement	Carrying Amount (PFRS 16) January 1, 2019
Assets:					
Other current assets	2.2(a)(iii)(c)	P 654,112,912	(P 34,494,533)	P -	P 619,618,379
Property and equipment	2.2(a)(iii)(c)	2,969,459,786	34,494,533	3,200,367,188	6,204,321,507
Liabilities:					
Lease liabilities	2.2(a)(iii)(b)	-	-	(3,510,740,394)	(3,510,740,394)
Deferred tax liability - net		(146,029,890)	-	93,111,962	(52,917,928)
Impact on net assets			P -	(P 217,261,244)	

The following is a reconciliation of total operating lease commitments at December 31, 2018 under PAS 17 (as disclosed in the financial statements for December 31, 2018) to the lease liabilities recognized at January 1, 2019 under PFRS 16:

	Notes	
Operating lease commitments, December 31, 2018 (PAS 17)	21.1	P 1,743,744,797
Reasonably certain extension options	2.2(a)(iii)(d)	3,157,619,998
Operating lease liabilities before discounting		4,901,364,795
Discount using incremental borrowing rate	2.2(a)(iii)(b)	(1,390,624,401)
Lease liabilities, January 1, 2019		P 3,510,740,394

(iv) IFRIC 23, *Uncertainty over Income Tax Treatments*. This interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Company to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Company has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above. Management assessed that the interpretation had no significant impact on the Company's financial statements.

(v) Annual Improvements to PFRS 2015-2017 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2019, are relevant to the Company but are assessed to have no impact on its financial statements:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that an entity should recognize the income tax consequence of dividend payments in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization*. The amendments clarify that if any specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, such borrowing is treated as part of the entity's general borrowings when calculating the capitalization rate.

(b) Effective in 2019 that are not Relevant to the Company

Among the annual improvements to PFRS 2015-2017 Cycle, the amendments to (i) PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation;* and (ii) PFRS 28, *Investment in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures* are not relevant to the Company's financial statements.

(c) Effective Subsequent to 2019 but not Adopted Early

There are new amendments to existing standards effective for annual periods subsequent to 2019, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency.

(ii) Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

2.3 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are at amortized cost, at FVOCI and at fair value through profit or loss (FVTPL).

The financial assets category that is currently relevant to the Company is financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables, and Due from Related Parties.

For purpose of cash flows reporting and presentation, cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as Finance income under Finance Income (Costs).

(b) Impairment of Financial Assets (2019 and 2018)

At the end of the reporting period, the Company assesses its expected credit loss (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due [see Note 22.2(b)].

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The amount of ECL required to be recognized during the year, if any, is presented as Impairment loss under Selling, General and Administrative Expenses in the statement of comprehensive income. Reversal of loss allowance, if applicable, is recognized in the statement of comprehensive income as part of Other income under Finance Income (Costs).

(c) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.4 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the moving average method. The cost of inventories includes all costs directly attributable to acquisition such as the purchase price, including transport and handling costs, and other incidental expenses incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

At the end of each reporting period, inventories are assessed for impairment, i.e., the carrying amount is fully recoverable due to damage, obsolescence or declining selling prices.

2.5 Other Assets

Other assets, which are non-financial assets, pertain to other resources controlled by the Company as a result of past events. They are recognized at cost in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably. These are subsequently charged to profit or loss as utilized or reclassified to another asset account if capitalizable.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

Advances for purchases that will be applied as payment for future purchase of inventories are classified and presented under the Other Current Assets account in the statement of financial position. On the other hand, advances to suppliers that will be applied as payment for future acquisition or construction of property and equipment are classified and presented under the Other Non-current Assets account in the statement of financial position. The classification and presentation is based on the eventual usage or realization of the asset to which it was advanced for.

2.6 Property and Equipment

Property, plant and equipment, except land, are initially recognized at cost and subsequently carried at cost less accumulated depreciation, amortization and any impairment in value. As no finite useful life for land can be determined, the related carrying amount is not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

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

Store equipment	15 to 18 years
Right-of-use assets – store outlets	7 to 16 years
Right-of-use assets – warehouse	2 to 15 years
Furniture, fixtures and office equipment	5 to 15 years
Transportation equipment	8 to 10 years

Leasehold improvements are amortized over their estimated useful lives of 18 years or the lease term, whichever is shorter.

Construction-in-progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs and other direct costs (see Note 2.15). The account is not depreciated until such time that the assets are completed and available-for-use.

Fully depreciated and fully amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.13).

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

If there is an indication that there has been a significant change in the useful life, residual value of an asset, or method of depreciation or amortization, the depreciation or amortization of that asset is revised prospectively to reflect the new expectations.

An item of property and equipment including the related accumulated depreciation and amortization, and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

2.7 Financial Liabilities

Financial liabilities, which include Trade and Other Payables (except tax-related liabilities), Loans Payable, Lease Liabilities and Due to Related Parties, are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as Finance costs under Finance Income (Costs) in the statement of comprehensive income.

Loans payable are raised for support of short-term and long-term funding of operations and are recognized initially at the transaction price. Loans payable are subsequently measured at amortized cost. Finance charges, including direct issue costs, are charged to profit or loss, except for capitalized borrowing costs, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Lease liability is recognized at amounts equal to the present value of minimum lease payments, at the inception of the lease [see Notes 2.12(a) and 12.1].

Trade and other payables, and due to related parties are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.8 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.9 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's BOD – its chief operating decision-maker. The Company's BOD is responsible for assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Company's business line as disclosed in Note 4.

The measurement policies that the Company uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.10 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.11 Revenue and Expense Recognition

Revenue arises mainly from the sale of merchandise.

To determine whether to recognize revenue, the Company follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
(ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company enters into transactions involving the sale and delivery of merchandise representing construction materials, home improvement, furnishings and décor products. In addition, the Company also recognizes vendors' support and marketing fees in relation to the vendors' participation in the marketing/promotional activities of the Company. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c). The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods transfers to the customer. As a matter of accounting policy, when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

a) Sale of merchandise – Revenue is recognized when the control transfers at a point in time with the customer, i.e., generally when the customer purchased the merchandise. For individual customers, payment of the transaction price is due immediately at the point the customer purchases the merchandise. On the other hand, invoices for merchandise purchased by corporate customers are due based on agreed terms and are provided upon receipt of merchandise by the customer.

b) *Vendors' support and marketing fees* – Vendors' support and marketing fees arise from the vendors' participation in the marketing/promotional activities of the Company such as product exhibits, launch of new stores support and product features in various media platforms. The duration of contracts are generally short-term, and the related revenue are recognized over time as the performance of the contractually agreed tasks are rendered.

c) *Delivery fees* – Delivery fees are charged for the transportation of merchandise from the Company's stores to a certain destination as agreed with the customer. Delivery fees are recognized over time as the services are provided. Payment of delivery fees is due immediately, i.e., upon the customer's purchase of merchandise.

d) *Miscellaneous* – Miscellaneous income comprise of support received from supplier for store opening and clearance sales. Miscellaneous is recognized at a point in time when support are received from supplier.

As applicable, if the Company is required to refund the related purchase price for returned goods, it recognizes an outflow of cash or a reduction in trade receivables with a corresponding adjustment on the amount of revenues recognized during the reporting period. Also, the Company recognizes a right of return asset on the goods to be recovered from the customers with a corresponding adjustment to Cost of Merchandise Sold. However, there were no contracts containing significant right of return arrangements which remain outstanding during the reporting periods since the Company's policy with customers for most of its sale of merchandise pertain to outright return which are recognized immediately. Relative to this outright return arrangement, the amount of revenues are also immediately adjusted as of the end of the reporting periods.

The Company operates a customer loyalty incentive programme where individual customers accumulate points for purchases made which entitle them for award credits on future purchases. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c).

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and expenses such costs as incurred.

The Company also incurs costs in fulfilling contracts with customers. These costs are divided into: (i) costs that give rise to an asset; and, (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Company first considers any other applicable standards. If other standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15. If other standards are not applicable to contract fulfillment costs, the Company applies the following criteria, which, if met, result in capitalization:

(i) the costs directly relate to a contract or to a specifically identifiable anticipated contract;
(ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and,
(iii) the costs are expected to be recovered.

In 2017 and prior years, the Company recognized revenues based on the provisions of PAS 18, *Revenues*, which is to the extent that such revenues and the related costs incurred or to be incurred can be measured reliably and it is probable that future economic benefits will flow to the Company. Specifically, for sale of goods, revenues were recognized when the risks and rewards of ownership of the goods have passed to the buyer. Where the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Costs and expenses are recognized in profit or loss upon utilization of the goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs, which are included as part of the cost of any related qualifying assets (see Note 2.15).

2.12 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

(i) Accounting for Leases in Accordance with PFRS 16 (2019)

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;

- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.13).

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company's lease contracts for certain stores contain variable payment terms that are linked to sales generated from the store. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss when incurred.

On the statement of financial position, right-of-use assets is presented under Property and Equipment, while the Lease Liabilities have been presented separately in the statement of financial position.

