June 30, 2020

PHILIPPINE STOCK EXCHANGE
9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Janet A. Encarnacion
Head - Disclosure Department

Subject: AllHome Corp.: **Definitive Information Statement**

Gentlemen:

Please see attached SEC Form 20-IS, Revised Definitive Information Statement, filed today for the Company's Annual Stockholders' Meeting on July 22, 2020.

Thank you.

Very truly yours,

Frances Rosalie T. Coloma
Chief Financial Officer

COVER SHEET

C	S	2	0	1	3	1	0	1	7	9

S.E.C. Registration Number

A	L	L	H	O	M	E		C	O	R	P	.												

(Company's Full Name)

L	O	W	E	R		G	R	O	U	N	D		F	L	O	O	R	,						
B	U	I	L	D	I	N	G			B	,		E	V	I	A								
L	I	F	E	S	T	Y	L	E		C	E	N	T	E	R	,		V	I	S	T	A		
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I	I		L	A	S		P	I	Ñ	A	S		C	I	T	Y								

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

Frances Rosalie T. Coloma
Contact Person

8880-1199
Registrant Telephone Number

1	2		3	1

Month *Day*
Calendar Year

20-IS Definitive Information Statement
FORM TYPE

0	7		2	2

Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

CERTIFICATION

ALLHOME CORP. (the "Company") hereby certifies that except for Ms. Camille A. Villar, none of the directors and officers of the Company named in the Information Statement for the Annual Meeting of its shareholders for the year 2020 works in the government as of the date hereof.

Ms. Villar is currently a duly elected Congresswoman, representing Las Piñas City. She is not disqualified from being, and does not require any consent or approval to serve as, a director of the Company on account of her said position.

Issued this 25th day of June 2020.

ALLHOME CORP.

By:

JO MARIE LAZARO LIM

Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Laura Suarez Acuzar**, Filipino, of legal age and a resident of **No. 141 Washington St., Merville, Paranaque City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **AllHome Corp.** and have been its independent director since July 8, 2019.

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

Company/ Organization	Position/ Relationship	Period of Service
UST College of Accountancy Foundation, Inc.	Board Member	2005 up to the present
Community & Family Services International Inc.	Board Member & Audit Committee Member	2002 up to the present
SGV& Co.	Audit and Business Advisory Partner	1986 to 2001

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **AllHome Corp.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding

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

6. I shall inform the corporate secretary of **AllHome Corp.** of any changes in the abovementioned information within five days from its occurrence.

Done, this JUN 25 2020 at MANDALUYONG CITY

LAURA SUAREZ ACUZAR
Affiant

SUBSCRIBED AND SWORN to before me this JUN 25 2020 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me her valid Driver's License ID No. N15-81-039013, expiring on 19 October 2023.

Doc. No. 243
Page No. 57
Book No. V
Series of 2020.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2020
ROLL No. 53511
IBP Lifetime Member No. 018538
PTR No. 4334283 / 06 Jan. 2020 / Mandaluyong City
MCLE Compliance No. VI-0026080 issued dated 23 May 2019
Notarial Commission Appointment No. 0314-19
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Jessie D. Cabaluna**, Filipino, of legal age and a resident of **No. 87 Molave Avenue, Merville, Paranaque City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **AllHome Corp.** and have been its independent director since July 8, 2019.

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

Company/ Organization	Position/ Relationship	Period of Service
SGV & Co.	Partner	1997-2018

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **AllHome Corp.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding

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

6. I shall inform the corporate secretary of **AllHome Corp.** of any changes in the abovementioned information within five days from its occurrence.

Done, this JUN 25 2020 at MANDALUYONG CITY.

JESSIE D. CABALUNA
Affiant

SUBSCRIBED AND SWORN to before me this JUN 25 2020 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me her valid PRC ID No. 0036317, expiring on 23 February 2022.

Doc. No. 282
Page No. 58
Book No. V
Series of 2020.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2020
ROLL No. 53511
IBP Lifetime Member No. 018538
PTR No. 4334283 / 06 Jan. 2020 / Mandaluyong City
MCLE Compliance No. VI-0026080 issued dated 23 May 2019
Notarial Commission Appointment No. 0314-19
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the annual meeting of stockholders of ALLHOME CORP. (the "**Company**" or "**HOME**") for the year 2020 will be held online on **July 22, 2020**, **Wednesday** at **10:00 a.m.** with the proceedings livestreamed and voting conducted in absentia through the Company's secure voting online facility which may be accessed through the Company's website for the 2020 AGM: **www.allhome.com.ph/asm2020**.

The order of business thereat as follows:

I. Call to order
II. Certification of service of notice and presence of quorum
III. Approval of the minutes of the last Annual Meeting of Stockholders held on May 17, 2019
IV. Presentation of the President's Report, Management Report and Audited Financial Statements for the year 2019
V. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting
VI. Election of the members of the Board of Directors, including the Independent Directors, for the year 2020
VII. Appointment of External Directors
VIII. Other Matters
IX. Adjournment

The Board of Directors has fixed 11 June 2020 as the record date for the determination of stockholders entitled to notice of, and to vote at, said Annual Stockholders' Meeting.

In light of the current circumstances, and to ensure the safety and welfare of the Company's stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and voting only in absentia or by appointing the Chairman of the meeting as their proxy.

Stockholders who intend to participate in the meeting via remote communication and to exercise their vote in absentia must notify the Corporate Secretary by registering *in absentia* on or before July 15, 2020. All information submitted will be subject to verification and validation by the Corporate Secretary.

Stockholders who intend to appoint a proxy should submit duly accomplished proxy forms on or before July 15, 2020 at the Office of the Corporate Secretary at **Upper Ground Floor, Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City** and/or by email to **jomarie.lazaro@allhome.ph**

The procedures for participating in the meeting through remote communication and for casting of votes in absentia are set forth in the Information Statement.

JO MARIE LAZARO LIM
Corporate Secretary

AGENDA DETAILS AND RATIONALE

1. Certification of Notice and Quorum

The Corporate Secretary, Atty. Jo Marie Lazaro Lim, will certify that copies of the Notice of Meeting were duly published in the business section of two (2) newspapers of general circulation, and will certify the number of shares represented in the meeting, for the purpose of determining the existence of quorum to validly transact business.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

(i) Stockholders may attend the meeting remotely through **www.allhome.com.ph/asm2020** (the "Website"). Stockholders may send their questions or comments prior to the meeting by e-mail at **ir@allhome.ph**. The Website shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office within a reasonable period after the meeting.

(ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must notify the Company of their intention to participate in the meeting by remote communication to be included in determining quorum, together with the stockholders who voted in absentia and by proxy.

(iv) Voting shall only be allowed for stockholders registered in the Company's Electronic Voting in Absentia System provided in the Company's website for the 2020 or through the Chairman of the meeting as proxy

(v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.

(vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

(vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

2. Approval of the minutes of the last Annual Meeting of Stockholders held on May 17, 2019

The minutes of the last Annual Meeting of Stockholders held on May 17, 2019 will be presented for approval by the stockholders, in keeping with Section 49(a) of the Revised Corporation Code.

A copy of such minutes has been uploaded on the Company's website

3. President's Report, Management Report and Audited Financial Statements as of and for the year ended December 31, 2019

The audited financial statements ("AFS") of the Company as of and for the year ended December 31, 2019 (as audited by Punongbayan & Araullo), a copy of which is incorporated in the Definitive Information Statement for this meeting, will be presented for approval by the stockholders. The President and CEO of the Company, Ms. Benjamarie Therese N. Serrano, will deliver a report to the stockholders on the Company's performance for the year 2019 (which will include highlights from the AFS) and the outlook for 2020.

The Board and Management of the Company believe it is in keeping with the Company's thrust to at all times observe best corporate governance practices, that the results of operations and financial condition of the Company be presented and explained to the shareholders. Any comment from the shareholders, and their approval or disapproval of these reports, will provide guidance to the Board and Management in their running of the business and affairs of the Company.

4. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting

Ratification by the stockholders will be sought for all the acts and resolutions of the Board of Directors and all the acts of Management taken or adopted from the date of the last annual stockholders' meeting until the date of this meeting. A brief summary of these resolutions and actions is set forth in the Definitive Information Statement for this meeting. Copies of the minutes of the meetings of the Board of Directors are available for inspection by any shareholder at the offices of the Company during business hours.

The Board and Management of the Company believe it is in keeping with the Company's thrust to at all times observe best corporate governance practices, that ratification of their acts and resolutions be requested from the shareholders in this annual meeting. Such ratification will be a confirmation that the shareholders approve the manner that the Board and Management run the business and affairs of the Company.

5. Election of the members of the Board of Directors, including the Independent Directors, for the year 2020

The Corporate Secretary will present the names of the persons who have been duly nominated for election as directors of the Company in accordance with the By-Laws and Revised Manual on Corporate Governance of the Company and applicable laws and regulations. The voting procedure is set forth in the Definitive Information Statement for this meeting.

6. Appointment of External Auditors

The Audit Committee is endorsing to the stockholders the re-appointment of Punongbayan & Araullo ("P&A") as external auditor of the Company for the fiscal year 2020.

PROXY

[NOTE: Stockholders who would like to be represented thereat by a proxy may choose to execute and send a proxy form to the Office of the Corporate Secretary, Atty. Jo Marie Lazaro-Lim at Upper Ground Floor, Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City on or before 15 July 2020. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to jomarie.lazaro@allhome.ph]

The undersigned stockholder of ALLHOME CORP. (the "Company") hereby appoints ___________________________________ or in his absence, the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote ______________ shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company on 15 July 2020 at 10:00 a.m. and at any adjournment thereof for the purpose of acting on the following matters:

1. Approval of the Audited Financial Statements for the period ended 31 December 2019

   ☐ Yes ☐ No ☐ Abstain

2. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2019 until date of the meeting

   ☐ Yes ☐ No ☐ Abstain

3. Election of the members of the Board of Directors, including the Independent Directors, for the year 2020

Name	**No. of votes**
Manuel B. Villar Jr.	___________
Camille A. Villar	___________
Manuel Paolo A. Villar	___________
Benjamarie Therese N. Serrano	___________
Frances Rosalie T. Coloma	___________
Laura Suarez Acuzar	___________
Jessie D. Cabaluna	___________

4. Appointment of Punongbayan & Araullo ("P&A") as external auditor

   ☐ Yes ☐ No ☐ Abstain

____
Printed name of Stockholder

____
Signature of Stockholder / Authorized representative

____
Date

This proxy should be received by the Corporate Secretary on or before July 15, 2020, the deadline for submission of proxies.

This proxy when properly executed will be voted in the manner as directed herein by the stockholder(s), If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

Notarization of this proxy is not required.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter: **ALLHOME CORP.**

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

4. SEC Identification Number **CS201310179**

5. BIR Tax Identification Code **008-541-952-000**

6. **Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City** — **1747**
   Address of principal office — Postal Code

7. Registrant's telephone number, including area code **(632) 8571-5948**

8. Date, time and place of the meeting of security holders
   22 July 2020, 10:00 a.m. (via Remote Communication)

9. Approximate date on which the Information Statement is first to be sent or given to security holders
   11 June 2020

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common stock	**3,750,000,002 shares**

11. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes [**x**]   No [ ]

    Name of Stock Exchange: **Philippine Stock Exchange**
    Class of securities listed: **Common Stocks**

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

PART I

INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

Date: July 22, 2020
Time: 10:00 a.m.
Place: N/A via Remote Communication

The corporate mailing address of the principal office of the Registrant is Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City, Philippines.

This Information Statement may be accessed by the Company's stockholders beginning July 1, 2020 at the Company's website, www.allhome.com.ph.

Dissenters' Right of Appraisal

Under Section 80, Title X, of the Revised Corporation Code of the Philippines ("Corporation Code").

Any stockholder of the Registrant shall have the right to dissent and demand payment of the fair value of his shares only in the following instances, as provided by the Corporation Code:

(1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
(2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
(3) In case of merger or consolidation; and
(4) In case of investments in another corporation, business or purpose.

The appraisal right, when available, may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares; Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

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

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

None of the officers or directors or any of their associates has any substantial interest, direct or indirect, in any of the matters to be acted upon in the stockholders' meeting.

No director has informed the Registrant in writing that he intends to oppose any action to be taken at the meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) Number of shares outstanding as of 30 April 2020

Common: 3,750,000,002

(b) Record Date: 11 June 2020

Each common share of stock of the Registrant is entitled to one (1) vote. Pursuant to Article IV, Section 4 of the Registrant's By-Laws, all stockholders of the corporation shall have the right to participate and vote during meetings of the stockholders, including the Annual Stockholders' Meeting, either in person or by proxy executed in writing by the stockholder or his duly authorized attorney-in-fact.

Stockholders entitled to vote are also entitled to cumulative voting in the election of directors. Section 24 of the Corporation Code provides, in part, that: "….in stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the corporation, or where the by-laws are silent, at the time of the election; and said stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit…."

Equity Ownership of Foreign and Local Shareholders

Foreign and local security ownership as of April 30, 2020:

Class	Filipino		Foreign		Total Shares Outstanding
	Shares	Percent of Class	Shares	Percent of Class	
Common	3,246,969,802	86.59%	503,030,200	13.41%	3,750,000,002
Total	**3,246,969,802**		**503,030,200**		**3,750,000,002**

Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain record and beneficial owners of more than 5.0% of the Registrant's voting securities as of April 30, 2020:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Common Shares	AllValue Holdings Corp. LGF Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	1,083,858,500	28.90%
Common Shares	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6776 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	AllValue Holdings Corp./Record Owner is not the beneficial Owner	Filipino	1,456,249,500[1]	38.84%
Common Shares	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6776 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Filipino	2,162,969,200	18.85%
Common Shares	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6776 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Non-Filipino	502,980,200	13.41%

[1] Shares lodged through PCD Nominee (Filipino)

Security ownership of management as of April 30, 2020:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	2,540,108,000[1] – Indirect	Filipino	67.74%%
Common Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	100 – Direct	Filipino	0.00%
Common Shares	Manuel Paolo A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	100 – Direct	Filipino	0.00%
Common Shares	Camille A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	100 – Direct	Filipino	0.00%
Common Shares	Benjamarie Therese N. Serrano 103 Parklane St., La Marea Subdivision, San Pedro Laguna	100 – Direct	Filipino	0.00%
Common Shares	Frances Rosalie T. Coloma 1-10 Granwood Villas, BF Homes Quezon City	100 – Direct	Filipino	0.00%
Common Shares	Laura Suarez A. Acuzar 141 Washington St., Merville Subdivision Paranaque City	1 – Direct	Filipino	0.00%
Common Shares	Jessie D. Cabaluna 87 Molave Ave., Molave Park Merville, Paranaque City	1 – Direct	Filipino	0.00%
TOTAL		**2,540,108,502**		**67.74%**

[1] *Includes 1,083,858, 500 shares held through AllValue Holdings Corp. and 1,456,249,500 lodged through PCD Nominee (Filipino)*

Except as indicated in the above table, none of the above-listed officers and management indirectly own shares of the Registrant. Except as aforementioned, no other officers of the Registrant hold, directly or indirectly, shares in the Registrant.

