

14 August 2015

THE PHILIPPINE STOCK EXCHANGE, INC.

Disclosure Department
4th Floor, Philippine Stock Exchange Centre
PSE Centre, Exchange Road
Ortigas Center, Pasig City

Attention: **Ms. JANET ENCARNACION**
Head, Disclosure Department

Subject: Second Quarter Report for 2015
(SEC Form 17-Q)

Gentlemen:

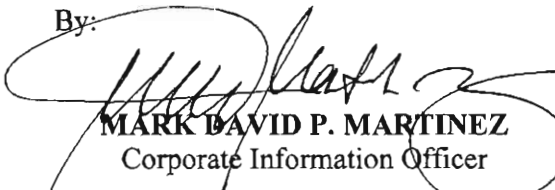
Enclosed is our Quarterly Report for the six (6)-month period ending 30 June 2015 (SEC Form 17-Q).

We trust that you will find the attached document in order.

Very truly yours,

PAXYS, INC.

By:


MARK DAVID P. MARTINEZ
Corporate Information Officer



108142015001968



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

Barcode Page

The following document has been received:

Receiving Officer/Encoder : Donna Encarnado - COS
Receiving Branch : SEC Head Office
Receipt Date and Time : August 14, 2015 04:05:37 PM
Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No. 0000006609
Company Name PAXYS INC.
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 108142015001968
Document Type 17-Q (FORM 11-Q:QUARTERLY REPORT/FS)
Document Code 17-Q
Period Covered June 30, 2015
No. of Days Late 0
Department CFD
Remarks

COVER SHEET

											6	6	0	9
--	--	--	--	--	--	--	--	--	--	--	---	---	---	---

SEC Registration Number

P	A	X	Y	S	,		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S				

(Company's Full Name)

1	5	F	,		6	7	5	0		A	Y	A	L	A		O	F	F	I	C	E		T	O	W	E	R	,			
A	Y	A	L	A		A	V	E	N	U	E	,		M	A	K	A	T	I		C	I	T	Y							

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

Mark David P. Martinez

(Contact Person)

(+632) 908-7500

(Company Telephone Number)

0	6		3	0
---	---	--	---	---

Month Day
(Calendar year)

	1	7	-	Q
--	---	---	---	---

(Form Type)

0	5		
---	---	--	--

Month Day
(Annual Meeting)

Not applicable

(Secondary License Type, If Applicable)

CRMD

Dept. Requiring this Doc.

Article III

Amended Articles Number/Section

717

Total No. of Stockholders

Total Amount of Borrowings	
-	-
Domestic	Foreign

To be accomplished by SEC Personnel concerned

<table border="1"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> File Number											_____
<table border="1"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table> Document ID											_____

LCU
Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

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

1. For the quarterly period ended: **June 30, 2015**
2. SEC Identification Number: **6609** 3. BIR Tax Identification No. **000-233-218**
4. Exact Name of the registrant as specified in its charter: **PAXYS, INC.**
5. Province, country or other jurisdiction of Incorporation or organization: **Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of registrant's principal office: Postal Code: **1226**
15th Floor, 6750 Ayala Office Tower, Ayala Avenue, Makati City
8. Registrant's telephone number, including area code: **(+632) 908-7500**
9. Former name, former address, and former fiscal year, if changed since last report
Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA
- a) Authorized Capital Stock**
- | | |
|--------------------------------|----------------------|
| Common shares, P1.00 par value | 1,800,000,000 shares |
|--------------------------------|----------------------|
- b) Issued and Outstanding Shares**
- | | |
|--------------------------------|----------------------|
| Common shares, P1.00 par value | 1,148,534,866 shares |
|--------------------------------|----------------------|
- c) Amount of Debt Outstanding as of June 30, 2015**
- | | |
|--------------------------------|------|
| Short-term and Long-term loans | None |
|--------------------------------|------|
11. Are any or all of the securities listed on the Philippine Stock Exchange
Yes [x] No []

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The consolidated financial statements include the accounts of Paxys, Inc. (“Paxys” or the “Parent Company”) and the following subsidiaries and joint ventures (collectively referred to as the “Group”):

Subsidiaries	Place of Incorporation	Principal Activity	Percentage of Ownership			
			June 30, 2015		December 31, 2014	
			Direct	Indirect	Direct	Indirect
Paxys N.V.*	Curacao	Investment Holding	100.0%	–	100.0%	–
ScopeWorks Asia, Inc. (SWA)	Philippines	Data Conversion	100.0%	–	100.0%	–
Paxys Global Services, Inc. (PGS)	Philippines	Business Process Outsourcing	100.0%	–	100.0%	–
Paxys Global Services Pte Ltd (PGSPL)	Singapore	Business Process Outsourcing	100.0%	–	100.0%	–
Paxys Global Services Pte Ltd ROHQ (PGS ROHQ)	Philippines	Shared Services	–	100.0%	–	100.0%
Paxys Ltd.	Hong Kong	Investment Holding	100.0%	–	100.0%	–
Simpro Solutions Ltd.	Hong Kong	Regional Office	–	50%	–	50%
Simpro Solutions Philippines, Inc. (Simpro Phils)	Philippines	Contact Center	–	50%	–	50%
Paxys Global Services (Dalian) Ltd.	China	Contact Center	50%	–	50%	–

* As at December 31, 2014 and June 30, 2015, Paxys N.V. owns 345,622,477 common shares of the Parent Company representing 30.09% of total outstanding capital stock

The unaudited consolidated financial statements as at and for the six months ended June 30, 2015 has been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited consolidated financial statements do not include all of the information and footnotes required by generally accepted accounting principles in the Philippines (“Philippine GAAP”) for complete financial statements as set forth in the Philippine Financial Reporting Standards (PFRS) and are filed as Annex A of this report.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”)

The MD&A is a discussion and analysis of the Group’s financial performance for the six months ended June 30, 2015. The primary objective of this MD&A is to help the readers understand the dynamics of the Group’s business and the key factors underlying the Group’s financial results.

The MD&A for the six month period ended June 30, 2015 should be read in conjunction with the unaudited consolidated financial statements and the accompanying notes, and are filed as Annex B of this report.

Item 3. Aging of Trade Receivables

Please see Annex C.

Item 4. Unrestricted Retained Earnings

Please see Annex D.