(ii) Accounting for Leases in Accordance with PAS 17 (2018 and 2017)

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 (net of any incentive received from the lessor) are recognized as expense in the profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(b) Company as Lessor

Leases wherein the Company substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Company's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Company's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.13 Impairment of Non-financial Assets

The Company's property and equipment, right-of use assets, and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.14 Employee Benefits

The Company's employee benefits are recognized and measured as discussed below.

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero coupon government bonds [using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL)], that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the defined benefit liability during the period as a result of benefit payments. Interest is reported as part of Finance costs under Finance Income (Costs) in profit or loss.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Short-term Employee Benefits

Short-term employee benefits include wages, salaries, bonuses and non-monetary benefits provided to current employees, which are expected to be settled before 12 months after the end of the annual reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Trade and Other Payables in the statement of financial position.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.15 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income, if any, earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.16 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets or deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.17 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Based on the requirements of SEC Memorandum Circular 2019-10, *Rules on Material Related Party Transactions for Publicly-Listed Entities*, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with the related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-third of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Company's total assets based on the latest audited financial statements, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

2.18 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital.

Revaluation reserves account pertains to remeasurements of post-employment defined benefit plan (see Note 2.14).

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amounts of dividends declared, if any.

2.19 Basic and Diluted Earnings Per Share

Basic earnings per share (EPS) is determined by dividing net profit by the weighted average number of common shares issued, adjusted for any stock dividends or stock splits, less any shares held in treasury during the reporting period (see Note 20).

Diluted EPS is also computed by dividing net profit by the weighted average number of common shares issued and outstanding during the reporting period. However, net profit attributable to common shares and the weighted average number of common shares outstanding are adjusted to reflect the effects of any potentially dilutive preferred shares, convertible loans and stock options.

Currently, the basic and diluted EPS are the same as there are no dilutive preferred shares, convertible loans and stock options (see Note 20).

2.20 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Determination of Lease Term of Contracts with Renewal and Termination Options (2019)

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Company did not include the renewal period as part of the lease term for leases of some of its stores and warehouse due to the provision in its contracts that requires mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(b) Determination of Timing of Satisfaction of Performance Obligations

In determining the appropriate method to use in recognizing the Company's revenues from sale of merchandise, management determines that revenue is recognized at a point in time when the control of the goods have passed to the customer, i.e., generally when the customer acknowledges delivery of the goods.

Miscellaneous income comprise of support received from supplier for store opening and clearance sales. Miscellaneous is recognized at a point in time when support are received from supplier.

On the other hand, revenues from vendors' support, marketing fees and delivery fees are recognized over time when the Company transfers control of the services over time as the performance of contractually agreed tasks are rendered. The management considers the output method under PFRS 15 as the Company recognizes revenue on the basis of direct measurements of the value to the customer of the services transferred to date relative to the services promised under the contract.

(c) Determination of Transaction Price

The transaction price is considered receivable to the extent of products sold with a right to avail customer loyalty points, right of return, discounts and rebates. The transaction price of customer loyalty points is allocated amongst the material right and other performance obligations identified in the contract based on the stand-alone selling prices, which are all observable. The Company measures its revenue net of consideration allocated to the fair value of the point credits.

Management has assessed that the amount involved for the right of return is not material and in most cases, customers could exchange the returned items with another merchandise in the store within the prescribed period (i.e., within seven days from date of purchase). Discounts and rebates are identifiable to specific goods and are recognized as reduction against the revenue recognized from sale of merchandise.

(d) Determination of ECL on Trade and Other Receivables, and Due from Related Parties

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments to the extent applicable that have similar loss patterns (i.e., by geography, product type, or customer type and rating). The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's trade and other receivables, and due from related parties are disclosed in Note 22.2.

In relation to advances to related parties, PFRS 9 notes that the maximum period over which ECL should be measured is the longest contractual period where the Company is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines ECL based on the sufficiency of the related parties' highly liquid assets in order to repay the Company's receivables if demanded at the reporting date, taking into consideration the historical defaults of the related parties. If the Company cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of receivables can be fully collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

(e) Distinction Between Operating and Finance Leases (2018 and 2017)

The Company has entered into various lease agreements as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Management has assessed that the Company's lease arrangements are operating leases.

(f) Capitalization of Borrowing Costs

The Company determines whether the amount of borrowing costs qualify for capitalization as part of the cost of the qualifying asset, or should be expensed outright. The accounting treatment for the finance costs is determined by assessing whether the asset is a qualifying asset taking into consideration the period of time needed to bring the asset for its intended use. Failure to make the right judgment will result in the misstatement of assets and net profit.

(g) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provisions and contingencies are discussed in Notes 2.10 and 21.

3.2 Key Sources of Estimation Uncertainty

Presented below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities (2019)

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 22.2.

(c) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the time the estimates are made. The Company's products are subject to inventory obsolescence. Moreover, future realization of the carrying amounts of inventories as presented in Note 7 is affected by price changes of the products and the costs incurred necessary to make a sale. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Company's inventories within the next financial reporting period.

(d) Estimation of Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available-for-use. The estimated useful lives of property and equipment 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 on the use of the assets.

The carrying amounts of property and equipment are analyzed in Note 9. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.13). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has assessed that no impairment losses are required to be recognized on non-financial assets in 2019, 2018 and 2017.

(f) Valuation of Post-employment Defined Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and expected salary increase rates. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses, and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense, and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 16.2.

4. SEGMENT REPORTING

The Company has only one reportable segment, which is the trading business.

Further, the Company has only one geographical segment as all of its operations are based in the Philippines.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2019	2018
Cash in banks	**P 1,565,696,247**	P 294,874,381
Cash on hand	**4,115,000**	3,618,000
Short-term placements	**773,180,766**	-
	P 2,342,992,013	P 298,492,381

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have maturity of 1 to 30 days and earn effective interest rates ranging from 1.00% to 3.50% in 2019 and 1.30% in 2017. There was no short-term placement as of December 31, 2018.

Interest income amounting to P20.6 million, P1.6 million and P0.7 million in 2019, 2018 and 2017, respectively, are presented as Finance Income under Finance Income (Costs) in the statements of comprehensive income.

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2019	2018
Trade receivables:			
Third parties		**P 147,795,532**	P 870,485,037
Related parties	18.4	**-**	181,672,361
Non-trade receivables	16.2	**132,425,088**	140,177,605
Advances to officers and employees		**7,480,010**	4,051,394
		287,700,630	1,196,386,397
Allowance for impairment losses		**(10,961,202)**	-
		P 276,739,428	P 1,196,386,397

Trade receivables are due from various customers and have credit terms ranging from 30 days to 60 days. The carrying amounts of the receivables are considered a reasonable approximation of fair values due to their short duration.

Advances to officers and employees pertain to personal cash advances. These are noninterest-bearing and are collected through salary deduction.

Non-trade receivables comprise of the Company's receivables from suppliers arising from vendors' support, marketing fees, miscellaneous income and receivable for the transferred retirement benefit obligation from a related party under common ownership (see Note 16.2).

All of the Company's trade and other receivables have been assessed for ECL both in 2019 and 2018 and were reviewed for indications of impairment in 2017. In 2019, the Company recognized an impairment loss amounting to P11.0 million. In 2018 and 2017, the Company wrote-off certain receivables amounting to P19.4 million and P15.6 million, respectively. The impairment loss recognized is presented as Impairment loss under Selling, General and Administrative Expenses in the statements of comprehensive income (see Note 14.2).

7. INVENTORIES

Inventories pertain to goods owned by the Company, which include construction materials, home improvements, furnishings and décor products, among others, that are traded under the normal course of business, and amounted to P5.2 billion and P2.7 billion as of December 31, 2019 and 2018, respectively (see Note 14.1). The Company did not provide any allowance for inventory obsolescence as the inventories are deemed saleable. Inventories were all stated at cost, which is lower than net realizable value, as of December 31, 2019 and 2018.

Cost of inventories charged to operations are presented as Cost of Merchandise Sold in the statements of comprehensive income (see Note 14.1).

8. OTHER ASSETS

The composition of this account is shown below.

	2019	2018
Current:		
Advances for purchases	**P 244,150,817**	P 540,658,494
Deferred input value-added taxes (VAT)	**22,287,680**	52,659,210
Prepaid rent	**3,664,565**	46,323,372
Others	**25,688,713**	14,471,836
	295,791,775	654,112,912
Non-current –		
Advances to suppliers	**409,701,058**	272,168,819
	P 705,492,833	P 926,281,731

Advances for purchases pertaining to mobilization funds made to various third party suppliers, including service providers, which are primarily used in the purchase of inventories subsequent to December 31, 2019 and 2018 are presented as part of Other Current Assets in the statements of financial position.

Advances to suppliers pertaining to mobilization funds made to various contractors for the construction of several items under property and equipment are presented as Other Non-current Asset in the statements of financial position.

Others consist of prepaid taxes and licenses, subscriptions, supplies, insurance and advertising.

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2019 and 2018 are shown below.