Based on the total issued and outstanding capital stocks as of April 30, 2020 of 3,750,000,002 common shares.
Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders of AllValue Holdings Corp. The right to vote the shares held by AllValue Holdings Corp. in this annual meeting is expected to be, exercised by Mr. Villar.
PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Depository & Trust Corporation, a private company organized to implement an automated book entry system of handling securities transactions in the Philippines (PCD). Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients. Except as indicated above, as of Record Date, the Company is not aware of any investor beneficially owning shares lodged with the PCD which comprise more than five percent (5%) of the Company's total outstanding capital stock.

Voting Trust Holders of 5.0% or More

As of April 30, 2020, there were no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

Changes in Control

The Registrant is not aware of any voting trust agreements or any other similar agreements which may result in a change in control of the Registrant. No change in control of the Registrant has occurred since the beginning of its last fiscal year.

Directors and Executive Officers of the Registrant

Term of Office

Each director holds office until the annual meeting of stockholders held next after his election and his successor shall have been elected and qualified, except in case of death, resignation, disqualification or removal from office. The term of office of the officers is coterminous with that of directors that elected or appointed them.

Background Information

The following are the names, ages and citizenship of the incumbent directors/independent directors and officers of the Registrant:

NAME	AGE	POSITION	CITIZENSHIP
Manuel B. Villar Jr.	70	Chairman	Filipino
Camille A. Villar	35	Vice Chairman	Filipino
Benjamarie Therese N. Serrano	57	Director, President & Chief Executive Officer	Filipino
Frances Rosalie T. Coloma	57	Director & Chief Financial Officer	Filipino
Manuel Paolo A. Villar	43	Director	Filipino

Laura Suarez A. Acuzar	70	Independent Director	Filipino
Jessie D. Cabaluna	62	Independent Director	Filipino
Mary Lee S. Sadiasa	51	Chief Operating Officer	Filipino
Maria Cristina O. Barao	39	Compliance Officer & Controller	Filipino
Jo Marie Lazaro-Lim	41	Corporate Secretary	Filipino
Robirose M. Abbot	47	Investor Relations Head	Filipino

The following states the business experience of the incumbent directors and officers of the Registrant for the last five (5) years:

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., Starmalls, Inc., and Golden Bria Holdings, Inc.

Benjamarie Therese N. Serrano. *President and Chief Executive Officer,* 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. (formerly named as Starmalls, Inc.) from 2017 to 2019.

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. (formerly named as Starmalls, 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. (formerly named as Starmalls, 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, 35, 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. (formerly named as Starmalls, 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, 51, 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 Crown Asia 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, 39, graduated from the Pamantasan ng Lungsod ng Maynila in 2011 with a Bachelor of Science in Accountancy. 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, 41, 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 Starmalls, 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.

All the incumbent Directors above have one (1) year term of office and all have been nominated for re-election to the Board of Directors.

The By-Laws of the Registrant conforms with SRC Rule 38, as amended, with regard to the nomination of independent directors of the Registrant. Article I, Sections 2, 3 and 4 of the Registrant's By-Laws provide as follows:

> "Section 2. Independent Directors – The members of the Board of Directors must have at least one (1) share of the capital stock of the corporation. They shall serve for a period of one (1) year and until their successors are elected and qualified. The

Board should have at least two (2) independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.

Section 3. Election – The directors shall be elected from among the stockholders during the annual meeting of the stockholders at the principal office of the corporation.

Section 4. Disqualification – No stockholder convicted by final judgement of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code of the Philippines, committed within five (5) years prior to the date of election shall qualify as a director. A stockholder shall not be eligible to be elected as a director if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

(a) If he is an officer, manager, or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board of Directors, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation; or

(b) If he is an officer, manager, or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board of Directors, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or

(c) If the Board of Directors, in the exercise of its judgment in good faith, determines at least three-fourths (3/4) vote that he is the nominee of any person set forth in (a) or (b);

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board of Directors may take into account such factors as business and family relationship.

Notwithstanding the foregoing prohibition, a stockholder may still be qualified or eligible for nomination or election to the Board of Directors if:

(a) The perceived competing business controls the Corporation (i.e., competing business owns at least majority of the Corporation), is under common control with the Corporation (i.e., the same ultimate beneficial stockholder has control of both Corporations), or is controlled by the Corporation (i.e., at least majority of the competing business is owned by the Corporation); or
(b) the perceived competing business is a related party to the Corporation where the nominee in question is a person identified as a person with significant influence over the Corporation and the perceived competing business, or the nominee in question is a member of the key management personnel of the Corporation and the perceived competing business.

For the proper implementation of this provision, all nominations for the election of directors by the stockholders shall be submitted in writing to the Corporate Governance Committee on or before such date that the Board of Directors may fix."

On the other hand, SRC Rule 38, as amended, provide in part as follows:

"8. Nomination and Election of Independent Director/s

The following rules shall be applicable to all covered companies:

A. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the Registrant's information or proxy statement or such other reports required to be submitted to the Commission.

B. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

C. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

D. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Registrant is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.

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

The Registrant has complied with the guidelines on the nomination and election of independent directors set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code. The nominated independent directors, namely, Ms. Laura Suarez Acuzar and Ms. Jessie D. Cabaluna were duly nominated by Mr. Romeo M. Sabater, a shareholder of the Registrant who is not a director, officer or substantial shareholder of the Registrant and who is not related to either of the said nominees. Pursuant to the By-laws of the Registrant, the Corporate Governance Committee composed of Ms. Jessie D. Cabaluna, as Chairman, and Ms. Laura Suarez Acuzar and Ms. Camille A. Villar, as members, has performed and shall perform the functions of the Nominations Committee

Attendance in Board Meetings

Attendance of each director if the Corporation in Board meetings held during the year 2019 as follows:

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. Serrano	P	P	P	P	P
Frances 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

Term of Office

Directors elected during the annual meeting of stockholders will hold office for one year until their successors are duly elected and qualified. A director who was elected to fill any vacancy holds office only for the unexpired term of his predecessor.

Resignations/Declined Nominations

To date, no Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting due to disagreement with the Registrant on any matter relating to the Registrant's operations, policies or practices.

Significant Employees

The Registrant has no other significant employee other than its Executive Officers.

Family Relationships

Manuel B. Villar, Jr., is the father of Manuel Paolo A. Villar and Camille A. Villar. Except for said relationship, none of the aforementioned Directors or Executive Officers is related to the others by consanguinity or affinity within the fourth civil degree.

Certain Relationships and Related Transactions

As of April 30, 2020, the Villar Family Companies held 67.74% of the total issued and outstanding common share capital of the Company.

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with the Villar Family Companies and their respective subsidiaries. The Company's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms at least comparable to those available from unrelated third parties.

Involvement in Certain Legal Proceedings

None of the aforementioned Directors or Executive Officers is, or has been, involved in any criminal or bankruptcy proceeding, or is, or has been, subject to any judgment of a competent court barring or otherwise limiting his involvement in any type of business, or has been found to have violated any securities laws during the past five (5) years and up to the latest date.

Compensation of Directors and Executive Officers

Executive Compensation

The executive officers of the Registrant are currently receiving and will continue to receive fixed salaries on a monthly basis from the respective subsidiaries or businesses of the Registrant that they manage. The compensation for its executive officers for the year 2018 and 2019 (actual) and 2020 (projected) are as shown below:

Names	Position	Year	Salary and Bonus
Aggregate executive compensation for the following key management officers: Benjamarie Therese N. Serrano Frances Rosalie T. Coloma Mary Lee S. Sadiasa Robirose M. Abbot Maria Cristina O.Barao	President CFO COO Investor Relations Head Compliance Officer/ Controller	**Actual 2018** **Actual 2019** **Projected 2020**	**N/A** **₱ 23.2 M** **₱ 23.2 M**
Aggregate executive compensation for all other officers and directors, unnamed		**Actual 2018** **Actual 2019** **Projected 2020**	**₱ 33.4 M** **₱ 41.1 M** **₱ 41.1 M**

The total annual compensation paid to the above-named officers and directors was paid in cash. The annual compensation includes the basic salary, the mid-year and 13th month bonus.

Standard arrangements

Other than payment of reasonable per diem of P15,000 per non-executive director for every meeting, there are no standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director during 2018 and 2019.

Other arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly by the Company, during 2018 and 2019 for any service provided as a director.

Employment contract between the company and executive officers

There are no special employment contracts between the Company and the named executive officers.

Warrants and options held by the executive officers and directors

There are no outstanding warrants or options held by the Company's named executive officers, and all officers and directors as a group.

Significant employee

While the Company values the contribution of each of its executive and non-executive employees, the Company believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of the Company. Other than standard employment contracts, there are no special arrangements with non-executive employees of the Company.

Independent Public Accountants

The auditing firm of Punongbayan & Araullo ("P&A") is being recommended for election as external auditor for the current year.

Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. In 2019, the Registrant's auditors did not perform any substantial non-audit services for the Registrant.

Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods.

There are no disagreements with auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

Audit Committee's Approval Policies and Procedures

In relation to the audit of the Registrant's annual financial statements, the Registrant's Corporate Governance Manual provides that the audit committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Registrant; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Registrant with acceptable auditing and accounting standards and regulations.

The Audit Committee of the Registrant is composed of Ms. Laura Suarez Acuzar, Chairman, and Mr. Manuel Paolo A. Villar and Ms. Jessie D. Cabaluna, members.

Audit and Audit-Related Fees

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by P&A.

	2019	2018
	(In ₱ Thousands with VAT)	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 1,500.0	₱ 715.0
All other fees	–	–
Total	**₱ 1,500.0**	**₱ 715.0**

P&A does not have any direct or indirect interest in the Company.

Tax Fees

Except as provided above, the Registrant did not pay any tax fees and other fees to its external auditors.

OTHER MATTERS

Action with Respect to Reports

The following reports will be submitted for approval by the stockholders:

1. Minutes of the last Annual Meeting of Stockholders held on May 17, 2019, covering the following matters: (i) approval of the President's Report and the Annual Report for the year 2019; (ii) approval and the adoption of the Audited Financial Statements for the year ended 31 December 2019; (iii) ratification of all acts of the Board of Directors and Management since the annual stockholders' meeting held in May 17, 2019; (iv) election of the directors and independent directors of the Company for the ensuring fiscal year; and (v) appointment of the external auditor of the Company for the fiscal year 2019.

2. The President's Report; and

3. Audited Financial Statements for the year 2019.

Other Proposed Actions

1. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2019 until the date of the meeting, as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and the PSE. These minutes cover the approval of the quarterly and annual reports of the Registrant filed with the SEC and the PSE; resignation/election of members of the Board of Directors; appointment of authorized signatures for various transactions in the normal course of business of the Company as well as opening and closure of various investment and/or deposit accounts.

2. Election of External Auditors

Voting Procedures

Manner of voting

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote.

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit. Unless required by law, or demanded by a stockholder present or represented at the meeting and entitled to vote thereat, voting need not be by ballot and will be done by show of hands.

Voting requirements

(a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.

(b) With respect to the adoption of the Audited Financial Statements for the year ended 31 December 2019, as well as the approval or ratification of the other actions set forth under the heading "Other Proposed Actions" above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the stockholders.

PART II

MANAGEMENT REPORT

I. FINANCIAL STATEMENTS

The Financial Statements of the Registrant as of and for the year ended December 31, 2019 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

II. INFORMATION ON INDEPENDENT ACCOUNTANT

Punongbayan & Araullo (P&A) independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2017, 2018 and 2019, included in this report. Nelson Dinio is the current audit partner for the Company.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. P&A has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. P&A will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by P&A.

	2019	**2018**
	(In ₱ Thousands with VAT)	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 1,500.0	₱ 715.0
All other fees	–	–
Total	**₱ 1,500.0**	**₱ 715.0**

P&A does not have any direct or indirect interest in the Company.

III. AUDIT COMMITTEE'S APPROVAL AND PROCEDURES FOR THE SERVICES OF THE EXTERNAL AUDITOR

The scope, extent and nature of the services to be referred to, and/or rendered by the appointed external auditor of the Company has been unanimously approved by the audit committee in a meeting duly called for the purpose, including the fees to be paid for the services thus rendered and/or referred. In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

IV. MANAGEMENT'S DISCUSSION AND ANALYSIS

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	7,192	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.

REVIEW OF YEAR END 2018 VS YEAR END 2017

RESULTS OF OPERATIONS

Year Ended December 31, 2018 compared to year ended December 31, 2017

Revenues

The following table sets out certain key operating performance indicators relevant to revenues for the years ended December 31, 2017 and 2018 and the percentage change in these key operating performance indicators between the two periods.

	As of and for the years ended December 31		Percentage Change
	2018	2017	
No. of stores……………………………………	23	18	27.8%
Revenues (₱ millions)…………………………	7,192.2	4,896.3	46.9%

Our revenues increased by 46.9% from ₱4,896.3 million for the year ended December 31, 2017 to ₱7,192.2 million (U.S.$140.3 million) for the year ended December 31, 2018. This increase was primarily due to the opening of five new stores, and an increase in revenue of existing stores and in corporate sales.

Cost of Goods Sold

For the year ended December 31, 2018, our cost of goods sold was ₱5,061.9 million (U.S.$98.8 million), an increase of 41.7% compared to ₱3,571.8 million for the year ended December 31, 2017, largely driven by the increase in sales in existing stores and incremental sales from the five new stores added during the year. Cost of goods sold increased at a lower rate than the increase in revenues because we were able to leverage on bulk discounts from larger volumes of purchases from our suppliers.

Other Operating Expenses

Other operating expenses increased by 30.7% from ₱1,197.7 million for the year ended December 31, 2017 to P1,564.8 million (U.S.$30.2 million) for the year ended December 31, 2018 primarily due to the following:

- Increase in rent from P400.2 million for the year ended December 31, 2017 to ₱450.1 million (U.S.$8.8 million) for the year ended December 31, 2018 due to the increase in the number of stores, warehouse and higher rent for stores that are percentage-based rents.

- Increase in merchant fees from ₱24.7 million for the year ended December 31, 2017 to ₱72.0 million (U.S.$1.4 million) for the year ended December 31, 2018 due to the higher credit card sales.