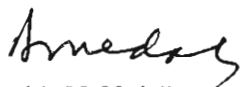
Item 5. Schedule of All Effective Standards and Interpretations

Please see Annex E.

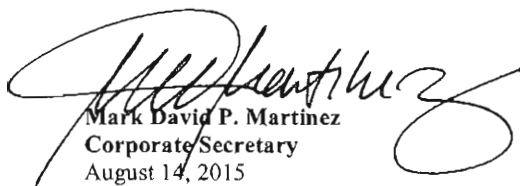
PART II. SIGNATURES

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

Registrant: PAXYS, INC.



Tarcisio M. Medalla
Chairman of the Board and President
August 14, 2015



Mark David P. Martinez
Corporate Secretary
August 14, 2015

**PAXYS, INC.
AND SUBSIDIARIES**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

June 30, 2015 and December 31, 2014

and for the Six Months Ended June 30, 2015 and 2014

PAXYS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at June 30, 2015 and December 31, 2014
(Amounts in Thousands)

	June 30 (Unaudited)	December 31 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱3,034,429	₱3,207,725
Available-for-sale financial assets (Note 4)	384,510	186,355
Trade and other receivables (Note 5)	58,784	75,853
Other current assets (Note 6)	9,904	8,847
Total Current Assets	3,487,627	3,478,780
Noncurrent Assets		
Property and equipment (Note 8)	3,420	4,709
Intangible assets (Note 9)	1,734	2,687
Other noncurrent assets	11,931	11,870
Total Noncurrent Assets	17,085	19,266
	₱3,504,712	₱3,498,046
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 10)	₱42,860	₱47,715
Income tax payable	-	665
Total Current Liabilities	42,860	48,380
Noncurrent Liabilities		
Retirement liability (Note 15)	10,519	10,519
Other noncurrent liabilities	603	603
Total Noncurrent Liabilities	11,122	11,122
Total Liabilities	53,982	59,502
Equity		
Capital stock (Note 11)	1,148,535	1,148,535
Additional paid-in capital (Note 11)	451,364	451,364
Parent shares held by a subsidiary (Note 11)	(1,149,886)	(1,149,886)
Other equity reserves (Note 11)	141,013	120,518
Retained earnings (Note 11)	2,859,704	2,868,013
Total Equity	3,450,730	3,438,544
	₱3,504,712	₱3,498,046

See accompanying Management Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

PAXYS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

For the Six-month and Three-month Periods Ended June 30, 2015 and 2014

(Amounts in Thousands, except Basic/Diluted Earnings per share)

	Six Months		Three Months	
	2015	2014	2015	2014
SERVICE INCOME	₱71,739	₱77,531	34,731	₱37,972
COSTS OF SERVICES (Note 12)	(62,984)	(61,810)	(30,445)	(30,841)
GROSS PROFIT	8,755	15,721	4,286	7,131
GENERAL AND ADMINISTRATIVE EXPENSES (Note 13)	(35,955)	(38,180)	(16,556)	(18,087)
INTEREST INCOME (Note 14)	14,164	18,425	7,816	7,071
NET FOREIGN EXCHANGE GAIN (LOSS)	250	9,009	566	5,112
OTHER INCOME - net (Note 14)	4,477	1,211	2,028	1,014
INCOME (LOSS) BEFORE INCOME TAX	(8,309)	6,186	(1,860)	2,241
PROVISION FOR INCOME TAX	-	-	-	-
NET INCOME (LOSS)	(₱8,309)	₱6,186	(₱1,860)	₱2,241
EARNINGS (LOSS) PER SHARE				
Basic/Diluted Earnings (Loss) Per Share	(₱0.007)	₱0.005	(₱0.002)	₱0.002

See accompanying Management Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

PAXYS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

For the Six-Month and Three-month Periods Ended June 30, 2015 and 2014

(Amounts in Thousands)

	Six Months		Three Months	
	2015	2014	2015	2014
NET INCOME (LOSS)	(P8,309)	P6,186	(P1,860)	P2,241
OTHER COMPREHENSIVE INCOME				
Translation gain (loss)	18,630	(57,145)	19,720	(88,928)
Unrealized gain (loss) on fair value changes on Available For Sale financial assets	1,865	2,115	(152)	948
Total Other Comprehensive Income	20,495	(55,030)	19,568	(87,980)
TOTAL COMPREHENSIVE INCOME (LOSS)	P12,186	(P48,844)	P17,708	(P85,739)

See accompanying Management Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

PAXYS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For The Six-Month Periods Ended June 30, 2015 and 2014
(Amounts in Thousands)

	Total Equity Attributable to Equity Holders of the Parent Company (Unaudited)							
	Capital Stock P1 Par Value (Note 11)	Additional Paid-in Capital (Notes 11)	Retained Earnings (Note 11)	Parent shares held by a subsidiary (Note 11)	Cumulative Translation Adjustments	Unrealized gains on AFS	Actuarial gains/losses	Total
At January 1, 2015	₱1,148,535	₱451,364	₱2,868,013	₱1,149,886	₱119,567	₱2,106	(₱1,155)	₱3,438,544
Total comprehensive loss for the period	-	-	(8,309)	-	18,630	1,865	-	12,186
At June 30, 2015	₱1,148,535	₱451,364	₱2,859,704	₱1,149,886	₱138,197	₱3,971	(₱1,155)	₱3,450,730

	Total Equity Attributable to Equity Holders of the Parent Company (Unaudited)							
	Capital Stock P1 Par Value (Note 11)	Additional Paid-in Capital (Notes 11)	Retained Earnings (Note 11)	Parent shares held by a subsidiary (Note 11)	Cumulative Translation Adjustments	Unrealized gains on AFS	Actuarial gains/losses	Total
At January 1, 2014	₱1,071,773	₱451,364	₱2,888,887	-	₱100,420	₱800	(₱1,155)	₱4,513,244
Total comprehensive loss for the period	-	-	6,186	-	(57,145)	2,115	-	(48,844)
At June 30, 2014	₱1,071,773	₱451,364	₱2,895,073	₱-	₱43,275	₱2,915	(₱1,155)	₱4,464,400