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvements	Right-of-use Assets - Store Outlets	Right-of-use Assets - Warehouse	Construction in Progress	Total
December 31, 2019								
Cost	P 2,600,878,300	P 360,291,093	P 138,900,408	P 2,806,079,593	P 4,802,663,990	P 135,424,751	P 1,535,860,218	P 12,380,098,353
Accumulated depreciation and amortization	(375,353,395)	(98,345,862)	(55,957,392)	(256,326,938)	(407,083,277)	(36,051,093)	-	(1,229,117,957)
Net carrying amount	**P 2,225,524,905**	**P 261,945,231**	**P 82,943,016**	**P 2,549,752,655**	**P 4,395,580,713**	**P 99,373,658**	**P 1,535,860,218**	**P 11,150,980,396**
December 31, 2018								
Cost	P 1,633,365,002	P 205,264,089	P 104,820,990	P 1,468,831,413	P -	P -	P 77,927,483	P 3,490,208,977
Accumulated depreciation and amortization	(242,992,549)	(58,026,971)	(45,454,749)	(174,274,922)	-	-	-	(520,749,191)
Net carrying amount	P 1,390,372,453	P 147,237,118	P 59,366,241	P 1,294,556,491	P -	P -	P 77,927,483	P 2,969,459,786
January 1, 2018								
Cost	P 707,623,764	P 110,438,526	P 94,639,684	P 781,307,822	P -	P -	P 570,825,400	P 2,264,835,196
Accumulated depreciation and amortization	(166,436,756)	(30,636,860)	(36,050,230)	(109,916,936)	-	-	-	(343,040,782)
Net carrying amount	P 541,187,008	P 79,801,666	P 58,589,454	P 671,390,886	P -	P -	P 570,825,400	P 1,921,794,414

The reconciliation of the net carrying amount of property and equipment at the beginning and end of 2019 and 2018 is shown in the succeeding page.

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvements	Right-of-use Assets - Store Outlets	Right-of-use Assets - Warehouse	Construction in Progress	Total
Balance at January 1, 2019, net of accumulated depreciation and amortization								
As previously reported	P 1,390,372,453	P 147,237,118	P 59,366,241	P 1,294,556,491	P -	P -	P 77,927,483	P 2,969,459,786
Effect of PFRS 16 adoption [see Note 2.2(a)(iii)]	-	-	-	-	3,159,007,747	75,853,974	-	3,234,861,721
As restated	1,390,372,453	147,237,118	59,366,241	1,294,556,491	3,159,007,747	75,853,974	77,927,483	6,204,321,507
Additions:								
Other property and equipment	290,629,316	93,813,192	34,079,418	715,050,784	-	-	2,818,227,925	3,951,800,635
Right-of-use assets (see Note 12)	-	-	-	-	1,643,656,243	59,570,777	-	1,703,227,020
Reclassifications	663,696,428	59,999,221	-	636,599,541	-	-	(1,360,295,190)	-
Depreciation and amortization charges for the year	(119,173,292)	(39,104,300)	(10,502,643)	(96,454,161)	(407,083,277)	(36,051,093)	-	(708,368,766)
Balance at December 31, 2019, net of accumulated depreciation and amortization	**P 2,225,524,905**	**P 261,945,231**	**P 82,943,016**	**P 2,549,752,655**	**P 4,395,580,713**	**P 99,373,658**	**P 1,535,860,218**	**P 11,150,980,396**
Balance at January 1, 2018, net of accumulated depreciation and amortization	P 541,187,008	P 79,801,666	P 58,589,454	P 671,390,886	P -	P -	P 570,825,400	P 1,921,794,414
Additions	385,440,597	68,395,579	7,614,781	326,553,718	-	-	437,369,106	1,225,373,781
Reclassifications	540,300,641	26,429,984	2,566,525	360,969,873	-	-	(930,267,023)	-
Depreciation and amortization charges for the year	(76,555,793)	(27,390,111)	(9,404,519)	(64,357,986)	-	-	-	(177,708,409)
Balance at December 31, 2018, net of accumulated depreciation and amortization	P 1,390,372,453	P 147,237,118	P 59,366,241	P 1,294,556,491	P -	P -	P 77,927,483	P 2,969,459,786

Construction-in-progress pertains to accumulated costs incurred on the construction of new stores. The ongoing projects as of December 31, 2018 were fully completed in 2019 while the remaining ongoing projects are expected to be completed by the second quarter of 2020. Other than the remaining capital expenditures, there are no other capital commitments relating to the ongoing projects.

The Company's right-of-use assets pertain to store and warehouse facilities with terms ranging from 10 to 16 years, inclusive of reasonably certain extension period [please refer also to Note 3.1(a)], and an average remaining lease term of 10 years as of December 31, 2019 (see Note 12). In addition, there are leases with extension options and with variable consideration. Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. The Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. There are no leases with options to purchase or terminate. The Company has no short-term and low-value leases.

On January 1, 2019, as a result of adoption of PFRS 16, the Company recognized right-of-use assets and lease liabilities amounting to P3,234.9 million and P3,510.7 million, respectively, and reversed certain prepaid rent amounting to P34.5 million [see Note 2.2(a)]. During the year, the Company recognized additional right-of-use asset amounting to P1,703.2 million and the corresponding lease liability of the same amount (see Note 12.1). Also, in 2019, the Company accrued interest arising from rent-free periods amounting to P30.6 million which is presented as part of Lease Liability in the 2019 statement of financial position (see Note 12.1).

The amount of depreciation and amortization is presented as part of Selling, General and Administrative Expenses in the statements of comprehensive income (see Note 14.2).

In 2019, 2018 and 2017, borrowing costs amounting to P220.3 million and P173.7 million and P81.8 million, respectively, based on capitalization rate ranging from 6.25% to 6.69% for specific borrowing in those years, were capitalized as part of construction-in-progress (see Note 11).

As of December 31, 2019 and 2018, the gross carrying amount of the Company's fully-depreciated property and equipment that are still used in operations is P27.5 million and P17.7 million, respectively.

There were no items of property and equipment that were used as collateral for any of the Company's loans.

10. TRADE AND OTHER PAYABLES

This account consists of:

	Note	2019	2018
Trade payables		**P 1,290,797,720**	P 182,216,416
Non-trade payables		**583,462,688**	67,189,974
Accrued expenses	11	**74,399,661**	93,153,371
VAT payable		**55,023,731**	12,966,898
Withholding taxes payable		**12,914,896**	10,130,673
Retention payable		**4,869,944**	13,122,281
Others		**2,258,436**	1,091,677
		P 2,023,727,076	P 379,871,290

Trade payables arise from the Company's purchases of inventories and other direct costs. These are noninterest-bearing and have credit terms ranging from 30 days to 60 days.

Non-trade payables arise from the Company's capital asset acquisitions and other operating expenditures not yet paid as of the end of the period.

Accrued expenses are liabilities arising from unpaid interest on loans, rent, utilities, salaries and others costs.

Retention payable pertains to the amount withheld from service contractors which shall be refunded at the end of the contract.

11. LOANS AND BORROWINGS

Loans and borrowings is presented in the statement of financial position as of December 31, 2018 as follows:

	Note	
Current:		
Short-term loans	11.1	P 1,200,000,000
Maturing portion of long-term loans	11.2	476,923,077
		1,676,923,077
Non-current -		
Long-term loans	11.2	2,638,461,538
		P 4,315,384,615

11.1 Short-term Loans

The Company obtained various short-term loans from various local banks for the Company's working capital requirements with fixed interest rates ranging from 7.0% to 9.0% in 2019 and 5.0% to 7.0% in 2018, and with terms of 180 days. These loans are rolled-over upon maturity and are secured by cross suretyship of the Company's ultimate parent company (see Note 18.3). There are no loan covenants on the Company's short-term loans. The Company fully settled the outstanding short-term loans in 2019.

11.2 Long-term Loans

In 2018, the Company obtained five-year corporate loans, inclusive of two-year grace period, from various local banks, to finance the construction and expansion of the Company's stores, with fixed interest rates ranging from 6.25% to 6.69% both in 2019 and 2018. The loans are secured by cross suretyship of the Company's ultimate parent company (see Note 18.3). The Company fully settled the outstanding long-term loans in 2019.

The Company monitors capital on the debt-to-equity ratio on its covenants with certain financial institutions. The Company has properly complied with the loans' covenants as of December 31, 2018. There was no outstanding loan as of December 31, 2019.

Interest expense incurred on these loans, which is presented as part of Finance costs under Finance Income (Costs) in the statements of comprehensive income, amounted to P112.1 million, P46.4 million and P28.7 million in 2019, 2018 and 2017, respectively (see Note 15). On the other hand, capitalized borrowing costs amounting to P220.3 million, P173.7 million and P81.8 million in 2019, 2018 and 2017, respectively, based on capitalization rate ranging from 6.25% to 6.69% for specific borrowing in those periods, were included as part of construction-in-progress (see Note 9).

Interest payable from these loans amounted to P22.7 million as of December 31, 2018, and is presented as part of Accrued expenses under Trade and Other Payables in the 2018 statement of financial position (see Note 10). There was no outstanding interest payable as of December 31, 2019.

A reconciliation of the carrying amounts of short-term and long-term loans at the beginning and end of December 31, 2019 and 2018 is presented in the succeeding page.