- Increase in outside services from ₱202.1 million for the year ended December 31, 2017 to ₱239.4 million (U.S.$4.7 million) for the year ended December 31, 2018 due primarily to the increase in stores and warehouse.

Loss on Write-Off of Receivables

Loss on write-off of receivables increased by 24.5% from ₱15.6 million for the year ended December 31, 2017 to ₱19.4 million (U.S.$0.4 million) for the year ended December 31, 2018. In 2018, the Company assessed its receivables for Expected Credit Loss and were reviewed for indications of impairment in 2017. Although these were written off in the books, the Company is still trying to collect such receivables. Receivables written off only accounted for 2.6% and 1.8% of receivables for 2017 and 2018, respectively.

Finance Cost

Finance Cost increased by 61.5% from ₱28.7 million for the year ended December 31, 2017 to ₱46.4 million (U.S.$0.9 million) for the year ended December 31, 2018. The increase was primarily attributable to the increase in the interest bearing debt of the Company for the year to finance store expansion.

Finance Income

Finance income increased by 148.2% from ₱0.7 million for the year ended December 31, 2017 to ₱1.6 million (U.S.$0.03 million) for the year ended December 31, 2018. The increase was primarily attributable to the increase in interest income from bank deposits and short-term placements of the Company for the year and the interest from trade receivables.

Other Income

Other income increased by 237.7% from ₱62.1 million for the year ended December 31, 2017 to ₱209.6 million (U.S.$4.1 million) for the year ended December 31, 2018. The increase was primarily attributable to the following:

- 381.9% increase in vendor's support and marketing fees to ₱171.8 million (U.S.$3.4 million) for the year ended December 31, 2018 from ₱35.7 million for the year ended December 31, 2017. This is due to the higher volume-based incentives from suppliers and opening support and marketing for newly-opened stores; and

- the increase in delivery fees of 185.8% to ₱31.2 million (U.S.$0.6 million) for the year ended December 31, 2018 from ₱10.9 million for the year ended December 31, 2017, driven by the increase in the overall volume of deliveries for the year.

Provision for Income Tax

Provision for income tax increased by 354.6% from ₱48.2 million for the year ended December 31, 2017 to ₱218.9 million (U.S.$4.3 million) for the year ended December 31, 2018 primarily due to a higher taxable base for the year.

Net Profit

As a result of the foregoing, our net income increased by 354.2% to ₱511.4 million (U.S.$10.0 million) for the year ended December 31, 2018 from ₱112.6 million for the year ended December 31, 2017.

FINANCIAL CONDITION

As of December 31, 2018 vs. December 31, 2017

Total assets as of December 31, 2018 were ₱8,215.4 million compared to ₱5,180.3 million as of December 31, 2017, or a 58.6% increase. This was due to the following:

- Cash and cash equivalents decreased by 25.3% from ₱399.8 million as of December 31, 2017 to ₱298.5 million as of December 31, 2018 primarily due to the higher cash outflow for the year used for new stores and inventory buildup of existing stores.

- Trade and other receivables increased by 102.3% from ₱591.3 million as of December 31, 2017 to ₱1,196.4 million as of December 31, 2018 due mainly to the increase in receivables from various customers from the current year sale and increase in other non-trade receivables.

- Inventories increased by 80.1% from ₱1,494.3 million as of December 31, 2017 to ₱2,690.9 million as of December 31, 2018 due primarily to inventory purchases mostly for newly added stores as well as inventory buildup for the existing stores.

- Due from related parties increased by 6.4% from ₱125.9 million as of December 31, 2017 to ₱133.9 million as of December 31, 2018 due to the additional advances granted to the Company's affiliates during the year.

- Property and equipment increased by 54.5% from ₱1,921.8 million as of December 31, 2017 to ₱2,969.5 million as of December 31, 2018 due primarily to acquisitions of store equipment, furniture, fixture and office equipment as well as increase in leasehold improvements.

- Other assets including current portion thereof increased by 43.1% from ₱647.2 million as of December 31, 2017 to ₱926.3 million as of December 31, 2018 due primarily to the increase in advances for purchases. Advances for purchases pertains to mobilization of funds made to various third party suppliers including service providers for inventory purchases.

Total liabilities as of December 31, 2018 were ₱5,536.8 million compared to ₱3,673.1 million as of December 31, 2017, or a 50.7% increase. This was due to the following:

- Trade and other payables decreased by 21.2% to ₱379.9 million as of December 31, 2018 from ₱482.4 million as of December 31, 2017 due to payments during the year.

- Loans payable including non-current portion increased by 48.8% from ₱2,900.0 million as of December 31, 2017 to ₱4,315.4 million as of December 31, 2018 due to loan availments for the year to fund our expansion program.

- Due to related parties increased by 161.9% from ₱239.6 million as of December 31, 2017 to ₱627.4 million as of December 31, 2018 due to the Company's increased advances from its parent company for capital expenditure purposes.

- Income tax payable increased by 272.7% from ₱18.3 million as of December 31, 2017 to ₱68.2 million as of December 31, 2018 due primarily to a higher current taxable income for the year.

- Deferred tax liabilities increased by 345.1% from ₱32.8 million as of December 31, 2017 to ₱146.0 million as of December 31, 2018 due to the additional temporary tax differences recognized for the year that will result to future tax liabilities.

Total stockholder's equity increased by 77.7% from ₱1,507.2 million as of December 31, 2017 to ₱2,678.6 million as of December 31, 2018 due to the issuance of additional shares for the year and the net income recorded for the year ended December 31, 2018.

REVIEW OF YEAR END 2017 VS YEAR END 2016

RESULTS OF OPERATIONS

Year Ended December 31, 2017 compared to year ended December 31, 2016

Revenues

The following table sets out certain key operating performance indicators relevant to revenues for the years ended December 31, 2016 and 2017 and the percentage change in these key operating performance indicators between the two periods.

	As of and for the years ended December 31		Percentage Change
	2017	2016	
No. of stores……………………………………	18	15	20.0%
Revenues (₱ millions)…………………………	4,896.3	3,430.6	46.9%

Our revenues increased by 42.7% from ₱3,430.6 million for the year ended December 31, 2016 to ₱4,896.3 million for the year ended December 31, 2017. This increase was primarily due to the opening of three new stores, and an increase in revenue of existing stores and in corporate sales.

Cost of Goods Sold

For the year ended December 31, 2017, our cost of goods sold was ₱3,571.8 million, an increase of 42.7% compared to ₱2,502.6 million for the year ended December 31, 2016, which is in line with the increase of our revenues, primarily driven by the increase in sales in existing stores and incremental sales from the three new stores added during the year.

Other Operating Expenses

Other operating expenses increased by 37.2% from ₱861.4 million for the year ended December 31, 2016 to ₱1,182.1 million for the year ended December 31, 2017 primarily due to the following:

- Increase in rent from ₱281.7 million for the year ended December 31, 2016 to ₱400.2 million for the year ended December 31, 2017 due to the increase in the number of stores and higher rent for stores that are percentage-based rents.

- Increase in outside services from ₱123.9 million for the year ended December 31, 2016 to ₱202.1 million for the year ended December 31, 2017 due primarily to the increase in stores and warehouse.

- Increase in salaries and wages from ₱97.8 million for the year ended December 31, 2016 to ₱140.5 million for the year ended December 31, 2017 due primarily to the personnel for additional stores and increase in central head count to support expansion program.

Loss on Write-Off of Receivables

Loss on write-off of receivables increased by 166.9% from ₱5.8 million for the year ended December 31, 2016 to ₱15.6 million for the year ended December 31, 2017. In 2017, the Company assessed its receivables for Expected Credit Loss and were reviewed for indications of impairment in 2016. Although, these were written off in the books, the Company is still trying to collect such receivables. Receivables written off only accounted for 1.3% and 2.6% of receivables for 2016 and 2017, respectively.

Finance Cost

Finance Cost increased by 31.1% from ₱21.9 million for the year ended December 31, 2016 to ₱28.7 million for the year ended December 31, 2017. The increase was primarily attributable to the increase in the interest bearing debt of the Company for the year to finance store expansion.

Finance Income

Finance income decreased by 59.9% from ₱1.7 million for the year ended December 31, 2016 to ₱0.7 million for the year ended December 31, 2017. The decrease was primarily attributable to the lower average cash balance during the year ended December 31, 2017 compared to the year ended December 31, 2016.

Other Income

Other income increased by 144.3% from ₱25.4 million for the year ended December 31, 2016 to ₱62.1 million for the year ended December 31, 2017. The increase was primarily attributable to an increase in vendor's support and marketing fees brought about by the increase in sales, as well as delivery fees earned from higher volume of deliveries during the year.

Provision for Income Tax

Provision for income tax increased by 148.8% from ₱19.4 million for the year ended December 31, 2016 to ₱48.2 million for the year ended December 31, 2017 primarily due to a higher taxable base for the year.

Net Profit

As a result of the foregoing, our net income increased by 141.8% to ₱112.6 million for the year ended December 31, 2017 from ₱46.6 million for the year ended December 31, 2016.

FINANCIAL CONDITION

As of December 31, 2017 vs. December 31, 2016

Total assets as of December 31, 2017 were ₱5,180.3 million compared to ₱3,665.0 million as of December 31, 2016, or a 41.3% increase. This was due to the following:

- Cash and cash equivalents decreased by 16.0% from ₱475.8 million as of December 31, 2016 to ₱399.8 million as of December 31, 2017 primarily due to the higher cash outflow for the year used for new stores and inventory buildup of existing stores.

- Trade and other receivables increased by 25.9% from ₱469.7 million as of December 31, 2016 to ₱591.3 million as of December 31, 2017 due primarily to the increase in trade receivables from related parties.

- Inventories increased by 37.4% from ₱1,087.4 million as of December 31, 2016 to ₱1,494.3 million as of December 31, 2017 due primarily to the inventory purchases mostly for newly added stores as well as inventory buildup for the existing stores.

- Property and equipment increased by 64.8% from ₱1,165.9 million as of December 31, 2016 to ₱1,921.8 million as of December 31, 2017 due primarily to the acquisitions of store equipment, furniture, fixture and office equipment and transportation equipment as well as increase in leasehold improvements and construction-in-progress.

- Other assets including current portion thereof increased by 90.2% from ₱340.3 million as of December 31, 2016 to ₱647.2 million as of December 31, 2017 due primarily to the increase in advances for purchases. Advances for purchases pertains to mobilization of funds made to various third party suppliers including service providers for inventory purchases.

Total liabilities as of December 31, 2017 were ₱3,673.1 million compared to ₱2,270.4 million as of December 31, 2016, or a 61.8% increase. This was due to the following:

- Trade and other payables decreased by 31.3% to ₱482.4 million as of December 31, 2017 from ₱702.3 million as of December 31, 2016 due primarily to payments for the year.

- Loans payable including non-current portion increased by 100% from ₱1,450.0 million as of December 31, 2016 to ₱2,900.0 million as of December 31, 2017 due to loan availments for the year.

- Due to related parties increased by 122.3% from ₱107.8 million as of December 31, 2016 to ₱239.6 million as of December 31, 2017 due to the Company's increased in advances from its related parties.

- Income tax payable increased by 1,073.8% from ₱1.6 million as of December 31, 2016 to ₱18.3 million as of December 31, 2017 due primarily to a higher current taxable income for the year.

- Deferred tax liabilities increased by 270.9% from ₱8.8 million as of December 31, 2016 to ₱32.8 million as of December 31, 2017 due to the additional temporary tax difference recognized for the year that would potentially result to a tax liability in the future.

Total stockholder's equity increased by 8.1% from ₱1,394.6 million as of December 31, 2016 to ₱1,507.2 million as of December 31, 2017 due to the net income recorded for the year ended December 31, 2017.

IV. NATURE AND SCOPE OF BUSINESS

AllHome Corp (the "Company") is a pioneering "one-stop shop" home improvement retailer in the Philippines. Since its incorporation on May 29, 2013, it has grown to 45 stores as of December 31, 2019, having an aggregate net selling space of approximately 296,772 sqm across 20 cities and municipalities. The Company's product offering spans seven key categories from over 800 local and international brands, including 27 in-house brands. These product categories are furniture, hardware, appliances, tiles and sanitary wares, homewares, linens and construction materials.

The Company's principal office address is LGF Building B, Evia Lifestyle Center, Daanghari Road, Almanza Dos, Las Piñas City, Philippines, with telephone Number: (+632) 890-1102, and its corporate website is www.allhome.com.ph.

V. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

<u>Market Information</u>

The Company's common shares are being traded at the Philippine Stock Exchange. The high and low sales prices for each quarter within the last three fiscal years as traded on the Philippine Stock Exchange are as follows:

Quarter	2020			2019		
	High	Low	Close	High	Low	Close
1st	11.64	4.49	4.68			
2nd						
3rd						
4th				11.66	11.30	11.64

As of April 30, 2020, HOME's market capitalization stood at ₱23.18 billion based on the ₱6.18 per share closing price.

<u>Price Information as of the Latest Practicable Trading Date</u>

Trading Date	High	Low	Close
25 June 2020	7.65	7.21	7.40

<u>Stockholders</u>

There are approximately 33 holders of common equity security of the Company as of April 30, 2020 (based on the number of accounts registered with the Stock Transfer Agent).

The following are the top 20 holders of the common securities of the Company:

	Stockholder's Name	No. of Shares	Percentage
1	AllValue Holdings Corp.[1]	2,540,108,000	67.74%
2	PCD FILIPINO	706,719,700	18.85%

3	PCD NON FILIPINO	502,980,200	13.41%
4	Jharna P. Chandnani	50,000	0.00%
5	Rolando A. Aralar or Myrna I. Aralar or Roland I. Aralar	45,000	0.00%
6	Myra P. Villanueva	25,000	0.00%
7	Jose Domingo Poblete Swann	20,000	0.00%
8	Myrna P. Villanueva	10,000	0.00%
9	Milagros P. Villanueva	10,000	0.00%
10	Raul Galvante Coralde	10,000	0.00%
11	Rachel P. Nacion	3,000	0.00%
12	Carmela C. Vinzon	3,000	0.00%
11	Farida G. de Leon	3,000	0.00%
12	Mylene C. Arnigo	3,000	0.00%
13	Marietta V. Cabreza	2,500	0.00%
14	Juan Carlos V. Cabreza	2,500	0.00%
15	Liberty A. Panis	1,600	0.00%
16	Manuel Jorge L. Cristobal or Lirna T. Cristobal	1,000	0.00%
17	Gabrielle Claudia F. Herrera	1,000	0.00%
18	Nadezhda Iskra F. Herrera	1,000	0.00%
19	Manuel B. Villar, Jr.	100	0.00%
20	Camille A. Villar	100	0.00%
	TOTAL	**3,749,999,700**	
	Other Stockholders	**302**	0.00%
	Total issued and outstanding common shares as of April 30, 2020	**3,750,000,002**	100.00%

[1] Includes 1,456,249,500 shares lodged through PCD Nominee (Filipino)

Dividends

On May 28, 2019, the Company declared regular cash dividend amounting to ₱25.57 million, payable to its shareholders of record at June 14, 2019, paid on June 28, 2019.