See accompanying Management Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

PAXYS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS**
For the Six-month Periods Ended June 30, 2015 and 2014
(Amounts in Thousands)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(₱8,309)	₱6,186
Interest income	(14,164)	(18,425)
Unrealized foreign exchange gain	(150)	(8,732)
Depreciation and amortization	2,842	4,522
Gain on disposal of assets	(982)	—
Provision for impairment losses on Input Vat	1,029	—
Operating loss before working capital changes	(19,734)	(16,449)
Decrease (increase) in:		
Trade and other receivables	16,831	181,383
Investment in AFS	(196,290)	2,234
Other current assets	(1,056)	(3,545)
Other noncurrent assets	(63)	(187)
Increase (decrease) in:		
Trade and other payables	(5,638)	(5,445)
Accrued retirement	—	9
Other non-current liabilities	—	439
Cash generated from (used for) operations	(205,950)	158,439
Interest received	13,372	18,425
Income tax paid	—	(835)
Net cash provided by (used in) operating activities	(192,578)	176,029
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of asset	1,100	—
Acquisition of property and equipment and intangibles	(599)	(2,182)
Net cash provided (used) in investing activities	501	(2,182)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	18,780	(48,225)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(173,297)	125,622
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,207,725	4,107,099
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱3,034,428	₱4,232,721

See accompanying Management Discussion and Analysis and Selected Notes to Consolidated Financial Statements.

PAXYS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Paxys, Inc. (“Paxys”, the “Company”, or the “Parent Company”) is an investment holding company incorporated in the Philippines and listed on the Philippine Stock Exchange (stock symbol: PAX). It was formerly known as Fil-Hispano Holdings Corporation and registered with the Philippine Securities and Exchange Commission (SEC) on February 14, 1952. At present, the Parent Company’s operating subsidiaries provide general transcription, proofreading, data conversion, contact center and back office outsourcing services. As of June 30, 2015, its major shareholders are All Asia Customer Services Holdings Ltd. (AACSHL), a privately-held company incorporated in Hong Kong, and Paxys NV, a wholly owned subsidiary of the Company, with 54.93% and 30.09% interests, respectively. The registered office address of Paxys is at 15th Floor, 6750 Ayala Office Tower, Ayala Avenue, Makati City, Philippines.

2. Summary of Significant Accounting Policies

Basis of Preparation

The unaudited interim consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS includes statements named PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from the International Financial Reporting Interpretations Committee (IFRIC) issued by the Financial Reporting Standards Council.

The unaudited interim consolidated financial statements have been prepared on a historical cost basis, except for derivative instruments which have been measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company’s functional and presentation currency. All values are rounded to the nearest thousands (₱000), except when otherwise indicated.

Statement of Compliance

The unaudited interim consolidated financial statements for the six-month period ended June 30, 2015 have been prepared in accordance with PAS34, *Interim Financial Reporting*. Accordingly, the unaudited interim consolidated financial statements do not include all of the information and footnotes required by generally accepted accounting principles in the Philippines (“Philippine GAAP”) for complete financial statements as set forth in the PFRS.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the audited annual consolidated financial statements as at and for the year ended December 31, 2014. In addition, the Group adopted the following new and revised PFRS effective January 1, 2015.

- PAS 36, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (Amendments) — These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period.
- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27) — They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (Amendments) — The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.
- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments) — The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans.

Annual Improvements to PFRSs (2010 to 2012 cycle).

The Annual Improvements to PFRS (2010 to 2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment – Definition of Vesting Condition* — The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues.
- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination* — The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted).
- PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets* — The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker.
- PFRS 13, *Fair Value Measurement – Short-term Receivables and Payables* — The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.
- PAS 24, *Related Party Disclosures – Key Management Personnel* — The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a Company for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity.

Annual Improvements to PFRS (2011 to 2013 cycle)-

- Amendments to PFRS 13, *Fair Value Measurement – Portfolio Exception*, clarify that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts.

Effective for annual periods beginning on or after January 1, 2016:

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

Associate Joint Venture, require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- Amendments to PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization*, clarify that a revenue based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.
- Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

Annual Improvements to PFRS (2012 to 2014 cycle):

- Amendments to PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*, clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should be considered as a continuation of the original plan of disposal rather than a new plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- Amendments to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Financial Statements*, clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.
- Amendments to PAS 19, *Employee Benefits - Regional Marketing Issue Regarding Discount Rate*, clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- Amendments to PAS 34, *Interim Financial Reporting - Disclosure of Information "Elsewhere in the Interim Financial Report"* clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective for annual periods beginning on or after January 1, 2018 –

- PFRS 9, *Financial Instruments*, reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

Under prevailing circumstances, the adoption of the foregoing new and revised PFRS are not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries:

Subsidiaries	Place of Incorporation	Principal Activity	2015		2014	
			Direct	Indirect	Direct	Indirect
Paxys N.V.*	Curacao	Investment holding	100.0%	–	100.0%	–
ScopeWorks Asia, Inc. (SWA)	Philippines	Data conversion	100.0%	–	100.0%	–
Paxys Global Services, Inc. (PGS)	Philippines	Call Center	100.0%	–	100.0%	–
Paxys Global Services Pte Ltd (PGSPL)	Singapore	Business Process Outsourcing	100.0%	–	100.0%	–
Paxys Global Services Pte Ltd ROHQ (PGS ROHQ)	Philippines	Shared services	–	100.0%	–	100.0%
Paxys Ltd.	Hong Kong	Holding office	100.0%	–	100.0%	–

*In October 2014, Paxys N.V. purchased 345,622,477 common shares of the Parent Company representing 30.09% of the total outstanding capital stock of the Parent Company

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

The financial statements of the subsidiaries are prepared for the same reporting years as that of the Parent Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intercompany accounts, transactions and balances including intercompany profits, unrealized profits and losses and dividends are eliminated in full in the consolidated financial statements.

Foreign Currency-Denominated Transactions and Translations

The Company's consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional and presentation currency. The Philippine peso is the currency of the primary economic environment in which the Company operates. This is also the currency that mainly influences the revenue and cost of rendering products and services. All the subsidiaries, associates and joint ventures evaluate their primary economic and operating environment and determine their functional currency. Items included in the financial statements of each entity are initially measured using that functional currency.

The functional currency of the Parent Company, SWA, Simpro Philippines, PGS and PGS ROHQ is the Philippine Peso. The functional currency of PGSPL is Singapore Dollar (SG\$). The functional currency of Paxys Ltd., Simpro Solutions Limited and Paxys N.V. is U.S. Dollar (US\$).

Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional closing rate of exchange prevailing at the end of the reporting period. All differences are recognized in the consolidated statement of income except for foreign exchange differences that qualify as capitalizable borrowing costs for qualifying assets. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign operations. On consolidation, the assets and liabilities of foreign operations are translated into Philippine pesos at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit and loss.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when:

- It is expected to be realized or intended to sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as noncurrent. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as noncurrent.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid deposits that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Financial Instruments

Date of Recognition. The Company recognizes a financial asset and liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on settlement date. Derivative instruments are recognized on a trade date basis.

Initial Recognition and of Financial Instruments. All financial assets and financial liabilities are recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale.

This category pertains to the Company's cash and cash equivalents, trade and other receivables (excluding statutory receivables and advances to suppliers and contractors), rental and security deposits.

AFS Financial Assets

AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. These include equity investments, money market papers and other debt instruments. AFS financial assets are initially measured at fair value plus incremental direct transaction costs. The unrealized gains and losses arising from the fair valuation of AFS financial assets, except for the foreign exchange fluctuations on AFS debt securities and the related effective interest, are excluded, from reported earnings, and are reported in the consolidated statement of comprehensive income and in the equity section of the consolidated statement of financial position. These changes in fair values are recognized in equity until the investment is sold, collected, or otherwise disposed of or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity are included in profit or loss.

Where the Group holds more than one investment in the same security, these are deemed to be disposed on a first-in, first-out basis. Interest earned or paid on the investments is recognized as interest income or expense using the effective interest rate method. Dividends earned on investments are recognized in profit or loss when the right of payment has been established. These financial assets are classified as

noncurrent assets unless the intention is to dispose such assets within 12 months from the end of reporting year.

The Group has classified its quoted equity investments as AFS financial assets.

Other financial liabilities. Issued financial instruments or their component where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

This accounting policy applies primarily to the Company's accounts payable and other current liabilities (except for statutory payables and unearned income) and dividends payable.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of property and equipment consists of its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes the cost of replacing the part of such property and equipment and borrowing costs for long-term construction projects when the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally recognized as expense in the period such costs are incurred. Depreciation commences once the property and equipment are available for use and is calculated on a straight-line basis over the estimated useful life of the asset.

Other Intangible Assets

Other intangible assets with finite useful lives are composed of the Company's website and software packages. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization expense on intangible assets with finite lives is recognized under "Costs of services" and "General and administrative expenses" accounts in the consolidated statement of income.

Investments in Joint Ventures

The Parent Company has interests in joint ventures, whereby the venturers have a contractual arrangement that establishes joint control. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest.

Interest in a joint venture is initially recognized at cost and subsequently accounted for under the equity method of accounting. Under the equity method of accounting, the interest in a joint venture is carried at cost plus post-acquisition changes in the Group's share in the net assets of the joint venture, less any impairment in value. The share in the results of the operations of the joint venture is recognized in profit or loss. The Group's share of post-acquisition movements in the joint venture's equity reserves is recognized directly in equity. Profits or losses resulting from the transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the interest. If the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Group discontinues recognizing its share of further losses.

After the application of the equity method, the Group determines at the end of each reporting year whether there is any objective evidence that the investment is impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investment and recoverable amount and recognizes the difference in profit or loss.

After the Group's investment is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes the recognition of its share of those profits only after its share of the profits equals the share of losses not previously recognized.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of consideration received in excess of par value are recognized as additional paid-in capital (APIC).

APIC on stock options represents the cumulative compensation expense recognized from equity-settled share-based payment plan, net of cumulative compensation expense related to exercised and expired stock options.

Parent Shares Held by a Subsidiary. Where any entity of the Group purchases the Parent Company's shares (treasury stock), the consideration paid, including any directly attributable incremental costs (net of related taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effect, is included in equity attributable to the Parent Company's equity holders.

Retained earnings represent accumulated earnings net of dividends declared.

Other equity reserves comprise items of income and expense, including reclassification adjustments, that are not recognized in consolidated statement of income as required or permitted by other PFRS.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and value-added tax or duties. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Service Income. Revenue is recognized as services are rendered.

Interest Income. Revenue is recognized as the interest accrues using the effective interest method, that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Equity in Net Earnings (Losses) of Joint Ventures. The Company recognizes its share in the net income (loss) of joint ventures proportionate to its interest in the joint ventures in accordance with the equity method of accounting for investments.

Other Income. Revenue is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability and that can be measured reliably.

Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in the consolidated statement of income in the year these are incurred.

Leases

Company as a Lessee. Operating lease payments are recognized as expense in the consolidated statement of income on a straight-line basis over the lease terms.

Company as a Lessor. Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income is recognized as income on a straight-line basis over the lease terms.

Employee Benefits

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

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit obligations is performed annually by a qualified actuary.

Remeasurements of the retirement liability, which comprise actuarial gains and losses, are recognized immediately in Other Comprehensive Income. The Group determines the net interest expense to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the year as a result of contributions and benefit payments.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The retirement liability recognized by the Group is the present value of the defined benefit obligation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rate of government bonds that have terms to maturity approximating the terms of the related retirement and other long-term benefits liability.

Termination Benefits. Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after end of the reporting year are discounted to present value.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in compliance with PFRS requires management to make judgment and estimates that affect certain reported amounts and disclosures. The judgment and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Accordingly, actual results could differ from those estimates, and such estimates will be adjusted accordingly.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgment which have the most significant effect on the amounts recognized in the consolidated financial statements.

Determination of Functional Currency. Based on the economic substance of the underlying circumstances, the Group has determined that its functional currency is the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Parent Company and certain subsidiaries operate. It is the currency that mainly influences the sale of services and the costs of providing the services.

Determination of Operating Segments. Determination of operating segments is based on the information about components of the Group that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Parent Company's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance. The Parent Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) its assets are 10% or more of the combined assets of all operating segments.

The Group determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

Non-Recognition of Deferred Tax Liability (DTL) on Undistributed Income of a Foreign Subsidiary. Since Paxys N.V., a company incorporated and domiciled in Curacao, is a wholly owned subsidiary by the Parent Company, management believes that the Parent Company can control the timing of the dividend distribution of Paxys N.V. to the Parent Company. Thus, no deferred tax liability was recognized on the undistributed income of Paxys N.V.