	Short-term Loans	Long-term Loans	Total
Balance as of January 1, 2019	P 1,200,000,000	P 3,115,384,615	P 4,315,384,615
Cash flows from financing activities:			
Additional borrowings	2,401,300,000	-	2,401,300,000
Repayment of borrowings	(3,601,300,000)	(3,115,384,615)	(6,716,684,615)
Balance as of December 31, 2019	**P -**	**P -**	**P -**
Balance as of January 1, 2018	P 1,100,000,000	P 1,800,000,000	P 2,900,000,000
Cash flows from financing activities:			
Additional borrowings	200,000,000	1,500,000,000	1,700,000,000
Repayment of borrowings	(100,000,000)	(184,615,385)	(284,615,385)
Balance as of December 31, 2018	P 1,200,000,000	P 3,115,384,615	P 4,315,384,615

12. LEASES

The Company has lease contracts for its store outlets and warehouse facilities (see Note 9). These lease contracts include extension and variable lease payments.

12.1 Lease Liability

Lease liability is presented in the statement of financial position as of December 31, 2019 as follows:

Current	P 371,097,743
Non-current	4,571,111,620
	P 4,942,209,363

The movements in the lease liability recognized in the 2019 statement of financial position are as follows:

	Notes	
Balance as of December 31, 2018		P -
Effect of adoption of PFRS 16	2.2(a)(iii)	3,510,740,394
Balance as of January 1, 2019		3,510,740,394
Cash flows from financing activities:		
Additional lease liabilities	9	1,703,227,020
Repayment of lease liabilities		(302,321,645)
Non-cash financing activities – Interest payable		30,563,594
Balance as of December 31, 2019		P 4,942,209,363

During the year, the Company entered in a lease agreement with six-month rent-free period. The Company accrued interest for the six-month rent-free period which is presented as part of Lease Liability in the 2019 statement of financial position.

The use of termination option to certain lease contracts gives the Company added flexibility in the event it has identified more suitable premises in terms of cost and/or location. The future cash outflows to which the Company is potentially exposed to that are not reflected in the measurement of lease liabilities represent the amount of remaining utility bills until clearance from the contract, other damages to the premises, if any, and the security deposits and advance rentals to be forfeited. An option is only exercised when consistent with the Company's business strategy and the economic benefits of exercising such option exceeds the expected overall cost. As of December 31, 2019, the Company has no historical experience of exercising termination option for its existing lease agreements.

As of December 31, 2019, the Company has no commitments for leases entered into which had not commenced.

The undiscounted maturity analysis of lease liabilities at December 31, 2019 is as follows:

	Lease Payments	Finance Charges	Net Present Values
Within 1 year	P 696,417,086	P 325,319,343	P 371,097,743
1 to 2 years	688,491,370	299,999,742	388,491,628
2 to 3 years	677,698,146	273,699,016	403,999,130
3 to 4 years	687,194,175	245,648,456	441,545,719
4 to 5 years	700,490,106	214,611,164	485,878,942
5 to 13 years	3,370,822,363	519,626,162	2,851,196,201
Total	P 6,821,113,246	P 1,878,903,883	P 4,942,209,363

12.2 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P569.5 million in 2019.

The expenses recognized in 2019 are as follows:

	Notes	
Depreciation expense of right-of-use assets	9	P 443,134,370
Interest expense on lease liabilities	15	297,703,409
Variable lease payments	14.2	181,946,728
		P 922,784,507

13. REVENUES

The Company's revenues arise from sale transactions with individual and corporate customers in the Philippines totaling to P12.1 billion, P7.2 billion and P4.9 million in 2019, 2018 and 2017, respectively.

The 2019 disaggregation on revenue recognition whether point in time or over time is shown below.

	Note	Point in time	Over time	Total
Sales	18.4	P 12,060,276,883	P -	P 12,060,276,883
Vendors' support		-	243,675,678	243,675,678
Delivery fees		-	39,951,115	39,951,115
Marketing fees		-	37,403,800	37,403,800
Gondola rental		-	24,666,262	24,666,262
Miscellaneous		6,634,847	-	6,634,847
		P 12,066,911,730	**P 345,696,855**	**P 12,412,608,585**

This compares to the 2018 disaggregation on revenue recognition whether point in time or over time as follows:

	Note	Point in time	Over time	Total
Sales	18.4	P 7,192,220,055	P -	P 7,192,220,055
Vendors' support		-	152,041,998	152,041,998
Delivery fees		-	31,168,980	31,168,980
Marketing fees		-	19,795,509	19,795,509
Gondola rental		-	129,613	129,613
Miscellaneous		6,475,957	-	6,475,957
		P 7,198,696,012	P 203,136,100	P 7,401,832,112

Vendors' support, marketing fees, delivery fees, gondola rental and miscellaneous are presented as Support, Fees, Rental and Other Revenue in the statements of comprehensive income. Miscellaneous income comprise of support received from supplier for store opening and clearance sales.

14. COST AND EXPENSES

14.1 Cost of Merchandise Sold

The details of cost of Merchandise Sold are shown below.

	Note	2019	2018	2017
Inventories at beginning of year	7	**P 2,690,897,676**	P 1,494,289,776	P 1,087,394,667
Purchases during the year		**10,970,217,355**	6,258,492,374	3,978,735,683
Cost of goods available for sale		**13,661,115,031**	7,752,782,150	5,066,130,350
Inventories at end of year	7	**5,208,925,853**	2,690,897,676	1,494,289,776
		P 8,452,189,178	P 5,061,884,474	P 3,571,840,574

14.2 Selling, General and Administrative Expenses

The details of selling, general and administrative expenses by nature are shown below.

	Notes	2019	2018	2017
Depreciation and amortization	9	**P 708,368,766**	P 177,708,409	P 137,217,561
Salaries, wages and employee benefits	16.1	**273,159,416**	165,407,958	140,481,139
Outside services		**250,078,420**	239,367,508	202,104,283
Communications and utilities		**220,261,474**	193,846,026	172,198,029
Rentals	12.2, 21.1	**181,946,728**	450,132,564	400,229,623
Merchant fee		**116,572,848**	71,954,724	24,677,788
Taxes and licenses		**76,625,750**	50,604,363	16,334,921
Advertising and promotions		**67,020,862**	48,973,174	30,618,152
Tranportation expense		**35,416,367**	25,349,084	8,269,434
Office and store supplies		**32,800,768**	25,385,190	14,284,964
Repairs and maintenance		**27,254,417**	24,938,461	18,199,518
Dues and subscription		**17,549,713**	33,514,485	1,404,586
Professional fees		**12,176,991**	4,111,238	3,082,285
Impairment loss	6	**10,961,202**	19,388,772	15,568,064
Representation and entertainment		**10,921,072**	7,860,060	3,147,513
Insurance expense		**7,178,058**	7,344,953	2,442,418
Commission expense		**5,916,021**	4,648,869	-
Miscellaneous		**15,512,312**	14,347,409	7,428,691
		P 2,069,721,185	P 1,564,883,247	P 1,197,688,969

15. FINANCE COSTS

Finance costs include the following:

	Notes		2019		2018		2017
Interest expense from:							
Lease liabilities	12.2	P	**297,703,409**	P	-	P	-
Loans payable	11		**112,057,659**		46,364,729		28,713,753
Retirement benefit obligation	16.2		**2,047,963**		-		-
Others			**251,291**		-		-
		P	**412,060,322**	P	46,364,729	P	28,713,753

16. SALARIES, WAGES AND EMPLOYEE BENEFITS

16.1 Salaries, Wages and Employee Benefits

Expenses recognized for salaries, wages and employee benefits in 2019, 2018 and 2017 are presented below.

	Note		2019		2018		2017
Salaries and wages		**P**	**234,133,808**	P	146,593,591	P	133,915,852
Post-employment benefit			**11,850,357**		-		-
Other employee benefits			**27,175,251**		18,814,367		6,565,287
	14.2	**P**	**273,159,416**	P	165,407,958	P	140,481,139

16.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Company maintains an unfunded, noncontributory post-employment defined benefit plan covering all qualified employees.

The normal retirement age of the Company's employees is at 60 with a minimum of five years of credited service. The compulsory retirement age is at 65 with a minimum of five years of credited service. The normal retirement benefit is equal to 100% of the monthly salary multiplied by every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

The most recent actuarial valuation dated March 18, 2020 was performed by a professionally qualified external actuary.

The movements in the present value of the retirement benefit obligation recognized in the 2019 statement of financial position are as follows:

Balance at beginning of year	P	-
Transferred liability		16,716,248
Current service cost		11,850,357
Interest expense		2,047,963
Actuarial losses arising from experience adjustments		42,709,522
Balance at end of year	P	73,324,090

In 2019, the Company recognized a receivable for the transferred retirement benefit obligation related to the transfer of employees to the Company from a related party under common ownership amounting to P16.7 million and is presented as part of Non-trade receivables under Trade and Other Receivables in the 2019 statement of financial position (see Notes 6 and 18).

The amounts of post-employment benefit recognized in profit or loss in respect of the defined benefit post-employment plan are as follows (see Note 16.1):

Current service cost	P	11,850,357
Interest expense		2,047,963
	P	13,898,320

The interest expense is included as part of Finance Costs under Finance Income (Costs) in the 2019 statement of comprehensive income (see Note 15).