Dividend Policy

The Registrant's Board is authorized to declare dividends. A cash dividend declaration does not require any further approval from the Registrant's shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Registrant's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the Banko Sentral ng Pilipinas.

The Registrant is allowed under Philippine laws to declare property and stock dividends, subject to certain requirements.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by a company must have a record date not less than 10 nor more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not less than 10 or more than 30 days from the date of shareholder approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Recent Sale of Unregistered Securities

There have been no sales of unregistered securities in the past three years.

Stock Options

None.

VI. COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The Company's Board has adopted a Revised Manual on Corporate Governance. The Company's Revised Manual on Corporate Governance describes the terms and conditions by which the Company intends to conduct sound corporate governance practices that are consistent with the relevant laws and regulations of the Republic of the Philippines, and which seek to enhance business transparency and build shareholder value.

Ultimate responsibility and oversight of the Company's adherence to superior corporate governance practices rests with the Board of Directors. As a policy matter, the Board will hold monthly meetings, at which any number of relevant corporate governance issues may be raised for discussion.

Practical oversight of the Company's corporate governance standards is exercised through the Board's Corporate Governance Committee.

The Company is committed to building a solid reputation for sound corporate governance practices, including a clear understanding by its Directors of the Company's strategic objectives, structures to ensure that such objectives are realized, systems to ensure the effective management of risks and the systems to ensure the Company's obligations are identified and discharged in all aspects of its business. Each January, the Company will issue a certification to the Philippines Securities and Exchange Commission and the Philippine Stock Exchange that it has fulfilled its corporate governance obligations.

As of the date of this report, there are no known material deviations from the Company's Manual of Corporate governance. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE REGISTRANT UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

AllHome Corp.
Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City

Attention: Frances Rosalie T. Coloma

PART III

SIGNATURE PAGE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth on this Report is true, complete and correct. This Report is signed in Mandaluyong City on the 25th of June 2020.

AllHome Corp.

By:

FRANCES ROSALIE T. COLOMA
CFO and Treasurer

P&A Grant Thornton
An instinct for growth

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

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;

- 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,

- 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.

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.

- 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.

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		Statements of Comprehensive Income			
			Profit or Loss			Other Comprehensive Loss
	2019	2018	**2019**	2018	2017	**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.

		Amount of Transactions			Outstanding Balances Receivables (Payables)	
	Notes	**2019**	2018	2017	**2019**	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.

		Current		Non-current	
	Notes	Upon demand/ Within Six Months	Six to 12 Months	One to Three Years	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:

		Current		Non-current	
	Notes	Upon demand/ Within Six Months	Six to 12 Months	One to Three Years	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:

		December 31, 2019		December 31, 2018	
Financial assets:	Notes	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
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.

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

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
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

Schedule	Content	Page No.
Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68		
A	Financial Assets	N/A
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	1
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	N/A
D	Long-term Debt	N/A
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	2
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	3
Others Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	4
	Map Showing the Relationship Between the Company and its Related Entities	5

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**

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 -**

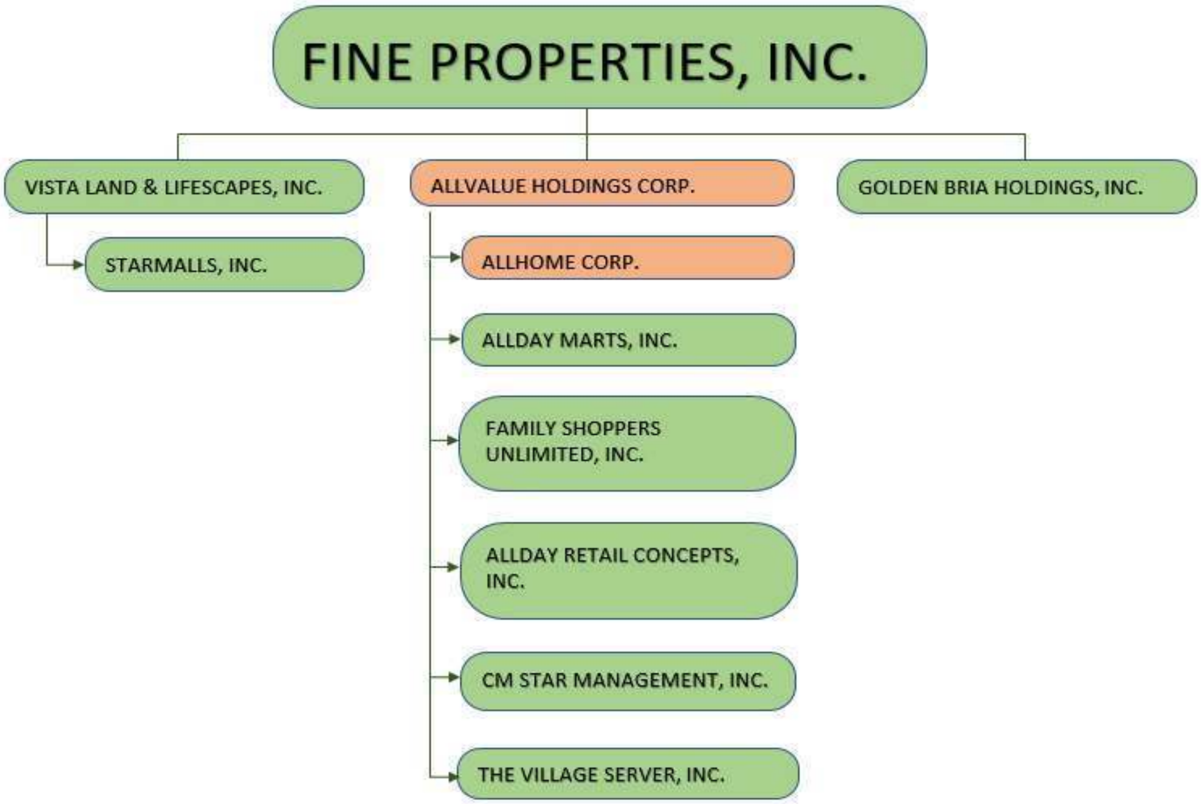
ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2019

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



P&A Grant Thornton
An instinct for growth

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
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.
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

COVER SHEET

C	S	2	0	1	3	1	0	1	7	9

S.E.C. Registration Number

ALLHOME CORP.

(Company's Full Name)

LGF BLDG B, EVIA LIFESTYLE CENTER, DAANGHARI, ALMANZA DOS, LAS PIÑAS CITY

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

Contact Person

Company Telephone Number

1	2		3	1

Month *Day*

Calendar Year

17-Q

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended **March 31, 2020**

2. SEC Identification Number **CS-201310179**

3. BIR Tax Identification No. **008-541-952**

4. **AllHome Corp**.
   Exact name of the registrant as specified in its charter

5. **Philippines**
   Province, country or other jurisdiction of incorporation

6. Industry Classification Code [   ] (SEC Use Only)

7. **LGF Bldg B, EVIA Lifestyle Center, Daanghari, Almanza Dos, Las Piñas City** **1747**
   Address of Principal Office Postal Code

8. **(632) 8880-1199**
   Registrant's telephone number, including area code

9. N/A
   Former name, former address and former fiscal year, if change since last report.

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

Title of each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock (as of 03/31/2020 net of nil treasury shares)	**3,750,000,002**

11. Are any of the registrant's securities listed on the Philippine Stock Exchange?

    Yes [x] No [ ]

12. Check whether the registrant:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

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- Top Five (5) Key Performance Indicators
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AllHome Corp.
Statements of Financial Position
As of March 31, 2020 and December 31, 2019
(Amounts in Philippine Peso)

	Note	**Unaudited Mar 31, 2020**	Audited Dec 31, 2019
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱1,266,796,767**	₱2,342,992,013
Trade and other receivables - net	6	**459,146,067**	276,739,428
Inventories	7	**5,930,626,259**	5,208,925,853
Other current assets	8	**379,474,850**	295,791,775
Total Current Assets		**8,036,043,943**	8,124,449,069
Non-current Assets			
Property and equipment - net	9	**11,409,427,785**	11,150,980,396
Other non-current assets	8	**453,848,823**	409,701,058
Total Non-current Assets		**11,863,276,608**	11,560,681,454
TOTAL ASSETS		**19,899,320,551**	19,685,130,523
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	**1,713,630,756**	2,023,727,076
Loans payable	11	**235,000,000**	–
Lease liability	12	**374,357,852**	371,097,743
Income tax payable		**140,847,179**	70,658,752
Total Current Liabilities		**2,463,835,787**	2,465,483,571
Non-current Liabilities			
Lease liability	12	**4,476,100,989**	4,571,111,620
Deferred tax liabilities - net	17	**200,919,265**	160,288,464
Retirement benefit obligation	16	**73,324,090**	73,324,090
Total Non-current Liabilities		**4,750,344,344**	4,804,724,174
Total liabilities		**7,214,180,131**	7,270,207,745
Equity			
Capital stock	19	**3,750,000,002**	3,750,000,002
Additional paid-in capital		**7,209,298,114**	7,209,298,114
Revaluation reserves		**(29,896,666)**	(29,896,666)
Retained earnings		**1,755,738,970**	1,485,521,328
Total Equity		**12,685,140,420**	12,414,922,778
TOTAL LIABILITIES AND EQUITY		**₱19,899,320,551**	₱19,685,130,523

See accompanying Notes to Financial Statements.

AllHome Corp.
Statements of Comprehensive Income
For the three months ended March 30, 2020 and 2019
(*Amounts in Philippine Peso*)

	Note	Unaudited Jan-Mar Q1-2020	Unaudited Jan-Mar 2020	Audited Jan-Mar Q1-2019	Audited Jan-Mar 2019
SALES	13	**₱3,365,904,859**	**₱3,365,904,859**	₱2,380,550,380	₱2,380,550,380
COST OF MERCHANDISE SOLD	14	**2,334,255,021**	**2,334,255,021**	1,690,027,707	1,690,027,707
GROSS PROFIT		**1,031,649,838**	**1,031,649,838**	690,522,673	690,522,673
SUPPORT, FEES, RENTALS AND OTHER REVENUES	13	**106,029,513**	**106,029,513**	84,980,372	84,980,372
GROSS PROFIT INCLUDING OTHER REVENUES		**1,137,679,351**	**1,137,679,351**	775,503,045	775,503,045
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	14	**668,547,498**	**668,547,498**	402,423,776	402,423,776
OPERATING PROFIT		**469,131,853**	**469,131,853**	373,070,269	373,070,269
FINANCE INCOME (COSTS)					
Finance costs	15	**(84,113,224)**	**(84,113,224)**	(77,254,905)	(77,254,905)
Finance income	5	**880,752**	**880,752**	93,045	93,045
		(83,232,472)	**(83,232,472)**	(77,161,860)	(77,161,860)
PROFIT BEFORE TAX		**385,899,381**	**385,899,381**	295,908,409	295,908,409
TAX EXPENSE	17				
Current		**75,050,938**	**75,050,938**	71,148,572	71,148,572
Deferred		**40,630,801**	**40,630,801**	17,614,645	17,614,645
		115,681,739	**115,681,739**	**88,763,217**	**88,763,217**
OTHER COMPREHENSIVE INCOME		**–**	**–**	–	–
TOTAL COMPREHENSIVE INCOME		**₱270,217,642**	**₱270,217,642**	₱207,145,192	₱207,145,192
Basic and Diluted earnings per share		**₱0.07**	**₱0.07**	₱10.36	₱10.36

See accompanying Notes to Financial Statements.

AllHome Corp.
Statements of Changes in Equity
For the three months ended March 31, 2020 and 2019
(*Amounts in Philippine Peso*)

	Note	**Unaudited March 31, 2020**	Audited March 31, 2019
CAPITAL STOCK	19	**₱3,750,000,002**	₱2,000,000,000
ADDITIONAL PAID-IN CAPITAL	19	**7,209,298,114**	–
RETAINED EARNINGS			
Balance at beginning of period		**1,485,521,328**	678,603,864
Effect of adoption of PFRS 16 as restated		**–**	(217,261,244)
As restated		**1,485,521,328**	461,342,620
Net profit for the period		**270,217,642**	207,145,192
Other comprehensive loss	19	**(29,896,666)**	–
Balance at end of period		**1,725,842,304**	668,487,812
TOTAL EQUITY		**₱12,685,140,420**	₱2,668,487,812

See accompanying Notes to Financial Statements.

AllHome Corp.
Statements of Cash Flows
For the three months ended March 31, 2020 and 2019
(*Amounts in Philippine Peso)*

	Notes	Unaudited Jan-Mar 1Q-2020	Unaudited Jan to Mar 2020	Audited Jan-Mar 1Q-2019	Unaudited Jan to Mar 2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**₱385,899,381**	**₱385,899,381**	₱295,908,409	₱295,908,409
Adjustments for:					
Depreciation and amortization	9	**223,489,512**	**223,489,512**	138,087,544	138,087,544
Finance costs	12, 15	**84,104,718**	**84,104,718**	77,254,905	77,254,905
Finance income	5	**(880,752)**	**(880,752)**	(93,045)	(93,045)
Operating profit before working capital changes		**692,612,859**	**692,612,859**	511,157,813	511,157,813
Decrease/(Increase) in:					
Trade and other receivables		**(182,406,639)**	**(182,406,639)**	507,204,891	507,204,891
Inventories		**(721,700,406)**	**(721,700,406)**	(1,155,031,468)	(1,155,031,468)
Due from related parties		–	–	(7,416,955)	(7,416,955)
Other current assets		**(83,683,075)**	**(83,683,075)**	(143,692,416)	(143,692,416)
Other non-current assets		**(44,147,765)**	**(44,147,765)**	(115,730,651)	(115,730,651)
Increase/(Decrease) in:					
Trade and other payables		**(310,577,258)**	**(310,577,258)**	390,000,000	390,000,000
Due to related parties		–	–	572,899,152	572,899,152
Retirement benefit obligation		–	–	27,888,143	27,888,143
Cash (used) generated from operations		**(649,902,284)**	**(649,902,284)**	587,278,509	587,278,509
Cash paid for income taxes		**(4,862,511)**	**(4,862,511)**	(120,707,706)	(120,707,706)
Net cash used in Operating activities		**(654,764,795)**	**(654,764,795)**	466,570,803	466,570,803
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property and equipment	9	**(481,936,901)**	**(481,936,901)**	(765,954,016)	(765,954,016)
Interest received		**880,752**	**880,752**	93,045	93,045
Net cash used in Investing activities		**(481,056,149)**	**(481,056,149)**	(765,860,971)	(765,860,971)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from availment of loans	11	**235,000,000**	**235,000,000**	350,000,000	350,000,000
Repayment of loans payable	11	–	–	(61,538,461)	(61,538,461)
Payments of principal portion of lease liability	12	**(91,750,522)**	**(91,750,522)**	(60,129,575)	(60,129,575)
Interest paid for loans payable	11	–	–	(68,812,695)	(68,812,695)
Interest paid for lease liabilities	12	**(83,623,780)**	**(83,623,780)**	(56,312,033)	(56,312,033)
Net cash from financing activities		**59,625,698**	**59,625,698**	103,207,236	103,207,236
NET DECREASE IN CASH		**(1,076,195,246)**	**(1,076,195,246)**	(196,082,932)	(196,082,932)
CASH AT BEGINNING OF PERIOD		**2,342,992,013**	**2,342,992,013**	298,492,381	298,492,381
CASH AT END OF PERIOD		**₱1,266,796,767**	**₱1,266,796,767**	₱102,409,449	₱102,409,449

See accompanying Notes to Financial Statements.