Determination of the Classification of Leases. Management exercises judgment in determining whether substantially all the significant risks and benefits over the ownership of the assets held for lease are retained by the Group. Lease contracts in which the Group retains substantially all the risks and benefits incidental to ownership of the leased item are accounted for as operating leases. Otherwise, these are considered as finance leases.

Operating Lease Commitments. The Company has entered into various lease agreements either as lessor or lessee. Management has determined that the significant risks and rewards are retained by the lessor and accounts for the lease as operating lease.

Rent expense amounted to ₱8.1 million and ₱7.4 million for the six-month periods ended June 31, 2015 and 2014, respectively.

Provisions and Contingencies. The Group is involved in various labor disputes, litigations, claims and tax assessments that are normal to its business. Based on the opinion of the Group's legal counsels on the progress and legal grounds of certain claims and assessments, no provision is deemed necessary in 2015 and 2014. The Group has no outstanding provision for probable losses as at June 30, 2015 and December 31, 2014.

Estimates and Assumptions

The key assumptions concerning future and other key sources of estimation at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determination of Fair Value of Financial Instruments. PFRS require that certain financial assets and liabilities be carried at fair value. When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using degree of judgment required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Estimation of Useful Lives of Property and Equipment and Other Intangible Assets with Finite Useful Lives. The useful life of each of the Company's items of property and equipment and intangible assets with finite useful lives is estimated based on the period over which the assets are expected to be available for use. Such estimation is based on a collective assessment of similar business, internal technical evaluation and experience with similar assets. There is no change in the estimated useful lives of property and equipment and other intangible assets with finite useful lives in 2015 and 2014.

Estimation of Impairment Losses on Receivables. The Company maintains allowance for doubtful accounts at a level based on the result of the individual and collective assessment. Under the individual assessment, the Company considers the payment history, past due status and term. The collective assessment would require the Company to group its receivables based on the credit risk characteristics (customer type, length of the Company's relationship with the customers, average age of accounts and collection experience) of the customers.

Allowance for impairment losses on trade and other receivables amounted to ₱51.7 million and ₱52.9 million as at June 30, 2015 and December 31, 2014, respectively. The carrying values of trade and other receivables amounted to ₱58.8 million and ₱75.9 million as at June 30, 2015 and December 31, 2014, respectively (see Note 5).

Determination of Realizability of Input Value Added Tax (VAT). The carrying amount of input tax is reviewed at each reporting date and reduced to the extent that it will be not be utilized. The carrying amount of the asset is reduced through the use of an allowance account.

An increase in provision for potential losses on input tax would increase the Company's recorded expenses and decrease current assets.

The carrying value of input VAT, net of allowance, amounted to ₱8.6 million and ₱7.0 million as at June 30, 2015 and December 31, 2014, respectively. Allowance for non-recoverability of Input VAT amounted to ₱51.0 million and ₱50.0 million as at June 30, 2015 and December 31, 2014, respectively.

Determination of Retirement liability. The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The retirement liability amounted to ₱10.5 million as at June 30, 2015 and December 31, 2014, respectively.

4. Cash and Cash Equivalents and Investment in AFS Financial Assets

Cash and Cash Equivalents

	June 30	December 31
Cash on hand and in banks	₱306,824	₱40,294
Cash equivalents	2,727,605	3,167,431
	₱3,034,429	₱3,207,725

Cash in banks earn interest at the prevailing bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Investments in AFS Financial Assets

	June 30	December 31
Fixed income investment	P274,339	P135,753
Investment in Unit Investment Trust Fund (UITF)	110,171	50,602
	P384,510	P186,355

Fixed income investments consist of investment in funds managed by an international bank, which invest primarily in funds with absolute return investment strategies, such as fixed income investments. Investments in UITF are invested in local banks.

5. Trade and Other Receivables

	June 30	December 31
Trade	P50,634	P 77,677
Advances to related parties	44,825	34,364
Other receivables	15,069	16,677
	110,528	128,718
Allowance for impairment losses	(51,744)	(52,865)
	P58,784	P75,853

Trade receivables are noninterest-bearing and generally have 30 to 60 day terms. Other receivables which includes advances to employees, security deposits and other nontrade receivables are expected to be settled/liquidated within the year.

6. Other Current Assets

This account consists of:

	June 30	December 31
Input VAT	P8,559	P7,030
Advance rentals and other prepayments	1,345	1,817
	P9,904	P8,847

7. Investments in Joint Venture

Joint venture	Place of Incorporation	Principal Activity	Percentage of Ownership	
			June 30	December 31
PGS Dalian	China	Contact center	50.0%	50.0%
Simpro Solutions Limited	Hong Kong	Contact center	50.0%	50.0%

The Company recognizes its interest in these joint ventures using equity method of accounting.

Investments in joint ventures as at June 30, 2015 and December 31, 2014 are nil. Due to share of accumulated losses, Investment in PGS Dalian and Simpro Solutions Limited already depleted, thus, Paxys did not recognize further losses as at June 30, 2015 and December 31, 2014.

8. **Property and Equipment**

The movement of this account follows:

	June 30					
	Computer Equipment	Communication Equipment	Leasehold Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Total
Cost						
Balance at beginning of year, as restated	₱108,882	₱7,836	₱161,319	₱11,627	₱16,170	₱305,834
Additions	220	—	99	281	—	600
Disposal	—	—	—	—	(2,521)	(2,521)
Balance at end of year	109,102	7,836	161,418	11,908	13,649	303,913
Accumulated Depreciation						
Balance at beginning of year, as restated	108,069	7,836	159,704	10,356	15,160	301,125
Depreciation for the year	304	—	764	637	183	1,888
Disposal	—	—	—	—	(2,521)	(2,521)
Balance at end of year	108,373	7,836	160,468	10,993	12,822	300,492
Net Book Value	₱729	₱—	₱950	₱915	₱827	₱3,420

Property and equipment are depreciated using the economic lives as follows:

Computer equipment	3 to 5 years
Communication equipment	3 to 5 years
Leasehold improvements	5 years or lease term whichever is shorter
Office furniture, fixtures and equipment	5 years
Transportation equipment	5 years