In determining the amount of the retirement benefit obligation, the following significant actuarial assumptions were used for the year ended December 31, 2019:

Discount rate	5.10%
Expected rate of salary increases	7.75%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 31 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

As of December 31, 2018 and 2017, the Company has not obtained an actuarial valuation to determine the balance of post-employment benefit obligation and the amount of retirement benefit expense in accordance with PAS 19 (Revised) and the provisions of RA No. 7641, *The New Retirement Law*, as there were less than 10 employees in 2018 who have been with the Company for a minimum of five years.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Company to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) *Interest Rate Risk*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, and the timing and uncertainty of future cash flows related to the retirement plan as of December 31, 2019 are discussed in the succeeding page.

(i) *Sensitivity Analysis*

	Impact on Retirement Benefit Obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- 1%	(P 9,436,979)	P 11,423,165
Salary growth rate	+/- 1%	11,389,662	(9,601,605)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the 2019 statement of financial position.

(ii) *Funding Arrangements and Expected Contributions*

The plan is currently unfunded by P73.3 million based on the latest actuarial valuation. While there are no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk that the Company may be exposed to if several employees retire within the same year.

The Company has yet to determine when to establish a retirement fund and how much to contribute.

The maturity profile of the undiscounted expected benefit payments as of December 31, 2019 from the plan follows:

Within five years	P 11,712,388
More than five years to 10 years	45,213,346
More than 10 years	904,145,385
	P 961,071,119

Management expects that a substantial portion of the undiscounted expected benefit payments is probable after 10 years from the end of the reporting period. The weighted average duration of the defined benefit obligation at the end of the reporting period is 24 years.

17. INCOME TAXES

The components of tax expense as reported in profit or loss follow:

	2019	2018	2017
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	**P 325,218,635**	P 105,385,831	P 24,072,983
Final tax at 20%	**4,128,296**	329,308	132,674
	329,346,931	105,715,139	24,205,657
Deferred tax expense relating to originating and reversal of other temporary differences	**120,183,392**	113,224,068	23,959,932
	P 449,530,323	P 218,939,207	P 48,165,589
Reported in other comprehensive loss:			
Deferred tax expense relating to originating and reversal of other temporary differences	**P 12,812,856**	P -	P -

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is as follows:

	2019	2018	2017
Tax on pretax profit at 30%	**P 449,783,814**	P 219,103,860	P 48,231,926
Adjustment for income subjected to lower tax rate	**(2,064,148)**	(164,653)	(66,337)
Tax effects of non-deductible expense	**1,810,657**	-	-
Tax expense	**P 449,530,323**	P 218,939,207	P 48,165,589

The Company is subject to the minimum corporate income tax (MCIT) computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher. The Company reported RCIT in 2019, 2018 and 2017 as RCIT was higher than MCIT in those years.

The net deferred tax liabilities as of December 31 relate to the following:

	Statements of Financial Position 2019	Statements of Financial Position 2018	Statements of Comprehensive Income – Profit or Loss 2019	Statements of Comprehensive Income – Profit or Loss 2018	Statements of Comprehensive Income – Profit or Loss 2017	Statements of Comprehensive Income – Other Comprehensive Loss 2019
Deferred tax assets:						
Leases - PFRS 16	P 144,524,858	P -	(P 51,412,896)	P -	P -	P -
Post-employment defined benefit obligation	16,982,353	-	(4,169,496)	-	-	12,812,856
Impairment loss	3,288,361	-	(3,288,361)	-	-	-
	164,795,572	-	(58,870,753)	-	-	12,812,856
Deferred tax liabilities:						
Borrowing costs	(143,148,952)	(82,682,132)	60,466,819	49,876,310	23,959,932	-
Tax depreciation	(147,222,432)	(63,347,758)	83,874,674	63,347,758	-	-
Uncollected income	(34,712,652)	-	34,712,652	-	-	-
	(325,084,036)	(146,029,890)	179,054,145	113,224,068	23,959,932	-
Deferred tax liabilities - net	(P 160,288,464)	(P 146,029,890)				
Deferred tax expense			P 120,183,392	P 113,224,068	P 23,959,932	P 12,812,856

The Company claimed itemized deductions for 2019, 2018 and 2017 in computing for its income tax due.

18. RELATED PARTY TRANSACTIONS

The Company's related parties include its ultimate parent company, parent company, related parties under common ownership, key management personnel and others. The summary of the Company's transactions with its related parties and the related outstanding balances as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017 are discussed below and in the succeeding pages.

	Notes	Amount of Transactions 2019	Amount of Transactions 2018	Amount of Transactions 2017	Outstanding Balances Receivables (Payables) 2019	Outstanding Balances Receivables (Payables) 2018
Parent Company:						
Advances paid (obtained)	18.1	P 498,745,008	(P 537,750,000)	P 20,160,000	-	(P 625,352,292)
Advances granted (collected)	18.2	-	(21,400,000)	6,400,000	-	-
Assignment and offsetting of advances	18.2	126,607,284	-	-	-	-
Sale of merchandise	18.4	297,750	1,864	-	-	1,864
Related Parties Under Common Ownership:						
Lease liability (PFRS 16)	12	4,124,540,460	-	-	4,124,540,460	-
Right-of-use asset (PFRS 16)	9, 12	3,734,180,917	-	-	3,734,180,917	-
Depreciation (PFRS 16)	9, 12	348,843,184	-	-	-	-
Interest (PFRS 16)	12, 15	245,135,841	-	-	-	-
Sale of merchandise	18.4	223,866,256	82,670,577	76,457,488	-	181,670,497
Transferred retirement benefit obligation	6, 16.2	16,716,248	-	-	16,716,248	-
Advances paid (obtained)	18.1	-	150,000,000	(152,000,000)	-	-
Advances granted (collected)	18.2	128,607,284	29,400,000	(6,400,000)	-	133,913,000
Assignment of advances	18.2	(128,607,284)	-	-	-	-
Advances assigned	18.1	2,000,000	-	-	-	(2,000,000)
Rentals	21.1	166,629,474	394,465,381	372,598,795	(21,117,035)	(43,451,237)
Key Management Personnel -						
Compensation	18.5	23,200,000	-	-	-	-

From January 1, 2018, ECL for advances to related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties. Management assessed that the outstanding receivables from related parties as of December 31, 2019 and 2018 are recoverable since these related parties have the capacity to pay the advances upon demand. There were no impairment losses recognized for these receivables from related parties in 2019, 2018 and 2017.

18.1 Advances Obtained

The Company obtains unsecured, noninterest-bearing cash advances from its parent company and related parties under common ownership for its working capital requirements, which are payable in cash on demand. Outstanding payable arising from these transactions are presented as Due to Related Parties in the 2018 statement of financial position.

The details of Due to Related Parties as of December 31, 2018 are as follows:

Parent company	P 625,352,292
Related party under common ownership	2,000,000
	P 627,352,292

In 2019, the Company's payable to a related party under common ownership was assigned to the parent company.

An analysis of the movements in the Due to Related Parties is shown below.

	Note	2019	2018
Balance at beginning of year		**P 627,352,292**	P 239,602,292
Debt-to-equity conversion	19.1	**(1,000,000,000)**	(660,000,000)
Advances obtained during the year		**709,829,951**	1,197,750,000
Advances paid during the year		**(208,574,959)**	(150,000,000)
Offsetting of advances		**(128,607,284)**	-
Balance at end of year		**P -**	P 627,352,292

In 2019, the Company has set-off certain advances payable to the parent company against its receivable from the same related party (see Note 18.2).

In 2019 and 2018, the Company issued additional shares of stock amounting to P1,000.0 million and P660.0 million, which was subscribed and fully paid through the conversion of certain advances from related parties to equity (see Note 19.1).

18.2 Advances Granted

The Company provides unsecured, noninterest-bearing cash advances to its related parties under common ownership for their working capital requirements, which are collectible in cash on demand. Outstanding receivables from these transactions are presented as Due from Related Parties in the 2018 statement of financial position.

Due from Related Parties came from related parties under common ownership and amounts to P133.9 million as of December 31, 2018.

An analysis of the movements in the Due from Related Parties is shown below.

	2019	2018
Balance at beginning of year	**P 133,913,000**	P 125,913,000
Collections during the year	**(341,975,716)**	(22,470,365)
Advances granted during the year	**336,670,000**	30,470,365
Offsetting of advances	**(128,607,284)**	-
Balance at end of year	**P -**	P 133,913,000

In 2019, the Company's receivables from related parties under common ownership amounting to P128.6 million were assigned by the related parties to the parent company. These receivables were subsequently set-off by the Company against its payables to the parent company (see Note 18.1).

18.3 Guarantees of Loans

The Company obtained short-term loans with interests ranging from 7.0% to 9.0% in 2019 and 5.0% and 7.0% in 2018, and long-term loans with interest ranging from 6.25% to 6.69% for additional working capital requirements, and store construction and expansion. The loans are secured by cross suretyship of its ultimate parent company (see Note 11).