ALLHOME CORP.
NOTES TO FINANCIAL STATEMENTS

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 LGF Bldg B, EVIA Lifestyle Center, Daang Hari, Almanza Dos, 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.

2. Summary of Significant Accounting Policies

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

<u>Basis of Preparation of Financial Statements</u>
The interim condensed financial statements as at March 31, 2020 and for the three-months period ended March 31, 2020 and 2019 have been prepared on a historical basis, except for financial assets which have been measured at fair value.

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

<u>Statement of Compliance</u>
The interim condensed financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. Accordingly, the interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2019 which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted are consistent with those of previous financial year, except that the Company has adopted the following new pronouncements starting January 1, 2020. Adoption of these pronouncement did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

(i) PAS 1 (Amendments), Presentation *of Financial Statements* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors Definition of Material*
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
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.

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.

Classification, Measurement and Reclassification 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 purposes of cash flows reporting and presentation, cash and cash equivalents includes cash on hand and demand deposits which are subject to insignificant risk of changes 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).

Impairment of Financial Assets
The Company assesses its expected credit loss (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. The Company considers a broader range of information in assessing credit risk and measuring ECL, including past events, current conditions, and 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 and other 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 loss experience, external indicators and forward-looking information to calculate the ECL using a provision matrix.

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

- *Probability of default* - It is an estimate of likelihood of default over a given time horizon.
- *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.
- *Exposure at default* - It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

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

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.

<u>Inventories</u>
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.

Other Assets
Other 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. They are derecognized, charged to profit or loss, or reclassified to another asset account upon consumption or use.

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.

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.

Property and Equipment
All items of property and equipment are stated at cost less accumulated depreciation, accumulated amortization, and any impairment in value.

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
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). 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).

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.

Financial Liabilities
Financial liabilities, which include Trade and Other Payables (except tax-related liabilities), Loans Payable, Lease Liability 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 charges 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.

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.

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.

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.

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.

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. 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 (see Note 3).

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 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.

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 is 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 Company recognizes an expense and corresponding liability when points are earned. When the award credits are redeemed, the Company recognizes the consideration received allocated to award credits as reduction of rewards liability.

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 charges 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.

Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

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 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 on 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).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date over the useful life of the leased asset or the term of the lease, whichever is shorter. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that 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 included in the measurement of the lease liability are made up of fixed payments (including those determined to be fixed in substance), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options 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 has elected to account for short-term leases (less than 12 months) and leases of low-value assets (value of assets is based on its cash price if bought) using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the lease payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included as part of Property and Equipment, and Lease Liability is shown as a separate line item.

(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.

Impairment of Non-financial Assets

The Company's property and equipment, 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.

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 annually 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 charges under Other Income (Charges) 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.

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.

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 carry forward 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.

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.

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.

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.

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 19).

The 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).

Events After the End of the Reporting Period
Any post-period 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-period events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. Significant Accounting Judgments and Estimates

The significant accounting judgments, estimates and assumptions used in the preparation of the interim condensed financial statements are consistent with those used in the annual financial statements as at and for the year ended December 31, 2019.

4. Segment Reporting

The Company has only one reportable segment, i.e., its trading business, which caters to individual and corporate customers.

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 includes the following components:

	Unaudited Mar 31, 2020	Audited Dec 31, 2019
Cash in banks	**₱1,261,881,767**	₱1,565,696,247
Cash on hand	**4,915,000**	4,115,000
Short-term placements	**–**	773,180,766
	₱1,266,796,767	₱2,342,992,013

Cash in banks generally earn interest at rates based on daily bank deposit rates.

Finance income on these bank deposits and short-term placements for the three months ended March 31, 2020 and 2019, amounted to ₱0.9 million and ₱0.1 million, respectively.

6. Trade and Other Receivables - net

This account is composed of the following:

	Note	**Unaudited Mar 31, 2020**	Audited Dec 31, 2019
Trade receivables- third parties		**₱237,170,070**	₱147,795,532
Non-trade receivables	18	**226,211,316**	132,425,088
Advances to officers and employees		**6,725,883**	7,480,010
		470,107,269	287,700,630
Allowance for impairment losses		**(10,961,202)**	(10,961,202)
		₱459,146,067	₱276,739,428

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 cash advances. These are non-interest 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 18).

All of the Company's trade and other receivables have been assessed for ECL. The Company assessed that the existing allowance for impairment losses is sufficient as of March 31, 2020 (see Note 22.2 (b)).

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 ₱5.9 billion and ₱5.2 billion as of March 31, 2020 and December 31, 2019, respectively (see Note 14.1).

The Company did not provide any allowance for inventory obsolescence as the inventories are deemed saleable. Further, inventories were stated at cost, which is lower than net realizable value, at the end of March 31, 2020 and December 31, 2019. 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:

	Unaudited Mar 31, 2020	Audited Dec 31, 2019
Current:		
Advances for purchases	**₱282,094,864**	₱244,150,817
Deferred input value-added taxes (VAT)	**7,758,911**	22,287,680
Prepaid rent	**4,525,374**	3,664,565
Others	**85,095,701**	25,688,713
	379,474,850	295,791,775
Non-current:		
Advances to suppliers	**453,848,823**	409,701,058
	453,848,823	409,701,058
	₱833,323,673	₱705,492,833

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 March 31, 2020 and December 31, 2019 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, supplies 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 March 31, 2020 and December 31, 2019 are shown below.

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvement	Right-of-use Assets	Construction-in-Progress	Total
Unaudited Mar 31, 2020							
Cost	₱2,874,556,199	₱457,006,363	₱169,297,547	₱3,348,826,514	₱4,938,088,741	₱1,074,259,893	₱12,862,035,257
Accumulated depreciation and amortization	(414,176,696)	(112,109,987)	(59,289,018)	(294,932,694)	(572,099,077)	–	(1,452,607,472)
Net carrying amount	**₱2,460,379,503**	**₱344,896,376**	**₱110,008,529**	**₱3,053,893,820**	**₱4,365,989,664**	**₱1,074,529,893**	**₱11,409,427,785**
Audited Dec 31, 2019							
Cost	₱2,600,878,300	₱360,291,093	₱138,900,408	₱2,806,079,593	₱4,938,088,741	₱1,535,860,218	₱12,380,098,353
Accumulated depreciation and amortization	(375,353,395)	(98,345,862)	(55,957,392)	(256,326,938)	(443,134,370)	–	(1,229,117,957)
Net carrying amount	₱2,225,524,905	₱261,945,231	₱82,943,016	₱2,549,752,655	₱4,494,954,371	₱1,535,860,218	₱11,150,980,396

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvement	Right-of-use Assets	Construction-in-Progress	Total
Balance at January 1, 2020, net of accumulated depreciation and amortization	₱2,225,524,905	₱261,945,231	₱82,943,016	₱2,549,752,655	₱4,494,954,371	₱1,535,860,218	₱11,150,980,396
Additions - Other property and equipment	273,677,897	96,715,270	30,397,139	46,359,149	–	34,787,446	481,936,901
Reclassification	–	–	–	496,387,771	–	(496,387,771)	–
Depreciation and amortization changes for the period	(38,823,299)	(13,764,125)	(3,331,626)	(38,605,755)	(128,964,707)	–	(223,489,512)
Balance at March 31, 2020, net of accumulated depreciation	**₱2,460,379,503**	**₱344,896,376**	**₱110,008,529**	**₱3,053,893,820**	**₱4,365,989,664**	**₱1,074,259,893**	**₱11,409,427,785**

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvement	Right-of-use Assets	Construction-in-Progress	Total
Balance at January 1, 2019, net of accumulated depreciation and amortization	₱1,390,372,453	₱147,237,118	₱59,366,241	₱1,294,556,491	₱–	₱77,927,483	₱2,969,459,786
Effect of adoption of PFRS 16	–	–	–	–	3,234,861,721	–	3,234,861,721
Subtotal	1,390,372,453	147,237,118	59,366,241	1,294,556,491	3,234,861,721	77,927,483	6,204,321,507
Additions							
Other property and equipment	290,629,316	93,813,192	34,079,418	715,050,784	1,703,227,020	2,818,227,925	3,951,800,635
Right-of-use asset	–	–	–	–	–	–	1,703,227,020
Reclassification	663,696,428	59,999,221	–	636,599,541	–	(1,360,295,190)	–
Depreciation and amortization changes for the year	(119,173,392)	(39,104,300)	(10,502,643)	(96,454,161)	(443,134,370)	–	(708,368,766)
Balance at December 31, 2019, net of accumulated depreciation	₱2,225,524,905	₱261,945,231	₱82,943,016	₱2,549,752,655	₱4,494,954,371	₱1,535,860,218	₱11,150,980,396

Construction-in-progress pertains to accumulated costs incurred on the construction of new stores

The Company's right-of use assets pertain to store and warehouse facilities with a term ranging from 10 to 16 years and an average remaining lease term of 10 years.

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).

There was no borrowing cost recognized as of March 31, 2020. In 2019, borrowing costs amounted ₱220.3 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 March 31, 2020 and December 31, 2019, the gross carrying amount of the Company's fully depreciated property and equipment that are still used in operations is ₱29.5 million and ₱27.5 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:

	Unaudited Mar 31, 2020	Audited Dec 31, 2019
Trade payable	**₱1,156,279,644**	₱1,290,797,720
Non-trade payables	**406,595,842**	583,462,688
Accrued expenses	**110,232,526**	74,399,661
VAT payable	**27,076,882**	55,023,731
Withholding tax payable	**6,913,451**	12,914,896
Retention payable	**4,209,101**	4,869,944
Others	**2,323,310**	2,258,436
	₱1,713,630,756	₱2,023,727,076

Trade payables arise from the Company's purchases of inventories and other direct costs. These are noninterest-bearing and are payable on demand.

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

The account consists of:

	Unaudited Mar 31, 2020	Audited Dec 31, 2019
Current:		
Short-term loans	**₱235,000,000**	₱–

The Company obtained various short-term loans from various local banks for the Company's working capital requirements with fixed interest rates ranging from 7.68% to 8.25% and with terms of 180 days. There are no loan covenants on the Company's short-term loans.

12. Leases

12.1 Lease Liability

Lease liability is presented in the statement presented in the statement of financial position as of March 31, 2020 as follows:

	Unaudited Mar 31, 2020	Audited Dec 31, 2019
Current	**₱374,357,852**	₱371,097,743
Non-current	**4,476,100,989**	4,571,111,620
	₱4,850,458,841	₱4,942,209,363

12.2 Additional Profit or Loss

Expenses recognized for the period are as follows:

	Note	Unaudited Mar 31, 2020	Audited Mar 31, 2019
Depreciation expense of right-of-use assets	9	**₱128,964,707**	₱81,830,248
Interest expense on lease liabilities	15	**83,623,780**	56,312,033
Variable lease payments	14.2	**51,083,102**	31,487,495
		₱263,671,589	₱169,629,776

13. Sales

The Company's revenues arise from sale transactions with individual and corporate customers in the Philippines totaling to ₱3.4 billion and ₱2.4 billion for the three-month period ended March 31, 2020 and 2019, respectively.

The disaggregation on revenue recognition whether point in time or over time for period ended March 31, 2020 is shown below:

	Point in time	Over time	Total
Sale of merchandise (Note 18.1)	₱3,365,904,859	₱–	₱3,365,904,859
Vendors' support	–	86,654,887	86,654,887
Marketing fees	–	9,526,873	9,526,873
Delivery fees	–	8,751,129	8,751,129
Gondola rental	–	835,500	835,500
Miscellaneous	261,124	–	261,124
	₱3,366,165,983	₱105,768,389	₱3,471,934,372

This compares to the disaggregation on revenue recognition whether point in time or over time for period ended March 31, 2019 as follows:

	Point in time	Over time	Total
Sale of merchandise (Note 18.4)	₱2,380,550,380	₱–	₱2,380,550,380
Vendors' support	–	68,689,907	68,689,907
Marketing fees	–	10,259,374	10,259,374
Delivery fees	–	4,977,825	4,977,825
Gondola rental	–	526,500	526,500
Miscellaneous	526,766	–	526,766
	₱ 2,381,077,146	₱84,453,606	₱2,465,530,752

Vendors' support and marketing fees, delivery fees, gondola rental and miscellaneous are presented as part of Support, fees, rentals and other revenues account in the statements of comprehensive income.