	December 31					
	Computer Equipment	Communication Equipment	Leasehold Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Total
	<i>(In Thousands)</i>					
Cost						
Balance at beginning of year, as restated	₱145,405	₱12,052	₱167,258	₱19,209	₱17,758	₱361,682
Additions	731	-	416	739	1,035	2,921
Disposal	(37,254)	(4,216)	(6,355)	(8,321)	(2,623)	(58,769)
Balance at end of year	108,882	7,836	161,319	11,627	16,170	305,834
Accumulated Depreciation						
Balance at beginning of year, as restated	143,211	11,938	164,257	17,164	16,601	353,171
Depreciation for the year	2,088	114	1,802	1,513	816	6,333
Disposal	(37,230)	(4,216)	(6,355)	(8,321)	(2,257)	(58,379)
Balance at end of year	108,069	7,836	159,704	10,356	15,160	301,125
Net Book Value	₱813	₱-	₱1,615	₱1,271	₱1,010	₱4,709

9. Intangible Assets

Movements in this account are as follows:

	June 30	December 31
Balance at beginning of year - net of accumulated amortization		
	₱2,687	₱5,117
Amortization	(953)	(3,399)
Additions	-	969
Balance at end of year - net of accumulated amortization	₱1,734	₱2,687
Cost	₱13,934	₱13,934
Accumulated amortization	(12,200)	(11,247)
	₱1,734	₱2,687

Intangible assets include acquired website and software packages which are amortized over three to five years.

10. Accounts Payable and Other Current Liabilities

	June 30	December 31
Trade payables	₱17,272	₱19,301
Accrued expenses	11,806	14,247
Statutory payables	6,892	7,239
Advances from related parties	53	53
Dividends payable	6,554	6,554
Other current liabilities	283	321
	₱42,860	₱47,715

Trade payables are noninterest-bearing and are normally settled on a 90-day term.

Accrued expenses mainly represent accruals for utilities, communications, and other employee benefits. Statutory payables represent withholding tax payable and other liabilities to the government.

11. Stockholders' Equity

Capital Stock

On June 27, 2008, the Company's Board of Directors authorized and approved the increase in authorized capital stock from ₱1,200 million to ₱1,800 million by way of a stock dividend declaration.

	Number of Shares		Cost
	Number of Shares Authorized	Issued and Outstanding	
Balance as at and beginning and end of period	1,800,000,000	1,148,534,866	₱1,148,535

Parent Shares Held by a Subsidiary

In October 2014, Paxys N.V., a wholly-owned subsidiary of the Parent Company, completed the tender offer to acquire 345,622,477 common shares of the Parent Company representing 30.09% of its outstanding capital stock.

Additional Paid In Capital (APIC)

This account consists of:

Issuance of shares of stocks	₱348,213
Stock options	103,151
	₱451,364

APIC from issuance of shares of stocks represents the excess of paid capital over the par value of capital stock. APIC from stock options represents increase in equity arising from equity-settled share-based payment transactions.

Retained Earnings

Undistributed retained earnings of a subsidiary amounting to ₱2,895.2 million and ₱2,889.8 million, as at June 30, 2015 and December 31, 2014, respectively, are not available for dividend declaration until these are distributed by the subsidiary to the Parent Company.

Outstanding dividends payable of the Parent Company as at June 30, 2015 and December 31, 2014 amounted to ₱6.6 million, which pertain to dividends declared in prior years.

12. Cost of Services

	Six Months		Three Months	
	2015	2014	2015	2014
Personnel cost	₱38,970	₱44,023	₱18,885	₱21,741
Outside Services	7,417	-	3,466	-
Rent	5,237	5,110	2,618	2,555
Utilities	3,716	4,531	1,838	2,449
Communication	2,430	2,516	1,172	1,476
Security and janitorial services	2,030	2,073	988	1,009
Association dues	1,085	1,085	543	543
Depreciation and amortization	690	900	351	329
Supplies	534	640	192	290
Others	875	932	392	449
	₱62,984	₱61,810	₱30,445	₱30,841

13. General and Administrative Expenses

	Six Months		Three Months	
	2015	2014	2015	2014
Personnel cost	₱9,947	₱11,402	₱4,364	₱4,041
Professional fees	8,894	8,323	4,027	4,062
Depreciation and amortization	2,152	3,622	1,025	1,732
Communication	2,571	2,955	1,257	1,890
Rent	2,821	2,305	1,451	1,190
Utilities	1,012	1,164	527	774
Bank charges	2,308	-	950	-
Provision for non-recoverability of input VAT	1,029	1,428	591	908
Insurance expense	964	1,301	489	606
Security and janitorial services	661	901	336	463
Taxes and licenses	719	892	247	345
Transportation and travel	954	740	440	504

	Six Months		Three Months	
	2015	2014	2015	2014
(Forward)				
Repairs and maintenance	₱476	₱656	₱139	₱280
Entertainment, amusement and recreation	422	481	238	275
Supplies	170	391	109	249
IT expenses	-	30		3
Others	855	1,590	366	765
	₱35,955	₱38,180	₱16,556	₱18,087

14. Interest Income, Foreign exchange gains and losses, and Other Income

Interest Income

Interest income for the comparative periods was generated mainly from bank deposits and short-term placements amounting to ₱14.2 million and ₱18.4 million for the six months period ended June 30, 2015 and June 30, 2014, respectively.

Foreign exchange Gains and Losses

Foreign exchange gains and losses amounted to ₱0.3 million and ₱9.0 million for the six-month period ended June 30, 2015 and 2014, respectively. The prior year refers mainly to revaluation of AU\$-denominated monetary assets of the Group.

Other Income - net

Other income pertains to sublease income of SWA and sale of scrap and idle assets of the Group.

15. Retirement Benefits

The Parent Company, SWA, PNV and PGSI maintain individual and separate unfunded, non-contributory, defined benefit plans covering all eligible employees. An independent actuary conducts an actuarial valuation of the retirement liability. The latest actuarial report was dated December 31, 2014.