18.4 Sale of Merchandise

The Company sells various merchandise items to its related parties with similar transaction price and terms under exact business circumstance with third parties. These transactions are presented as part of Revenues in the statements of comprehensive income (see Note 13). The outstanding receivables from these transactions are presented as part of Trade receivables under Trade and Other Receivables in the statements of financial position (see Note 6).

18.5 Key Management Personnel Compensation

In 2019, the total key management personnel compensation which includes short-term and post-employment benefits amounted to P23.2 million. There is no outstanding balance as of December 31, 2019. The Company has no expenses recognized for key management compensation in 2018 and 2017 since its key management functions were handled by the parent company at no cost to the Company.

19. EQUITY

19.1 Capital Stock

Details of this account are shown below.

	Shares			Amount		
	2019	2018	2017	**2019**	2018	2017
Authorized - par value						
Common – P1.00 par value	**5,900,000,000**	2,000,000,000	2,000,000,000	**P 5,900,000,000**	P 2,000,000,000	P 2,000,000,000
Preferred – P0.10 par value	**1,000,000,000**	-	-	**100,000,000**	-	-
Issued and outstanding:						
Common shares:						
Balance at beginning of year	**2,000,000,000**	1,340,000,000	1,340,000,000	**P 2,000,000,000**	P 1,340,000,000	P 1,340,000,000
Issuance during the year	**1,750,000,002**	660,000,000	-	**1,750,000,002**	660,000,000	-
Balance at end of year	**3,750,000,002**	2,000,000,000	1,340,000,000	**P 3,750,000,002**	P 2,000,000,000	P 1,340,000,000

In 2018, the Company issued additional shares of stock for a total consideration of P660.0 million to existing stockholders. The shares of stock were subscribed and fully paid through the conversion of certain advances from related parties to equity (see Note 18.1). The debt-to-equity conversion was approved by the SEC on December 28, 2018.

On July 8, 2019, the SEC approved the Company's application for the increase of authorized capital stock from P2.0 billion to P6.0 billion divided into 5,900,000,000 common shares with par value of P1.00 per common share and 1,000,000,000 preferred shares with par value of P0.10 per preferred share. On the same date, the Company issued 1,000,000,000 common shares for the payment of certain advances from its parent company that were converted into equity and two common shares for a consideration of P2.00 to independent directors (see Note 18.1).

On October 10, 2019, the Company, by way of a primary offering (IPO), sold 750,000,000 shares of its common stock (Offer Share) at an offer price of P11.50 per Offer Share, and generated proceeds of P7,959.3 million from such IPO, net of IPO expenses amounting to P665.7 million.

As of December 31, 2019, the Company's number of shares registered totaled 3,750,000,002 with par value of P1.00 per share and closed at a price of P11.64. The total number of stockholders is 24 as of December 31, 2019, with the shares held in the name of PCD Nominee Corporation belonging to 137 participants.

19.2 Additional Paid-In Capital

Additional paid-in capital consists of P7,209.3 million from the initial public offering in 2019, net of P665.7 million stock issuance costs incurred such as underwriting fees and commissions, taxes and filing fees (see Note 19.1).

19.3 Dividends Declaration

The Company's BOD approved the declaration of cash dividends amounting to P25.6 million (P1.28 per share) on May 28, 2019, payable to stockholders of record on June 14, 2019. The cash dividends were paid on June 28, 2019. There was no dividend declaration in 2018.

19.4 Revaluation Reserves

In 2019, the Company recognized actuarial losses arising from remeasurement on post-employment defined benefit obligation amounting to P29.9 million which is presented in the 2019 statement of changes in equity under Revaluation Reserves account.

20. EARNINGS PER SHARE

EPS were computed as follows:

		2019		2018		2017
Net profit	**P**	**1,049,749,058**	P	511,406,994	P	112,607,497
Divided by weighted average number of outstanding common shares		**2,687,500,001**		1,340,000,000		1,340,000,000
Basic and diluted EPS	**P**	**0.39**	P	0.38	P	0.08

The Company has no potential dilutive common shares as of December 31, 2019, 2018 and 2017.

21. COMMITMENTS AND CONTINGENCIES

The significant commitments and contingencies involving the Company are presented below.

21.1 Lease Commitments – Company as Lessee

The Company entered into a non-cancellable operating leases with related parties under common ownership and third parties covering its various store outlets and warehouse facilities (see Notes 12 and 18). The future minimum lease payments under these non-cancellable leases as of December 31, 2018 are as shown below.

Within one year	P	543,140,463
After one year but not more than five years		706,698,950
More than five years		493,905,384
	P	1,743,744,797

The total rental expense recognized from variable leases payments amounted to P181.9 million in 2019 while rental expense recognized from operating leases amounted to P450.1 million and P400.2 million in 2018 and 2017, respectively, and are presented as Rentals under Selling, General and Administrative Expenses in the statements of comprehensive income (see Note 14.2).

Variable lease payments expensed on the basis that they are not recognized as a lease liability include rentals based on a certain percentage of revenue. Variable lease payments are expensed in the period they are incurred.

21.2 Legal Claims

The Company is a party to certain case from the normal course of business. The Company and its legal counsel believe that any eventual liabilities under this case will not have a material effect on the financial statements. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the financial statements as of December 31, 2019 and 2018.

21.3 Others

There are other commitments, guarantees and contingent liabilities that may arise in the normal course of operations of the Company which are not reflected in the financial statements. As of December 31, 2019 and 2018, management is of the opinion that losses, if any, from these items will not have any material effect on the Company's financial statements, taken as a whole.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of operational and financial risks in relation to financial instruments. The Company's risk management is coordinated with its parent company, in close cooperation with the Company's BOD.

The Company does not normally engage in the trading of financial assets for speculative purposes nor does it write options. The most significant operational and financial risks to which the Company is exposed to are described below and in the succeeding pages.

22.1 Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. In 2019, 2018 and 2017, the Company is exposed to changes in market interest rates through its cash in banks and short-term placements, which are subject to variable interest rates. However, due to its short-duration, management believes that the interest rate sensitivity and its effect on the net result for the year and equity are not significant (see Note 5).

On the other hand, the Company's long-term bank loans are subject to fixed rates ranging from 6.25% to 6.69% per annum in 2019 and 2018, and 6.25% in 2017 and (see Note 11). Accordingly, management assessed that the Company is not significantly exposed to changes in market interest rates for its bank borrowings in 2019, 2018 and 2017.

22.2 Credit Risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting receivables to customers and related parties, and placing deposits.

The Company continuously monitors defaults of other counterparties, identified individually, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below.

	Notes	**2019**	2018
Cash and cash equivalents	5	**P 2,342,992,013**	P 298,492,381
Trade and other receivables	6	**269,259,418**	1,192,335,003
Due from related parties	18	**-**	133,913,000
		P 2,612,251,431	P 1,624,740,384

Except for cash in banks, none of the Company's financial assets are secured by collateral or other credit enhancements.

(a) Cash

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The expected loss rates are based on the payment and aging profiles over a period of 5 years before December 31, 2019 and 2018, respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the Philippine gross domestic product in 2019 was the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Company identifies a default when the receivables become credit-impaired or when the customer is not able to settle the receivables within the normal credit terms of 30 to 60 days, depending on the terms with customers; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

On that basis, the loss allowance as of December 31, 2019 was determined based on months past due, for trade receivables, excluding advances to officers and employees, as follows:

	Within in 1 year	**1 to 2 years**	**2 to 3 years**	**More than 3 years**	**Total**
Expected loss rate	19.42%	21.74%	32.06%	49.93%	
Gross carrying amount	P 111,066,269	P 23,810,304	P 3,731,892	P 9,187,067	P 147,795,532
Loss allowance	**-**	**5,177,072**	**1,196,583**	**4,587,547**	**10,961,202**

There were no loss allowances as of December 31, 2018.

(c) Due from Related Parties

ECL for advances to related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties. Management assessed that the outstanding receivables from related parties as of December 31, 2019 and 2018 are recoverable since these related parties have the capacity to pay the advances upon demand. Accordingly, no impairment losses were recognized as of the end of the reporting periods.

22.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 30-day periods. Excess cash are invested in short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As of December 31, 2019, the Company's financial liabilities have contractual maturities which are summarized below.

	Notes	Current: Upon demand/ Within Six Months	Current: Six to 12 Months	Non-current: One to Three Years	Non-current: Later than Three Years
Trade and other payables	10	P 1,955,788,449	P -	P -	P -
Lease liabilities	12	348,820,305	347,596,782	1,234,036,478	3,337,075,143
		P 2,304,608,754	**P 347,596,782**	**P 1,234,036,478**	**P 3,337,075,143**

This compares to the contractual maturities of the Company's financial liabilities as of December 31, 2018 as follows:

	Notes	Current: Upon demand/ Within Six Months	Current: Six to 12 Months	Non-current: One to Three Years	Non-current: Later than Three Years
Trade and other payables	10	P 343,651,438	P 13,122,281	P -	P -
Loans and borrowings	11	839,137,959	839,137,959	2,269,230,769	846,153,836
Due to related parties	18	627,352,292	-	-	-
		P 1,810,141,689	P 852,260,240	P 2,269,230,769	P 846,153,836

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the end of the reporting periods.