14. Cost of Merchandise Sold and Selling, General and Administrative Expenses

14.1 Cost of Merchandise Sold

The details of cost of merchandise sold are shown below:

	Note	**Unaudited Mar 31, 2020**	**Audited Mar 31, 2019**
Inventories at beginning of period	7	**₱5,208,925,853**	₱1,494,289,776
Purchases during the period		**3,055,955,427**	5,404,663,784
Cost of goods available for sale		**8,264,881,280**	6,898,953,560
Inventories at end of period	7	**5,930,626,259**	5,208,925,853
		₱2,334,255,021	₱1,690,027,707

14.2 Selling, General and Administrative Expenses

	Notes	**Unaudited Mar 31, 2020**	Audited Mar 31, 2019
Depreciation and amortization	9	**₱223,489,512**	₱138,087,544
Outside services		**96,081,544**	49,771,360
Salaries, wages and employee benefits	16.1	**84,164,100**	64,953,560
Communication and utilities		**81,699,240**	37,334,549
Variable lease payments	12.2, 21.2	**51,083,102**	31,487,495
Merchant fees		**37,483,090**	28,631,836
Taxes and licenses		**27,105,537**	14,278,058
Transportation expense		**15,499,666**	4,775,073
Office and store supplies		**11,564,000**	3,592,863
Dues and subscriptions		**9,514,276**	3,102,047
Repairs and maintenance		**9,413,304**	2,291,588
Advertising and promotions		**8,014,728**	4,305,982
Representation and entertainment		**3,242,297**	1,200,546
Professional fees		**1,485,966**	2,189,506
Insurance expense		**1,720,803**	729,648
Commission expense		**490,301**	818,129
Impairment loss	6	**–**	12,762,524
Miscellaneous		**6,496,032**	2,120,468
		₱668,547,498	₱402,432,776

15. Finance Costs

Finance costs include the following:

	Note	**Unaudited Mar 31, 2020**	Audited Mar 31, 2019
Interest expense from:			
Lease liability	12	**₱83,623,780**	₱56,312,033
Loans payable	11	**480,938**	19,282,745
Retirement benefit obligation	16	**–**	1,660,127
Bank service charge		**8,506**	–
		₱84,113,224	₱77,254,905

16. Post-Employment Defined Benefit Plan

Post-employment Defined Benefit Plan

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

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

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 15):

	Unaudited Mar 31, 2020	Audited Mar 31, 2019
Current service cost	₱–	₱9,511,768
Interest expense	–	1,660,127
	₱–	₱11,171,895

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

In determining the amount of the retirement benefit obligation, the following significant actuarial assumptions were used for the period ended March 31, 2020 and December 31, 2019:

Discount rate	5.10%
Expected rate of salary increases	7.75%

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

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.

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.

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 March 31, 2020 and December 31, 2019 are discussed below risk.

	Impact on Retirement Benefit Obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/-1%	(9,436,979)	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 statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

The plan is currently unfunded by ₱30.6 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 March 31, 2020 and December 31, 2019 from the plan follows:

Within five years	₱11,712,388
More than five years to 10 years	45,213,346
More than 10 years	904,145,385
	₱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 are:

	Unaudited Mar 31, 2020	Audited Mar 31, 2019
Current tax expense:		
Regular corporate income tax (RCIT) at 30%	**₱74,874,788**	₱71,129,963
Final tax at 20%	**176,150**	18,609
Excess of minimum corporate income tax (MCIT) at 2% over RCIT	**–**	–
	75,050,938	71,148,572
Deferred tax expense relating to originating and reversal of other temporary differences	**40,630,801**	17,614,645
	₱115,681,739	₱88,763,217

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

	Unaudited Mar 31, 2020	Audited Mar 31, 2019
Tax on pretax profit at 30%	**₱115,769,815**	₱88,772,522
Adjustment for income subjected to lower tax rate	**(88,076)**	(9,305)
Tax expense	**₱115,681,739**	₱88,763,217

The Company is subject to the MCIT computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher. The Company reported RCIT for the period ended March 31, 2020 and 2019.

The deferred tax liabilities as of March 31, 2020 and December 31, 2019 relate to the following:

	Statements of Financial Position		**Statements of Comprehensive Income**	
	Audited Mar 31, 2020	**Audited Dec 31, 2019**	**Unaudited Mar 31, 2020**	**Audited Mar 31, 2019**
Deferred tax assets:				
Leases - PFRS 16	**₱155,689,113**	₱144,524,858	**(₱11,164,255)**	(₱6,510,203)
Retirement obligation	**16,982,353**	16,982,353	**–**	(3,351,569)
Impairment loss	**3,288,361**	3,288,361	**–**	(3,828,757)
	175,959,827	164,795,572	**(11,164,255)**	(13,690,529)
Deferred tax liabilities:				
Borrowing costs	**(140,644,212)**	(143,148,952)	**(2,504,740)**	12,378,219
Depreciation	**(62,853,707)**	(34,712,652)	**26,158,741**	18,926,955
Uncollected income	**(173,381,173)**	(147,222,432)	**28,141,055**	–
	(376,879,092)	(325,084,036)	**51,795,056**	31,305,174
Deferred tax liabilities – net	**(₱200,919,265)**	(₱160,288,464)		
Deferred tax expense			**₱40,630,801**	₱17,614,645

The Company claimed itemized deductions for 2020 and 2019 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 for the three months ended March 31, 2020 and 2019, and the related outstanding balances as of March 31, 2020 and December 31, 2019 are discussed in the succeeding pages.

	Amount of Transactions		**Outstanding Balance**	
Related Party Category	**2020**	2019	**Unaudited Mar 31, 2020**	Audited Dec 31, 2019
Parent Company:				
Advances obtained - net	**₱–**	(₱390,000,000)	**₱–**	₱–
Common Ownership:				
Lease liability	**–**	3,450,610,819	**(3,603,267,697)**	(4,124,540,460)
Right-of-use Asset (PFRS 16)	**–**	3,153,031,472	**3,273,764,562**	3,734,180,917
Depreciation (PFRS 16)	**103,024,270**	81,830,249	**–**	
Interest (PFRS 16)	**70,341,292**	56,312,033	**–**	–
Sale of merchandise	**55,618,067**	23,109,625	**–**	–

(forward)

Transferred retirement obligation	**–**	16,716,248	**16,716,248**	16,716,248
Advances paid - net	**–**	2,000,000	–	–
Key Management Personnel –				
Compensation	**14,109,000**	2,640,000	–	–

All outstanding balances from related parties are noninterest-bearing, unsecured and payable/collectible in cash on demand, unless otherwise stated.

18.1 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 Sales in the statements of comprehensive income (see Note 13).

18.2 Key Management Personnel Compensation

For the period ended March 31, 2020, the total key management personnel compensation which includes short-term and post-employment benefits amounted to ₱14.1 million. There was no outstanding balance as of March 31, 2020.

19. Equity

19.1 Capital Stock

The details of the Company's capital stocks as of March 31, 2020 and December 31, 2019 are as follows:

	Unaudited Mar 31, 2020		**Audited Dec 31, 2019**	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Authorized shares:				
Common	5,900,000,000	5,900,000,000	5,900,000,000	5,900,000,000
Preferred	1,000,000,000	100,000,000	100,000,000	100,000,000
Issued and outstanding shares:				
Common - Par value of P1 per share	3,750,000,002	3,750,000,002	3,750,000,002	3,750,000,002
Preferred	–	–	–	–
Balance at the end of the period	3,750,000,002	3,750,000,002	3,750,000,002	3,750,000,002

On July 8, 2019, the SEC approved the Company's application for the increase of authorized capital stock from ₱2.0 billion to ₱6.0 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 ₱0.10 per preferred share. On the same date, the Company issued 1,000,000,000 common shares for the payment of certain advances from related parties that were converted into equity and two common shares for a consideration of ₱2.00 to independent directors.

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 gross proceeds of P8.625 billion from such IPO.

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 ₱665.7 million stock issuance costs incurred such as underwriting fees and commissions, taxes and filing fees (see Note 19.1).

19.3 Dividend Declaration

The Company's BOD approved the declaration of cash dividends amounting to ₱25.6 million on May 28, 2019, payable to stockholders of record on June 14, 2019. The cash dividends were paid on June 28, 2019.

19.4 Revaluation Reserves

In 2019, the Company recognized actuarial losses arising from remeasurement on post-employment defined benefit obligation amounting to ₱29.9 million which is presented in statement of changes in equity under Revaluation Reserves account.

20. Earnings Per Share

Earnings per share were computed as follows:

	Unaudited Mar 31, 2020	Audited Mar 31, 2019
Net profit	**₱270,217,642**	₱207,145,192
Divided by weighted average number of outstanding common shares	**3,750,000,002**	20,000,000
Basic and diluted EPS	**₱0.07**	₱10.36

The Company has no potential dilutive common shares as of March 31, 2020 and 2019.

21. Commitments and Contingencies

The significant commitments and contingencies involving the Company are presented

21.1 Lease Commitments – Company as Lessee

The total rental expense recognized from variable leases payments amounted to ₱51.1 million and ₱31.5 million for the three-month period March 31, 2020 and 2019, respectively, and are presented as Rentals under Selling, General and Administrative Expenses in the statements of comprehensive income (see Note 14.2).

21.2 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 March 31, 2020 and December 31, 2019, 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.

22.1 Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on short-term financing. The Company is exposed to changes in market interest rates through its cash in banks, 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 period and equity are not significant (see Note 5).

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.

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 ₱0.5 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.

The expected loss rates on trade receivables are based on the payment profiles of sales over a period of 36 months before March 31, 2020 and 2019, and the corresponding historical actual default losses experienced within such period.

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 at March 31, 2020 and 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
March 31, 2020 (Unaudited):					
Expected loss rate	18.69%	20.62%	29.22%	44.11%	
Gross carrying amount	₱196,030,721	₱28,220,390	₱3,731,892	₱9,187,067	₱237,170,070
Loss allowance	**-**	**5,818,335**	**1,090,388**	**4,052,479**	**10,961,202**
December 31, 2019 (Audited):					
Expected loss rate	19.42%	21.74%	32.06%	49.93%	
Gross carrying amount	111,066,269	23,810,304	3,731,892	9,187,067	147,795,532
Loss allowance	-	5,177,072	1,196,583	4,587,547	10,961,202

(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 March 31, 2020 and December 31, 2019 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.

23. Categories and Fair Value Measurements

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 Notes 2 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 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 March 31, 2020 and December 31, 2019. Neither was there transfers among fair value levels in those years.

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 ratios on its covenants with certain financial institutions. Capital for the reporting periods is summarized as follows:

	Unaudited Mar 31, 2020	Audited Dec 31, 2019
Total liabilities	**₱7,214,180,131**	₱7,270,207,745
Total equity	**12,685,140,420**	12,414,922,778
Debt-to-equity ratio	**0.57 : 1.00**	0.59 : 1:00

25. **Events After Reporting Period**

On March 11, 2020, the World Health Organization has declared the coronavirus outbreak 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 (ECQ) within Luzon starting March 17, 2020 in order to contain the spread of COVID-19. As a result, the Company had to close its stores in Luzon starting on that date. The Company's stores in Luzon accounts for 84.3% of revenues in 2020 prior to ECQ.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REVIEW OF FIRST QUARTER END 2020 VS FIRST QUARTER END 2019

RESULTS OF OPERATIONS

On March 11, 2020, the World Health Organization has declared the coronavirus outbreak disease 2019 (COVID-19) 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 (ECQ) within Luzon starting March 17, 2020 in order to contain the spread of COVID-19. As a result, the Company had to close its stores in Luzon starting on that date. The Company's stores in Luzon accounts for 84.3% of revenues in 2020 prior to ECQ.

Quarter Ended March 31, 2020 compared to quarter ended March 31, 2019

Sales

The company recorded sales of ₱3,365.9 million for the quarter ended 31 March 2020, an increase of 41% from ₱2,380.6 million for the quarter ended 31 March 2019. This was mainly brought about by the same store sales growth of existing 23 stores as of 31 March 2019 as well as the revenues generated from 22 additional stores launched since then until 31 December 2019.

The following table shows the key operating performance indicators relevant to the revenues for the period ended 31 March 2020 and 2019:

	As of and for the period ended 31 March		Percentage Change
	2020	2019	
Number of stores	45	23	95.7%
Net Selling Area (in sqms)	296,772	186,665	59.0%
Net Sales (₱ millions)	3,366	2,381	41.4%
SSSG	24.3%	32.5%	33.7%

Cost of Merchandise Sold

For the quarter ended 31 March 2020, cost of merchandise sold was at ₱2,334.3 million, an increase of 38% from the ₱1,690.0 million level for the same period in 2019 corresponding to the increase in sales in existing stores and the sales contributed by the 22 new stores added during the period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 66% to ₱668.5 million for the quarter ended 31 March 2020 from ₱402.4 million for the same period in 2019, primarily due to the following:

- Increase in depreciation and amortization from ₱138.1 million for the quarter ended 31 March 2019 to ₱223.5 million for the quarter ended 31 March 2020 primarily as a result of increase in the number of stores.

- Increase in outside services from ₱49.8 million for the quarter ended 31 March 2019 to ₱96.1 million for the quarter ended 31 March 2020 due to the additional manpower for new stores.

- Increase in salaries and wages from ₱65.0 million for the quarter ended 31 March 2019 to ₱84.2 million for the quarter ended 31 March 2020 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 ₱37.3 million for the quarter ended 31 March 2019 to ₱81.7 million for the quarter ended 31 March 2018 attributable to the increase in the number of stores.

- Increase in rentals from ₱31.5 million for the quarter ended 31 March 2019 to ₱51.1 million for the quarter ended 31 March 2020 primarily due to new stores.

- Increase in merchant fee from ₱28.6 million for the quarter ended 31 March 2019 to ₱37.5 million for the quarter ended 31 March 2020 primarily due to higher revenues.

- Increase in taxes and licenses from ₱14.3 million for the quarter ended 31 March 2019 to ₱27.1 million for the quarter ended 31 March 2020 due to increase in number of stores as well as the increase in revenues.

- Decrease in commission expense from ₱818.1 thousand from quarter ended 31 March 2019 to ₱490.3 thousand for the quarter ended 31 March 2020 most corporate sales during the period were generated by in-house sales teams.

- Increase in transportation expense from ₱4.8 million for the quarter ended 31 March 2019 to ₱15.5 million for the quarter ended 31 March 2020 due to increase in delivery expenses on account of new stores.

- Increase in advertising and promotions from ₱4.3 million for the quarter ended 31 March 2019 to ₱8.0 million for the quarter ended 31 March 2020 on account of marketing campaigns for the new stores.

- Decrease in professional fees from ₱2.2 million for the quarter ended 31 March 2019 to ₱1.5 million for the quarter ended 31 March 2020 on account of market research fees incurred in 2019 in relation to the company's planned initial public offering.

- Increase in office and store supplies from ₱3.6 million for the quarter ended 31 March 2019 to ₱11.6 million for the quarter ended 31 March 2020 due to increase in the number of stores and increased revenues.

- Increase in dues and subscription from ₱3.1 million for the quarter ended 31 March 2019 to ₱9.5 million for the quarter ended 31 March 2020 due to increase in the number of stores.

- Increase in repairs and maintenance from ₱2.3 million for the quarter ended 31 March 2019 to ₱9.4 million for the quarter ended 31 March 2020 due to disinfection of the stores.