The retirement benefits recognized in the consolidated statement of income is as follows:

	December 31, 2014
Current service cost	₱2,037
Interest cost	430
Reversal of retirement liability	(364)
Adjustment due to curtailment	-
	₱2,103

The cumulative remeasurement gain (loss) on retirement liability recognized as other comprehensive income follows:

	December 31, 2014
Balance at beginning of year	₱25
Remeasurement gain (loss)	(1,180)
Reclassification	-
Balance at end of year	(₱1,155)

Changes in the present value of obligation are as follows:

	December 31, 2014
Balance at beginning of year	P7,236
Current service cost	2,037
Interest cost	430
Reversal of retirement liability	(364)
Remeasurement loss (gain) recognized in OCI	1,180
Balance at end of year	P10,519

The principal assumptions used in determining the cost of retirement benefits of the Group are shown below:

Discount rate	4.49%
Salary increase rate	5.00%

16. Other Noncurrent Liability

Included in this account are refundable deposits received by SWA from its sub-leasing arrangement with one client. The deposit is refundable to the client at the end of the lease period.

17. Segment Information

The Company's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets.

Segment Assets and Liabilities. Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, property and equipment and other intangible assets, net of allowances and provision. Segment liabilities include all operating liabilities and consist principally of accounts payable and other liabilities.

Inter-segment Transactions. Segment revenues, segment expenses and segment performance include transfers among business segments. Such transfers are eliminated in consolidation.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating income or loss and is measured consistently with operating income or loss in the consolidated financial statements.

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments.

For management purposes, the Company is organized into business units based on their products and services and has four reportable operating segments as follows:

- Data Conversion - This segment includes data transcription and scoping services, voice-to-screen message conversion and electronic data encoding and processing.
- Call Center - The call center segment offers an integrated mix of call center solutions including inbound (customer-initiated) and outbound teleservicing as well as email and web-based tools.
- Others - This segment includes the operations of the Parent Company and its holding companies.

Business Segment Data

The following table presents revenues and expenses information and certain assets and liabilities information regarding the business segments for the six-month periods ended June 30, 2015 and 2014:

	June 30, 2015				
	Data		Eliminations		
	Conversion	Call Center	Others	Eliminations	Consolidated
Results of Operations					
Segment revenues from external customers	P71,739	P-	P-	P-	P71,739
Segment expenses	(74,809)	(87)	(24,043)	-	(98,939)
Segment result	(3,070)	(87)	(24,043)	-	(27,200)
Interest income	21	-	14,143	-	14,164
Net Foreign exchange gain (loss)	341	-	1,334	(1,425)	250
Other segment operating income (expense) - net	2,855	-	1,622	-	4,477
Net income (loss)	P147	(P87)	(P6,944)	(1,425)	(P8,309)
Assets and Liabilities					
Segment assets	P56,477	P658	P5,127,106	(P1,679,529)	P3,504,712
Segment liabilities	(80,779)	(77,578)	(161,650)	266,024	(53,982)
Other Segment Information					
Capital expenditures:					
Property and equipment	P600	P-	P-	P-	P600
Depreciation and amortization	911	-	1,931	-	2,842

June 30, 2014

	Data				Eliminations	Consolidated
	Conversion	Call Center	Others			
Results of Operations						
Segment revenues from external customers	₱73,454	₱4,077	₱-	₱-	₱77,531	
Segment expenses	(70,258)	(3,625)	(26,108)	-	(99,991)	
Segment result	3,196	452	(26,108)	-	(22,460)	
Interest income - net	30	5	18,390	-	18,425	
Net Foreign exchange gain (loss)	164	(33)	8,604	(274)	9,009	
Other segment operating income (expense) - net	36	-	28,278	(27,102)	1,212	
Net income (loss)	₱3,426	₱424	₱29,164	(₱26,828)	₱6,186	
Assets and Liabilities						
Segment assets	₱57,153	₱6,667	₱4,989,325	(₱529,515)	₱4,523,630	
Segment liabilities	(80,371)	(82,327)	(178,250)	281,717	(59,231)	
Other Segment Information						
Capital expenditures:						
Property and equipment	₱1,862	₱-	₱122	₱-	₱1,984	
Intangibles	199	-	-	-	199	
Depreciation and amortization	1,338	712	2,472	-	4,522	

Geographical Segment Data

The following table presents the revenue and expenditure and certain asset information regarding geographical segments for the six months ended June 30, 2015 and 2014:

	June 30, 2015		
	Philippines	Others	Eliminations Consolidated
Revenue			
External revenue	₱71,739	₱-	₱71,739
Other Segment Information			
Segment assets	₱5,184,241	₱- (1,679,529)	₱3,504,712
Capital expenditures:			
Property and equipment	₱600	₱-	₱600
Intangibles	₱-	₱-	₱-

	June 30, 2014		
	Philippines	Others	Eliminations Consolidated
Revenue			
External revenue	₱77,531	₱-	₱77,531
Other Segment Information			
Segment assets	₱5,053,145	₱- (529,515)	₱4,523,630
Capital expenditures:			
Property and equipment	₱1,983	₱-	₱1,983
Intangibles	199	₱-	199

18. Financial Assets and Financial Liabilities

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Trade and Other Receivables, Trade and Other Payable, and Dividends Payable. Due to the short-term nature of transactions, the fair value approximates the carrying amounts at initial recognition.

Refundable Deposits. The estimated fair values of refundable deposits are based on the discounted values of future cash flows using as discount rate the prevailing MART1 rates that are specific to the tenor of the instruments' cash flows as of financial reporting date. The discount rates used in determining the fair values of refundable deposits of about 3.33% in 2014.

AFS Investments. Net asset value per unit have been used to determine the fair value of AFS investments.

19. Other Matters

Detailed schedules have been omitted for purposes of preparing these interim financial statements as allowed by SRC Rule 68.