23. CATEGORIES AND FAIR VALUE MEASUREMENTS

23.1 Carrying Amounts and Fair Values Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are as follows:

	Notes	December 31, 2019: Carrying Amounts	December 31, 2019: Fair Values	December 31, 2018: Carrying Amounts	December 31, 2018: Fair Values
Financial assets:					
At amortized cost:					
Cash and cash equivalents	5	**P 2,342,992,013**	**P 2,342,992,013**	P 298,492,381	P 298,492,381
Trade and other receivables	6	**269,259,418**	**269,259,418**	1,192,335,003	1,192,335,003
Due from related parties	18	**-**	**-**	133,913,000	133,913,000
		P 2,612,251,431	**P 2,612,251,431**	P 1,624,740,384	P 1,624,740,384
Financial liabilities:					
Financial liabilities at amortized cost:					
Trade and other payables	10	**P 1,955,788,449**	**P 1,955,788,449**	P 356,773,719	P 356,773,719
Lease liability	12	**4,942,209,363**	**4,942,209,363**	-	-
Loans payable	11	**-**	**-**	4,315,384,615	4,793,660,523
Due to related party	18	**-**	**-**	627,352,292	627,352,292
		P 6,897,997,812	**P 6,897,997,812**	P 5,299,510,626	P 5,777,786,534

Management considers that the carrying values of the above financial assets and financial liabilities, measured at amortized costs, approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material.

See Note 2.3 and 2.7 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 22.

23.2 Offsetting of Financial Assets and Financial Liabilities

The Company's financial assets and financial liabilities with net amounts presented in the statements of financial position as of December 31, 2019 are subject to offsetting are as follows:

	Gross Amount Recognized	Amount Set-off	Amount of Cash Received (Paid)	Net Amount Presented
Financial Asset –				
Due from related parties	P 470,583,000	(P 128,607,284)	(P 341,975,716)	P -
Financial Liability –				
Due to related parties	P 1,337,182,243	(P 128,607,284)	(P 1,208,574,959)	P -

There were no offsetting of financial assets and financial liabilities for the year ended December 31, 2018.

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Company and counterparties (i.e. related parties including parent company and companies under common ownership) allows for the net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

23.3 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

There are no financial assets and financial liabilities measured at fair value as of December 31, 2019 and 2018. Neither was there transfers among fair value levels in those years.

23.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed (see Note 23.1).

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Financial assets:				
Cash and cash equivalents	P 2,342,992,013	P -	P -	P 2,342,992,013
Trade receivables	-	-	269,259,418	269,259,418
	P 2,342,992,013	**P -**	**P 269,259,418**	**P 2,612,251,431**
Financial liabilities:				
Trade and other payables	P -	P -	P 1,955,788,449	P 1,955,788,449
Lease liabilities	-	-	4,942,209,363	4,942,209,363
	P -	**P -**	**P 6,897,997,812**	**P 6,897,997,812**
December 31, 2018				
Financial assets:				
Cash and cash equivalents	P 298,492,381	P -	P -	P 298,492,381
Trade and other receivables	-	-	1,192,335,003	1,192,335,003
Due from related parties	-	-	133,913,000	133,913,000
	P 298,492,381	P -	P 1,326,248,003	P 1,624,740,384
Financial liabilities:				
Trade and other payables	P -	P -	P 356,773,719	P 356,773,719
Loans and borrowings	-	-	4,315,384,615	4,315,384,615
Due to related parties	-	-	627,352,292	627,352,292
	P -	P -	P 5,299,510,626	P 5,299,510,626

24. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure the Company's ability to continue as a going concern entity. Essentially, the Company, in coordination with its parent company, monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

The Company manages the capital structure and makes adjustments to consider changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2019	2018	2017
Total liabilities	**P 7,270,207,745**	P 5,536,827,107	P 3,673,089,566
Total equity	**12,414,922,778**	2,678,603,864	1,507,196,870
Debt-to-equity ratio	**0.59 : 1.00**	2.07 : 1.00	2.44 : 1.00

The Company monitors capital on the debt-to-equity ratio on its covenants with certain financial institutions. The Company has properly complied with the loans' covenants as of December 31, 2018. There was no outstanding loan as of December 31, 2019.

25. EVENT AFTER THE END OF THE REPORTING PERIOD

On March 11, 2020, the World Health Organization has declared the coronavirus disease 2019 (COVID-19) outbreak to be a global pandemic. COVID-19 started to become widespread in the Philippines in early March 2020 causing the government to declare the country in a state of public health emergency followed by implementation of enhanced community quarantine within Luzon in order to contain the spread of COVID-19. This resulted to travel restrictions affecting supply chain and temporary suspension of business operations.

Management has determined that these events are non-adjusting subsequent events. Accordingly, such subsequent events had no impact on the Company's financial statements as of and for the year ended December 31, 2019.

While the disruption in supply chain and business operations is currently expected to be temporary, management acknowledges the risks on the Company's economic condition and business activities. In addition, the Company is exposed to the risk of potential impact on its inventory levels, decline in foot traffic on stores and potential impact on new store roll-out for the year. On the other hand, the Company's debut on the stock market in 2019 gave added financial security to raise capital to fund its needed inventories for its new stores. Also, the Company has taken specific measures to mitigate the risks brought about by the COVID-19 pandemic. However, the severity of potential impact from these risks will depend on certain factors, including the duration of the enhanced community quarantine, the effect of COVID-19 pandemic to the Company's customers, suppliers and employees, and the effectiveness of government support programs to its citizens, among others. All these factors are uncertain and cannot be estimated as of the date of the issuance of the Company's financial statements. Accordingly, management is not able to reliably estimate the impact of COVID-19 pandemic on the Company's financial position and results of operation as of and for the year ended December 31, 2019.

26. OTHER INFORMATION REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION

RA No. 11232, *An Act Providing for the Revised Corporation Code of the Philippines* (the Revised Corporation Code) took effect on March 8, 2019. The new provisions of the Revised Corporation Code or any amendments thereof have no significant impact to the Company's financial statements.

27. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

Presented below and in the succeeding pages is the supplementary information which is required by the BIR under Revenue Regulations (RR) No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and licenses fees paid or accrued during the taxable year required under RR No. 15-2010 are as follows:

(a) Output VAT

In 2019, the Company declared output VAT as follows:

	Tax Base	Output VAT
Sale of merchandise	P 12,060,276,883	P 1,447,233,226
Other income:		
Vendors' support	243,675,678	29,241,081
Marketing fees	37,403,800	4,488,456
Delivery fees	39,951,115	4,794,134
Gondola rental	24,666,262	2,959,951
Miscellaneous	6,634,847	796,182
	P 12,412,608,585	P 1,489,513,030

The tax bases are included as part of Revenues and Other Income in the 2019 statement of comprehensive income.

(b) Input VAT

The movements in input VAT in 2019 are summarized below.

Balance at beginning of year	P -
Goods for resale/manufacture or further processing	909,796,703
Services lodged under other accounts	207,503,931
Capital goods subject to amortization	204,137,248
Capital goods not subject to amortization	1,202,795
Applied against output VAT	(1,322,640,677)
Balance at end of year	P -

(c) Excise Tax

The Company did not have any transaction in 2019 which is subject to excise tax.

(d) *Documentary Stamp Tax (DST)*

DST relating to the issuance of shares of stock amounting to P13.8 million is presented as part of Taxes and licenses under Selling, General and Administrative Expenses in the 2019 statement of comprehensive income.

(e) *Taxes and Licenses*

The details of taxes and licenses account in 2019 are shown below.

Municipal license and permits	P	62,787,996
DST		13,807,202
Registration fees		30,552
	P	76,625,750

The amount of taxes and licenses are presented as part of Selling, General and Administrative Expenses in the 2019 statement of comprehensive income.

(f) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2019 are shown below.

Expanded	P	101,379,605
Compensation and benefits		13,000,777
	P	114,380,382

The Company does not have any transactions subject to final withholding taxes.

(g) *Deficiency Tax Assessments*

In 2019, the Company paid deficiency taxes on DST, business tax, income tax and others amounting to P2.65 million, P1.83 million, P1.62 million and P0.14 million which are presented as part of Miscellaneous under Selling, General and Administrative Expenses in the 2019 statement of comprehensive income.