- Increase in representation and entertainment from ₱1.2 million for the quarter ended 31 March 2019 to ₱3.2 million for the quarter ended 31 March 2020 partially due to the opening of new stores.

- Increase in insurance from ₱729.6 thousand for the quarter ended 31 March 2019 to ₱1.7 million for the quarter ended 31 March 2020 due to the increase in the number of stores.

- Decrease in impairment loss from ₱12.8 million for the quarter ended 31 March 2019 to nil for the quarter ended 31 March 2020 due to non-necessity to provide for such.

- Increase in miscellaneous from ₱2.1 million for the quarter ended 31 March 2019 to ₱6.5 million for the quarter ended 31 March 2020 due to the increase in the number of stores.

Finance Cost

Finance Cost increased from ₱77.3 million for the quarter ended 31 March 2019 to ₱84.1 million for the quarter ended 31 March 2020. The increase was primarily attributable to the adoption of PFRS 16 amounting to ₱27.3 million, but partially offset by the ₱18.8 million decrease in finance cost for short-term and long-term interest-bearing debt of the Company.

Support, Fees, Rentals and Other Revenues

Support, fees, rentals and other revenues increased by 25% from ₱85.0 million for the quarter ended 31 March 2019 to ₱106.0 million for the quarter ended 31 March 2020, primarily due to the increase in vendor's support by 26% from ₱69 million for the quarter ended 31 March 2019 to ₱87 million for the quarter ended 31 March 2020. This was brought about by higher volume-based incentives from suppliers based on our levels of sales, and opening support for newly opened stores.

Tax Expense

Tax expense increased by 30% from ₱88.8 million for the quarter ended 31 March 2019 to ₱115.7 million for the quarter ended 31 March 2020 primarily due to a higher taxable base for the year.

Net Profit

As a result of the foregoing, our net income increased by 30% from ₱207.1 million for the quarter ended 31 March 2019 to ₱270.2 million for the quarter ended 31 March 2020.

FINANCIAL CONDITION

As of 31 March 2020 vs. 31 December 2019

Total assets as of 31 March 2020 were ₱19,899.3 million compared to ₱19,685.1 million as of 31 December 2019, or a 1% increase due to the following:

- Cash decreased by 46% from ₱2,343.0 million as of 31 December 2019 to ₱1,266.8 million as of 31 March 2020 primarily due to payments made for the inventories and fit-out expenditures for new stores.

- Trade and other receivables increased by 66% from ₱276.7 million as of 31 December 2019 to ₱459.1 million as of 31 March 2020 due mainly to increased corporate sales during the period.

- Inventories increased by 14% from ₱5,208.9 million as of 31 December 2019 to ₱5,930.6 million as of 31 March 2020 due primarily to the purchases for new stores.

- Property and equipment increased by 2% from ₱11,151.0 million as of 31 December 2019 to ₱11,409.4 million as of 31 March 2020 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores.

- Other assets increased by 18% from ₱705.5 million as of 31 December 2019 to ₱833.3 million as of 31 March 2020 due primarily to increase in advances to suppliers for new inventory orders.

Total liabilities as of 31 December 2019 were ₱7,270.2 million compared to ₱7,214.2 million as of 31 March 2020, or a 1% decrease. This was due to the following:

- Trade and other payables decreased by 15% from ₱2,023.7 million as of 31 December 2019 to ₱1,713.6 million as of 31 March 2020 due to payment of trade payables for the purchases of inventories and new stores fit-out construction.

- Loans payable including non-current portion increased from nil as of 31 December 2019 to ₱ 235.0 million as of 31 March 2020 due to new loan availments made during the period.

- Deferred tax liabilities increased by 25% from ₱160.3 million as of December 31, 2019 to ₱200.9 million as of 31 March 2020 due to the adjustments to temporary tax differences for the period.

Total stockholder's equity increased by 2% from ₱12,414.9 million as of 31 December 2019 to ₱12,685.1 million as of 31 March 2020 due to net income recorded for the period.

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

Key Performance Indicators	**3/31/2020**	**3/31/2019**
Revenues (₱ millions)	₱3,365.9	2,380.5
Gross Profit (₱ millions)	1,031.6	690.5
Gross Profit Margin (%) [(a)]	30.6%	29.0%
Net Profit (₱ millions)	270.2	207.1
Net Profit Margin (%) [(b)]	8.0%	8.7%

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 quarter ended 31 March 2020 compared to quarter ended 31 March 2019 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 quarter ended 31 March 2020 compared to quarter ended 31 March 2019 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 quarter ended 31 March 2020 compared to quarter ended 31 March 2019 due to improved revenues, gross profit, and other income.

Material Changes to the Company's Balance Sheet as of 31 March 2020 compared to 31 December 2019 (increase/decrease of 5% or more)

Cash decreased by 46% from ₱2,343.0 million as of 31 December 2019 to ₱1,266.8 million as of 31 March 2020 primarily due to payments made for the inventories and fit-out expenditures for new stores.

Trade and other receivables increased by 66% from ₱276.7 million as of 31 December 2019 to ₱ 459.1 million as of 31 March 2020 due mainly to increased corporate sales during the period.

Inventories increased by 14% from ₱5,208.9 million as of 31 December 2019 to ₱5,930.6 million as of 31 March 2020 due primarily to the purchases for new stores.

Property and equipment increased by 2% from ₱11,151.0 million as of 31 December 2019 to ₱ 11,409.4 million as of 31 March 2020 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores.

Other assets increased by 18% from ₱705.5 million as of 31 December 2019 to ₱833.3 million as of 31 March 2020 due primarily to increase in advances to suppliers for new inventory orders.

Trade and other payables decreased by 15% from ₱2,023.7 million as of 31 December 2019 from ₱1,713.6 million as of 31 March 2020 due to payment of trade payables for the purchases of inventories and new stores fit-out construction.

Loans payable including non-current portion increased from nil as of 31 December 2019 to ₱235.0 million as of 31 March 2020 due to new loan availments made during the period.

Deferred tax liabilities increased by 25% from ₱160.3 million as of December 31, 2019 to ₱200.9 million as of 31 March 2020 due to the adjustments to temporary tax differences for the period.

Material Changes to the Company's Statement of income for the 3-month of 2020 compared to the 3-month of 2019 (increase/decrease of 5% or more)

Sales increased by 41% to ₱3,365.9 million for the quarter ended 31 March 2020 from ₱2,380.6 million for the quarter ended 31 March 2019. This was mainly brought about by the same store sales growth of existing 23 stores as of 31 March 2019 as well as the revenues generated from 22 additional stores launched since then until 31 December 2019. There was no additional store launched from January to March 2020.

Cost of merchandise sold increased by 38% to ₱2,334.3 million for the quarter ended 31 March 2020 from the ₱1,690.0 million level for the same period in 2019, corresponding to the increase in sales in existing stores and the sales contributed by the 22 new stores added during the period.

Selling, general and administrative expenses increased by 66% to ₱668.5 million for the quarter ended 31 March 2020 from ₱402.4 million for the same period in 2019, primarily due to the increase in depreciation and amortization, outside services, transportation, advertising and promotions, dues and subscription, repairs and maintenance, communication and utilities, office and store supplies, representation and entertainment, insurance expense, taxes and licenses, salaries and wages, merchant fee, and miscellaneous expense.

Finance cost increased from ₱77.3 million for the quarter ended 31 March 2019 to ₱84.1 million for the quarter ended 31 March 2020. The increase was primarily attributable to the adoption of PFRS 16 amounting to ₱27.3 million, but partially offset by the ₱18.8 million decrease in finance cost for short-term and long-term interest-bearing debt of the Company.

Support, fees, rentals and other revenues increased by 25% from ₱85.0 million for the quarter ended 31 March 2019 to ₱106.0 million for the quarter ended 31 March 2020. The increase was primarily attributable to the increase in vendor's support.

Tax expense increased by 30% from ₱88.8 million for the quarter ended 31 March 2019 to ₱115.7 million for the quarter ended 31 March 2020 primarily due to a higher taxable base for the year.

As a result of the foregoing, our net income increased by 30% from ₱207.1 million for the quarter ended 31 March 2019 to ₱270.2 million for the quarter ended 31 March 2020.

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.

COMMITMENTS AND CONTINGENCIES

There is no material commitment and contingency as of 31 March 2020 and as of 31 March 2019.

PART II - OTHER INFORMATION

Item 3. 3-month of 2020 Developments

A. New Projects or Investments in another line of business or corporation.

None

B. Composition of Board of Directors

Manuel B. Villar, Jr.	Chairman of the Board
Camille A. Villar	Vice Chairman of the Board
Benjamarie Therese N. Serrano	Director and President
Frances Rosalie T. Coloma	Director and Treasurer
Manuel Paolo A. Villar	Director
Laura Suarez Acuzar	Independent Director
Jessie D. Cabaluna	Independent Director

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

P1.2785 per share Regular Cash Dividend
Declaration Date: May 28, 2019
Record date: June 14, 2019
Payment date: June 28, 2019

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

None.

F. Offering of rights, granting of Stock Options and corresponding plans thereof.

None.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable.

H. Other information, material events or happenings that may have affected or may affect market price of security.

None.

Transferring of assets, except in normal course of business.

None.

Item 4. Other Notes as of 3-month of 2019 Operations and Financials.

I. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.

None.

J. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.

K. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

L. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

See Notes to Financial Statements and Management Discussion and Analysis.

M. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

None.

N. Changes in contingent liabilities or contingent assets since the last annual statement of financial position date.

None.

O. Existence of material contingencies and other material events or transactions during the interim period

None.

P. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None.

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

None.

R. Material commitments for capital expenditures, general purpose and expected sources of funds.

Material commitments for capital expenditures contracted were attributed to the store fixtures and equipment being put up for the upcoming new stores.

S. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.

As of March 31, 2020 no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the 3-month of 2020 financial statements.

T. Significant elements of income or loss that did not arise from continuing operations.

None.

U. Causes for any material change/s from period to period in one or more line items of the financial statements.

None.

V. Seasonal aspects that had material effect on the financial condition or results of operations.

None.

W. Disclosures not made under SEC Form 17-C.

None.

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized.

AllHome Corp.
Issuer

By:

FRANCES ROSALIE T. COLOMA
CFO

Date: 4 June 2020

1580442056198

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines
Tel:(632) 818-0921 Fax:(632) 818-5293 Email: mis@sec.gov.ph

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Company Representative

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Company Information

SEC Registration No.	CS201310179
Company Name	ALLHOME CORP.
Industry Classification	HOUSEHOLD APPLIANCES, ARTICLES AND EQUIPMENT, RETAILING,
Company Type	Stock Corporation

Document Information

Document ID	1580442056198
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
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Period Covered	January 31, 2020
No. of Days Late	
Department	
Remarks	

COVER SHEET

C	S	2	0	1	3	1	0	1	7	9

ALLHOME CORP.

(Company's Full Name)

LOWER GROUND FLOOR, BUILDING B, EVIA LIFESTYLE CENTER, VISTA CITY, DAANGHARI, ALMANZA II, LAS PIÑAS CITY

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

Frances Rosalie T. Coloma
Contact Person

8880-1199
Company Telephone Number

1	2		3	1

Month *Day*
Calendar Year

17-C
FORM TYPE

Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. **January 31, 2020**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **CS-201310179**

3. BIR Tax Identification Number **008-541-952-000**

4. **ALLHOME CORP.**
   Exact name of issuer as specified in its charter

5. **Philippines**
   Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
   Industry Classification Code:

7. **Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City**
   Address of principal office

   1747
   Postal Code

8. **(632) 8880-1199**
   Issuer's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock	**3,750,000,002 shares**

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

Please refer to the attached Annual Summary of Application of Proceeds from the Initial Public Offering of the common shares of AllHome Corp. as of and for the year ended December 31, 2019.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

ALLHOME CORP.
Issuer

By:

FRANCES ROSALIE T. COLOMA
Chief Financial Officer

Date: January 31, 2020

P&A
Grant Thornton

An instinct for growth™

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

T +63 2 988 2288

Report on Review of Certain Financial Information

The Stockholders and 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

Introduction

We have reviewed the accompanying Annual Summary of Disbursement of the Initial Public Offering (IPO) Proceeds (the Annual Summary) of AllHome Corp. (the Company) as of and for the year ended December 31, 2019, and the accompanying explanatory notes with respect to the Company's use of the proceeds from its IPO. Management is responsible for the preparation and fair presentation of the Annual Summary in accordance with the planned use of the IPO Proceeds as presented in the Prospectus of the Company dated September 26, 2019 and the subsequent adjustment in IPO Proceeds as approved by the Company's Board of Directors on November 14, 2019. Our responsibility is to express a conclusion and to issue a report on this Annual Summary based on our review.

Scope of Review

We conducted our review in accordance with the applicable Philippine Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review is limited primarily to inquiries of Company personnel, analytical procedures and other review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Annual Summary of AllHome Corp. does not present fairly, in all material respects, the information on the use of the IPO Proceeds as of and for the year ended December 31, 2019, in accordance with the planned use of such proceeds as summarized in the Offering Circular of the Company.

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. 1036-AR-2 (until Mar. 15, 2020)
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)

January 30, 2020

January 30, 2020

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, Metro Manila

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

THE PHILIPPINE STOCK EXCHANGE, INC.
6/F, PSE Tower
5th Avenue cor. 28th Street
Bonifacio Global City, Taguig City

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

Gentlemen:

In compliance with the Philippine Stock Exchange listing obligations of AllHome Corp. (the Company), please find enclosed the Company's Annual Progress Report on the application of the proceeds from the Initial Public Offering (IPO) for the year ended December 31, 2019 providing for the following:

1. Annual Summary of Disbursement of the IPO Proceeds as of December 31, 2019 as certified by the Chief Financial Officer & Treasurer;

2. Notes to the Schedule on Disbursement of IPO Proceeds and Progress Report as of and for the year ended December 31, 2019; and,

3. Report of External Auditor on Review of Certain Financial Information.

Sincerely yours,

FRANCES ROSALIE T. COLOMA
Chief Financial Officer/Treasurer

Encl.a/s

AllHome Corp.
(A Subsidiary of AllValue Holdings Corp.)
Annual Summary of Disbursement of IPO Proceeds
as of December 31, 2019
(Amounts in Philippine Peso)

Gross Initial Public Offering (IPO) Proceeds		P 8,625,000,000
Less: IPO-related project expenses		
Philippine Securities and Exchange Commission registration, filing and research fees, taxes paid by the Company and Philippine Stock Exchange listing and processing fees	P 380,616,712	
Underwriting and selling fees	210,066,512	
Professional fees	43,677,251	
Miscellaneous expenses	31,341,411	665,701,886
Net IPO Proceeds*		7,959,298,114
Less: Disbursements		
For the year ended December 31, 2019		
Debt repayment	4,398,209,369	
Purchase of new merchandise inventory for sale	1,296,437,003	
Capital expenditures for store network expansion	329,361,371	
Total Disbursements as of December 31, 2019		6,024,007,743
Balance of the Net IPO Proceeds as of December 31, 2019		**P 1,935,290,371**

** The IPO tax paid by the Company amounted to Php345.0 million, which is higher than the Php86.2 million estimated IPO tax provided in the Prospectus dated September 26, 2019 by P258.8 million. On the other hand, IPO expenses other than the IPO Tax was lower by Php7.6 million than the estimated amount. Accordingly, an additional net amount of P251.2 million was deducted from the gross IPO Proceeds and the Company received actual net proceeds of P7,959.3 million.*

Certified true and correct:

FRANCES ROSALIE T. COLOMA
Chief Financial Officer/Treasurer

January 30, 2020

ALLHOME CORP.