As of December 31, 2019, the Company does not have any other final deficiency tax assessments from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

P&A Grant Thornton
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Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 22 88

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

The Board of Directors
AllHome Corp.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daang Hari, Almanza II
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllHome Corp. (the Company) for the year ended December 31, 2019, on which we have rendered our report dated May 27, 2020. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Company's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8116543, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

May 27, 2020

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
List of Supplementary Information
December 31, 2019

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2019
(Amounts in Philippine Pesos)

Name and Designation of Debtor	Balance at Beginning of the Period	Additions	Deductions			Ending Balance		Balance at End of the Period
		Amounts Granted	Amounts Collected	Amounts Written-off	Amounts Assigned	Current	Not Current	
Advances to officers and employees	P 4,051,394	P 6,472,151	(P 3,043,535)	P -	P -	P 7,480,010	P -	P 7,480,010
Advances to related parties								
AllDay Retail Concepts, Inc.	97,942,635	133,000,000	(157,525,680)	-	(73,416,955)	-	-	-
The Village Server, Inc.	31,450,036	40,000,000	(71,450,036)	-	-	-	-	-
Family Shoppers Unlimited, Inc.	4,520,329	113,000,000	(113,000,000)	-	(4,520,329)	-	-	-
CMStar Management, Inc.	-	50,670,000	-	-	(50,670,000)	-	-	-
TOTAL	**P 137,964,394**	**P 343,142,151**	**(P 345,019,251)**	P -	**(P 128,607,284)**	**P 7,480,010**	P -	**P 7,480,010**

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ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2019
(Amounts in Philippine Pesos)

Name of Related Party	Balance at Beginning of the Period	Balance at End of the Period
AllValue Holdings Corp.	P 625,352,292	P -
Golden Bria Holdings, Inc.	2,000,000	-
TOTAL	**P 627,352,292**	**P -**

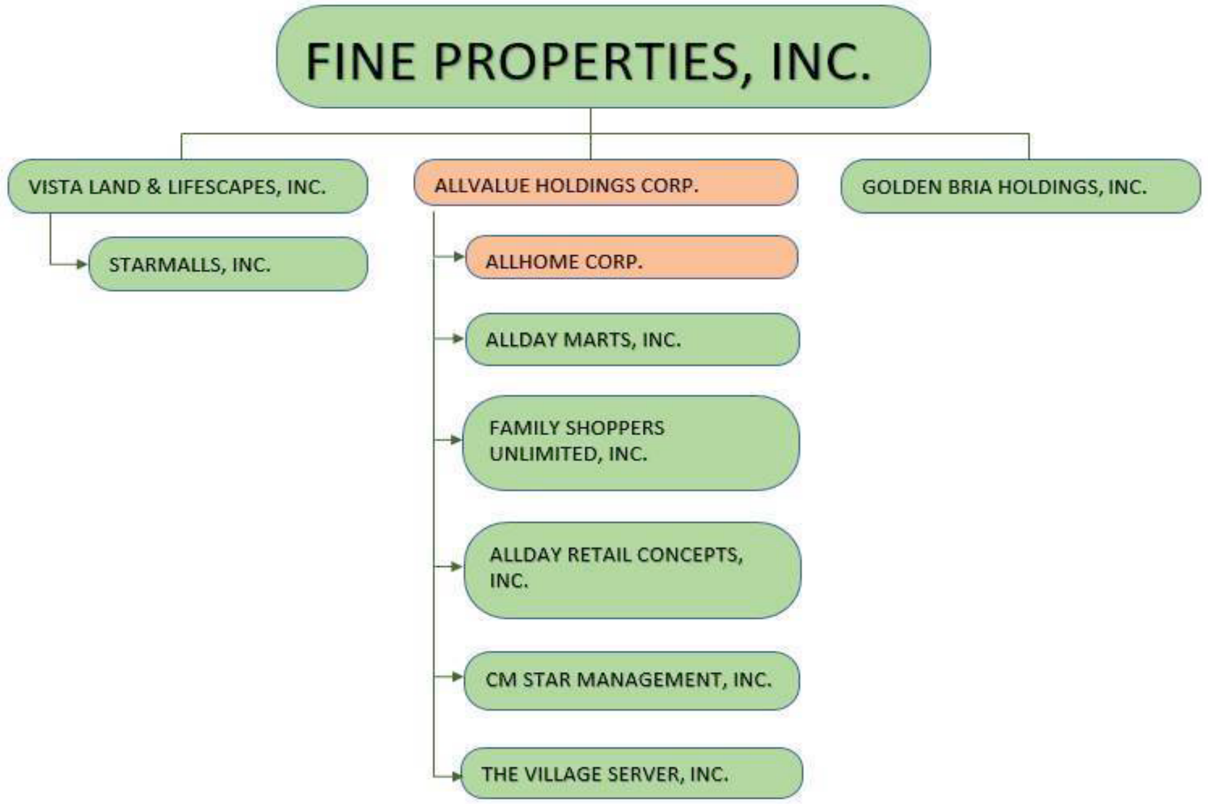
ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2019

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common Shares at P1.00 par value	5,900,000,000	3,750,000,002	-	2,540,108,000	502	1,209,891,500
Preferred Shares at P0.10 par value	1,000,000,000	-	-	-	-	-

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B, Evia Lifestyle Centre
Almanza II, Las Piñas City
Reconciliation of Retained Earnings Available for Dividend Declaration
As of December 31, 2019

Unappropriated Retained Earnings Available at Beginning of the Period		
As previously reported	P	678,603,864
Effect of adoption of PFRS 16	(	217,261,244)
As restated		461,342,620
Net profit per audited financial statements		1,049,749,058
Less: Non-actual/unrealized income		
Deferred tax income related to deferred tax assets recognized in profit or loss during the period	(	58,870,753)
Dividend Declarations During the Period	(	25,570,350)
Unappropriated Retained Earnings Available for Dividend Declaration at End of the Period	**P**	**1,426,650,575**

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SHOWING THE RELATIONSHIPS BETWEEN AND AMONG COMPANIES IN THE GROUP
ULTIMATE PARENT COMPANY AND PARENT COMPANY



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Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 22 88

The Board of Directors and the Stockholders
AllHome Corp.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daang Hari, Almanza II
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllHome Corp. (the Company) for the years ended December 31, 2019 and 2018, on which we have rendered our report dated May 27, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as of December 31, 2019 and 2018 and for each of the two years in the period ended December 31, 2019 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8116543, January 2, 2020, Makati City
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

May 27, 2020

ALLHOME CORP.
Supplemental Schedule of Financial Soundness Indicators
December 31, 2019 and 2018

Ratio	Formula	2019	Formula	2018
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P 8,124,449,069 Divide by: Total Current Liabilities 2,465,483,571 Current ratio 3.30	3.30	Total Current Assets divided by Total Current Liabilities Total Current Assets P 4,973,802,366 Divide by: Total Current Liabilities 2,752,335,679 Current ratio 1.81	1.81
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 8,124,449,069 Less: Inventories (5,208,925,853) Other Current Assets (295,791,775) Quick Assets 2,619,731,441 Divide by: Total Current Liabilities 2,465,483,571 Acid test ratio 1.06	1.06	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 4,973,802,366 Less: Inventories (2,690,897,676) Other Current Assets (654,112,912) Quick Assets 1,628,791,778 Divide by: Total Current Liabilities 2,752,335,679 Acid test ratio 0.59	0.59
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities P 7,270,207,745 Divide by: Total Assets 19,685,130,523 Solvency ratio 0.37	0.37	Total Liabilities divided by Total Assets Total Liabilities P 5,536,827,107 Divide by: Total Assets 8,215,430,971 Solvency ratio 0.67	0.67
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities P 7,270,207,745 Divide by: Total Equity 12,414,922,778 Debt-to-equity ratio 0.59	0.59	Total Liabilities divided by Total Equity Total Liabilities P 5,536,827,107 Divide by: Total Equity 2,678,603,864 Debt-to-equity ratio 2.07	2.07
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets P 19,685,130,523 Divide by: Total Equity 12,414,922,778 Assets-to-equity ratio 1.59	1.59	Total Assets divided by Total Equity Total Assets P 8,215,430,971 Divide by: Total Equity 2,678,603,864 Assets-to-equity ratio 3.07	3.07
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 1,890,446,931 Divide by: Interest expense 411,809,031 Interest rate coverage ratio 4.59	4.59	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 775,064,391 Divide by: Interest expense 46,364,729 Interest rate coverage ratio 16.72	16.72
Return on equity	Net Profit divided by Total Equity Net Profit P 1,049,749,058 Divide by: Total Equity 12,414,922,778 Return on equity 0.08	0.08	Net Profit divided by Total Equity Net Profit P 511,406,994 Divide by: Total Equity 2,678,603,864 Return on equity 0.19	0.19
Return on assets	Net Profit divided by Total Assets Net Profit P 1,049,749,058 Divide by: Total Assets 19,685,130,523 Return on assets 0.05	0.05	Net Profit divided by Total Assets Net Profit P 511,406,994 Divide by: Total Assets 8,215,430,971 Return on assets 0.06	0.06
Net profit margin	Net Profit divided by Total Revenue Net Profit P 1,049,749,058 Divide by: Total Revenue 12,060,276,883 Net profit margin 0.09	0.09	Net Profit divided by Total Revenue Net Profit P 511,406,994 Divide by: Total Revenue 7,192,220,055 Net profit margin 0.07	0.07

INSTITUTIONAL INVESTOR INQUIRIES

3rd Level AllHome Office,
Starmall Alabang, Muntinlupa City
Philippines
Tel No. +63 2 8800-1199
Mobile No. +63 9190815302
Email robirose.abbot@allhome.ph
ir@allhome.ph
Website **allhome.com.ph**

SHAREHOLDER SERVICES AND ASSITANCE

For inquiries and assistance regarding dividend payments, change of address and account status, lostor damaged stock certificates, please write or call:

Philippine National Bank- Trust and Banking Group
3rd Floor, PNB Financial Center,
Diosdado Macapagal Blvd.,
Pasay City

Tel No. +63 2 8526-3131 loc. 2307