(A Subsidiary of AllValue Holdings Corp.)

NOTES TO THE SCHEDULE ON DISBURSEMENT OF IPO PROCEEDS AND PROGRESS REPORT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

1. BACKGROUND

AllHome Corp. (the Company) is primarily engaged in buying, selling, distributing, marketing, at wholesale and retail, of all kinds of goods, commodities, wares and merchandise.

On July 17, 2019, the Company applied for the registration of its common shares with the Philippine Securities and Exchange Commission (SEC) and the listing of the Company's shares on the Philippine Stock Exchange (PSE). The SEC approved the registration of the 3,750,000,002 common shares of the Company on September 27, 2019 while the PSE approved the Company's application for the listing of its common shares on August 28, 2019.

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 gross proceeds of P8.625 billion (the "IPO Proceeds") from such IPO.

2. ADJUSTMENT IN IPO PROCEEDS

Reference is made to the proposed utilization of proceeds raised from the IPO as disclosed in the Company's Prospectus dated September 26, 2019.

On November 11, 2019, the Company paid IPO tax amounting to P345.0 million, which is higher than the P86.2 million estimated IPO tax provided in the Prospectus dated September 26, 2019 by P258.8 million. On the other hand, IPO expenses other than the IPO Tax was lower by Php7.6 million than the estimated amount. Accordingly, an additional net amount of P251.2 million was deducted from the gross IPO Proceeds and the Company received actual net proceeds of P7,959.3 million.

In accordance with the allocation priority described in the Prospectus, the allocation of the actual net proceeds received by the Company was adjusted as follows:

	Allocation of net proceeds as provided in the Prospectus dated September 26, 2019 (Php millions)	**Adjusted Allocation of Net Proceeds (Php millions)**
Capital Expenditures and Initial Working Capital for Store Network Expansion	3,561.1	3,561.1
Debt Repayment	4,649.4	4,398.2
TOTAL NET PROCEEDS	**8,210.5**	7,959.3

3. DESCRIPTION OF DISBURSEMENTS AND EXPENDITURES AS OF DECEMBER 31, 2019

(a) IPO Expenses

Actual IPO Expenses was higher by P251.2 million than the estimated IPO expenses on account of higher IPO Tax paid by the Company. As a consequence, net proceeds from the Offer has been reduced from P8,210.5 to P7,959.3. About 8% of the Gross IPO Proceeds was used to pay fees and expenses related to the IPO of the Company.

(b) Debt Retirement

About 55% of the net IPO Proceeds was used by the Company to repay the outstanding principal balance of its term loans with several Philippine banks with repaid amounts as follows: Union Bank (P3,548.2 million), Philippine Business Bank (P500.0 million), AllBank (A ThriftBank), Inc. ("AllBank") (P200.0 million) and Security Bank (P150.0 million).

(c) Initial Working Capital

The Company intends to utilize about 23% of the net IPO Proceeds, equivalent to P1,799.4 million, for initial working capital requirement of the store network expansion plan. As of December 31, 2019, the Company has disbursed a total of P1,296.4 million for the purchase of initial inventory for its store expansion.

(d) Capital Expenditures for Store Establishment

About 22% of the net IPO Proceeds, equivalent to P1,761.7 million, is allotted to finance expenses for store establishment including building fit-out, expenses for furniture and fixtures, obtaining permits and licenses, and professional advisory and labor fees. As of December 31, 2019, it has disbursed a total of P329.4 million for the purchase of equipment, electrical, mechanical, plumbing and cable works, display fixtures, gondolas, racks, shelves, and cabinets for storing inventory.

4. SUMMARY OF ACCUMULATED DISBURSEMENTS OF IPO PROCEEDS (PROGRESS REPORT)

Summarized below are the disbursements made and the remaining unutilized balance of the IPO Proceeds as of December 31, 2019.

	Allocation of Proceeds per the Prospectus (Php millions)	**Adjusted Allocation of proceeds (Php millions)**	**Utilization of net proceeds disbursed as of December 31, 2019**	**Balance of proceeds as of December 31, 2019***
Gross Proceeds	**8,625.0**	**8,625.0**		
IPO Expenses	**414.5**	**665.7**		
Net Proceeds	**8,210.5**	**7,959.3**	**6,024.0**	**1,935.3**
Debt Retirement	4,649.4	4,398.2	4,398.2	-
Initial Working Capital	3,561.1	1,799.4	1,296.4	503.0
Capital Expenditure for Store Establishment		1,761.7	329.4	1,432.3

** To the extent that the unutilized balance of the IPO Proceeds from the IPO are yet to be applied to the specified purposes, the Company may invest in short-term fixed income securities and/or money market instruments. As of December 31, 2019, part of the unutilized balance of the IPO Proceeds is deposited with reputable Philippine universal banks.*

5. APPLICATION OF REMAINING BALANCE OF THE IPO PROCEEDS

The remaining balance of the IPO Proceeds amounting to P1,935.3 million as of December 31, 2019 is expected to be utilized and disbursed in accordance with the use of IPO Proceeds as presented above.

June 10, 2020

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, Metro Manila

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

THE PHILIPPINE STOCK EXCHANGE, INC.
6/F, PSE Tower
5th Avenue cor. 28th Street
Bonifacio Global City, Taguig City

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

Gentlemen:

In compliance with the Philippine Stock Exchange listing obligations of AllHome Corp. (the Company), please find enclosed the Company's Quarterly Progress Report on the application of the proceeds from the Initial Public Offering (IPO) for the quarter ended March 31, 2020 providing for the following:

1. Quarterly Summary of Disbursement of the IPO Proceeds as of March 31, 2020 as certified by the Chief Financial Officer & Treasurer;

2. Notes to the Schedule on Disbursement of IPO Proceeds and Progress Report as of and for the quarter ended March 31, 2020; and,

3. Report of External Auditor on Review of Certain Financial Information.

Sincerely yours,

FRANCES ROSALIE T. COLOMA
Chief Financial Officer/Treasurer

Encl.a/s

AllHome Corp.
(A Subsidiary of AllValue Holdings Corp.)
Quarterly Summary of Disbursement of IPO Proceeds
as of March 31, 2020
(Amounts in Philippine Peso)

Gross Initial Public Offering (IPO) Proceeds			P	8,625,000,000
Less: IPO-related project expenses				
Philippine Securities and Exchange Commission registration, filing and research fees, taxes paid by the Company and Philippine Stock Exchange listing and processing fees	P	380,616,712		
Underwriting and selling fees		210,066,512		
Professional fees		43,677,251		
Miscellaneous expenses		31,341,411		665,701,886
Net IPO Proceeds*				7,959,298,114
Less: Disbursements				
Accumulated costs incurred as of December 31, 2019				
Debt repayment		4,398,209,369		
Purchase of new merchandise inventory for sale		1,296,437,003		
Capital expenditures for store network expansion		329,361,371		
For the 1st Quarter Ended March 31, 2020				
Purchase of new merchandise inventory for sale		502,954,329		
Capital expenditures for store network expansion		407,441,187		
Total Disbursements as of March 31, 2020				6,934,403,259
Balance of the Net IPO Proceeds as of March 31, 2020			**P**	**1,024,894,855**

** The IPO tax paid by the Company amounted to Php345.0 million, which is higher than the Php86.2 million estimated IPO tax provided in the Prospectus dated September 26, 2019 by P258.8 million. On the other hand, IPO expenses other than the IPO Tax was lower by Php7.6 million than the estimated amount. Accordingly, an additional net amount of P251.2 million was deducted from the gross IPO Proceeds and the Company received actual net proceeds of P7,959.3 million.*

Certified true and correct:

FRANCES ROSALIE T. COLOMA
Chief Financial Officer/Treasurer

June 10, 2020

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

T +63 2 988 22 88

Report on Review of Certain Financial Information

The Stockholders and 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

Introduction

We have reviewed the accompanying Quarterly Summary of Disbursement of the Initial Public Offering (IPO) Proceeds (the Quarterly Summary) of AllHome Corp. (the Company) as of and for the quarter ended March 31, 2020, and the accompanying explanatory notes with respect to the Company's use of the proceeds from its IPO. Management is responsible for the preparation and fair presentation of the Quarterly Summary in accordance with the planned use of the IPO Proceeds as presented in the Prospectus of the Company dated September 26, 2019 and the subsequent adjustment in IPO Proceeds as approved by the Company's Board of Directors on November 14, 2019. Our responsibility is to express a conclusion and to issue a report on this Quarterly Summary based on our review.

Scope of Review

We conducted our review in accordance with the applicable Philippine Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity".* A review is limited primarily to inquiries of Company personnel, analytical procedures and other review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Quarterly Summary of AllHome Corp. does not present fairly, in all material respects, the information on the use of the IPO Proceeds as of and for the quarter ended March 31, 2020, in accordance with the planned use of such proceeds as summarized in the Prospectus of the Company.

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)

June 10, 2020

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
NOTES TO THE SCHEDULE ON DISBURSEMENT OF IPO PROCEEDS AND PROGRESS REPORT AS OF AND FOR THE QUARTER ENDED MARCH 31, 2020

1. BACKGROUND

AllHome Corp. (the Company) is primarily engaged in buying, selling, distributing, marketing, at wholesale and retail, of all kinds of goods, commodities, wares and merchandise.

On July 17, 2019, the Company applied for the registration of its common shares with the Philippine Securities and Exchange Commission (SEC) and the listing of the Company's shares on the Philippine Stock Exchange (PSE). The SEC approved the registration of the 3,750,000,002 common shares of the Company on September 27, 2019 while the PSE approved the Company's application for the listing of its common shares on August 28, 2019.

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 gross proceeds of P8.625 billion (the "IPO Proceeds") from such IPO.

2. ADJUSTMENT IN IPO PROCEEDS

Reference is made to the proposed utilization of proceeds raised from the IPO as disclosed in the Company's Prospectus dated September 26, 2019.

On November 11, 2019, the Company paid IPO tax amounting to P345.0 million, which is higher than the P86.2 million estimated IPO tax provided in the Prospectus dated September 26, 2019 by P258.8 million. On the other hand, IPO expenses other than the IPO Tax was lower by P7.6 million than the estimated amount. Accordingly, an additional net amount of P251.2 million was deducted from the gross IPO Proceeds and the Company received actual net proceeds of P7,959.3 million.

In accordance with the allocation priority described in the Prospectus, the allocation of the actual net proceeds received by the Company was adjusted as follows:

	Allocation of net proceeds as provided in the Prospectus dated September 26, 2019 (Php millions)	**Adjusted Allocation of Net Proceeds (Php millions)**
Capital Expenditures and Initial Working Capital for Store Network Expansion	3,561.1	3,561.1
Debt Repayment	4,649.4	4,398.2
TOTAL NET PROCEEDS	**8,210.5**	7,959.3

3. DESCRIPTION OF DISBURSEMENTS AND EXPENDITURES AS OF MARCH 31, 2020

(a) IPO Expenses

Actual IPO Expenses was higher by P251.2 million than the estimated IPO expenses on account of higher IPO Tax paid by the Company. As a consequence, net proceeds from the Offer has been reduced from P8,210.5 to P7,959.3. About 8% of the Gross IPO Proceeds was used to pay fees and expenses related to the IPO of the Company.

(b) Debt Retirement

About 55% of the net IPO Proceeds was used by the Company to repay the outstanding principal balance of its term loans with several Philippine banks with repaid amounts as follows: Union Bank (P3,548.2 million), Philippine Business Bank (P500.0 million), AllBank (A ThriftBank), Inc. ("AllBank") (P200.0 million) and Security Bank (P150.0 million).

(c) Initial Working Capital

The Company intends to utilize about 23% of the net IPO Proceeds for initial working capital requirement of the store network expansion plan. As of March 31, 2020, the Company has fully disbursed a total of P1,799.4 million for the purchase of initial inventory for its store expansion.

(d) Capital Expenditures for Store Establishment

About 22% of the net IPO Proceeds, equivalent to P1,761.7 million, is allotted to finance expenses for store establishment including building fit-out, expenses for furniture and fixtures, obtaining permits and licenses, and professional advisory and labor fees. As of March 31, 2020, it has disbursed a total of P736.8 million for the purchase of equipment, electrical, mechanical, plumbing and cable works, display fixtures, gondolas, racks, shelves, and cabinets for storing inventory.

4. SUMMARY OF ACCUMULATED DISBURSEMENTS OF IPO PROCEEDS (PROGRESS REPORT)

Summarized below are the disbursements made and the remaining unutilized balance of the IPO Proceeds as of March 31, 2020.

	Adjusted Allocation of proceeds (Php millions)	**Utilization of net proceeds disbursed as of December 31, 2019**	**Utilization of net proceeds disbursed for the 1st quarter of 2020**	**Balance of proceeds as of March 31, 2020***
Gross Proceeds	**8,625.0**			
IPO Expenses	**665.7**			
Net Proceeds	**7,959.3**	**6,024.0**	**910.4**	**1,024.9**
Debt Retirement	4,398.2	4,398.2	-	-
Initial Working Capital	1,799.4	1,296.4	503.0	-
Capital Expenditure for Store Establishment	1,761.7	329.4	407.4	1,024.9

* *To the extent that the unutilized balance of the IPO Proceeds from the IPO are yet to be applied to the specified purposes, the Company may invest in short-term fixed income securities and/or money market instruments. As of March 31, 2020, part of the unutilized balance of the IPO Proceeds is deposited with reputable Philippine universal banks.*

5. APPLICATION OF REMAINING BALANCE OF THE IPO PROCEEDS

The remaining balance of the IPO Proceeds amounting to P1,024.9 million as of March 31, 2020 is expected to be utilized and disbursed in accordance with the use of IPO Proceeds as presented above.