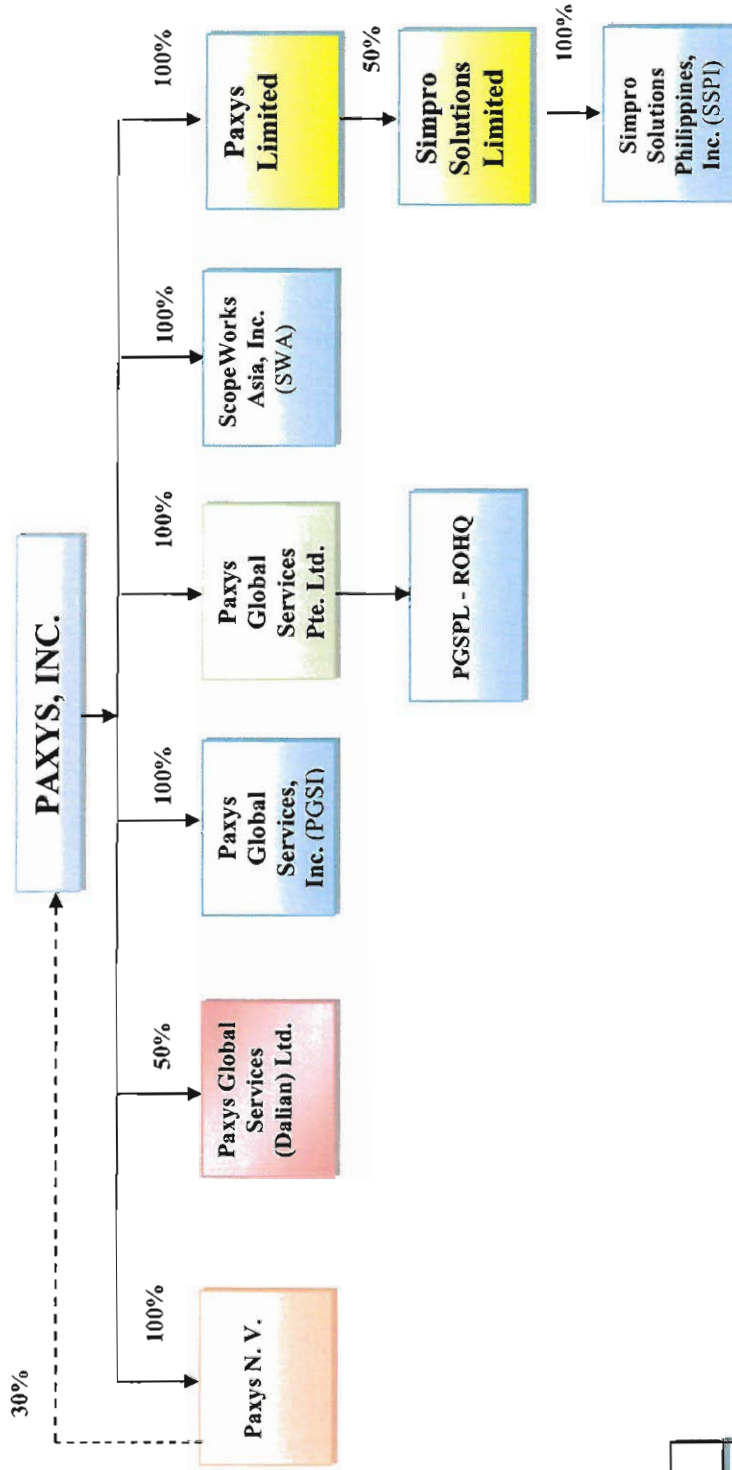
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

INTRODUCTION

The following discussion should be read in conjunction with the attached unaudited interim consolidated financial statements of the Group as at and for the six-month period ended June 30, 2015 (with comparative figures as at and for the six-month period ended June 30, 2014). All necessary adjustments to present fairly the consolidated financial condition, results of operations, and cash flows of the Group for the six months ended June 30, 2015, and for all the other periods presented, have been made. Certain information and footnote disclosure normally included in the audited financial statements prepared in accordance with generally accepted accounting principles have been omitted.

Overview of Our Business

Below is the Group's corporate structure as of June 30, 2015:



Legend
Philippines
China
Singapore
Curacao
Hong Kong

Paxys is an investment holding company registered with the SEC in February 14, 1952. Through its operating subsidiaries, Paxys has been engaged in diversified services such as business process outsourcing, data conversion. For the last three years, Paxys divested its salary packaging, call center, IT consulting and software solutions business.

SWA is a Philippine BPO company engaged in general and legal transcription, editing, proofreading, and data conversion services with clients in the US and UK.

PGSI is a business process-outsourcing provider for consumers, businesses and institutions. Its primary purpose is to engage in call center business that offers an integrated mix of call center solutions including inbound (customer-initiated) and outbound teleservicing.

SSPI is a joint venture company engaged in call center and back office outsourcing activities.

Key Performance Indicators (KPI)

The Company's management uses the following KPI:

- | | | |
|---------------------------|---|--|
| 1) Net Service Income | : | Service Income less discounts and allowances |
| 2) Gross Profit Margin | : | Gross profit/Service Income |
| 3) EBITDA | : | Earnings Before Interest, Taxes, Depreciation and Amortization |
| 4) EBITDA Margin | : | EBITDA/Service Income |
| 5) Income from Operations | : | Gross Profit – Operating Expenses |
| 6) Net Income Margin | : | Net Income/Service Income |
| 7) Return on Equity | : | Net Income/(Equity end + Equity beg – Net Income)/2 |
| 8) Current Ratio | : | Current Assets/Current Liabilities |

RESULTS OF OPERATIONS AND DISCUSSION OF KPIs

Summary Profit and Loss

For the Six-month Period Ended June 30, 2015 and 2014

(Amounts in Thousands)

	2015		2014		% Change
	Amount	% to Sales	Amount	% to Sales	
Service Income	₱71,739	100%	₱77,531	100%	(7.5%)
Gross Profit	8,755	12%	15,721	20%	(44%)
Loss from Operations	(27,200)	(38%)	(22,459)	(29%)	(21%)
Net Income (Loss)	(8,309)	(12%)	6,186	8%	(230%)
EBITDA	(5,467)	(8%)	10,708	14%	(151%)

FINANCIAL PERFORMANCE HIGHLIGHT

The Group generated ₱71.7 million revenues as of June 30, 2015. This is 7.5% or ₱5.8 million lower compared to ₱77.5 million revenue of prior period primarily due to the discontinued operations of PGSI. As a result, the Gross Profit likewise decreased by 44% or ₱7.0 million from ₱15.7 million as of June 2014 to ₱8.8 million as of June 30, 2015.

Due to the same shortfall in revenue, the Group's Operating Losses increased by 21% or ₱4.7 million compared to prior period in spite of the improvement in the operating expenses. Loss from Operations as at June 30, 2015 is about ₱27.2 million. This, less Interest Income earned of ₱14.2 million and Other Income of ₱4.5 million resulted to Group's Net Loss of ₱8.3 million as at June 30, 2015. This is a 230% reverse as compared to ₱6.2 million Net Income in prior period mainly due to one-time forex gain of ₱9.0 million as of June 30, 2014.

Overall, the Group's EBITDA is ₱5,467 as of June 30, 2015.

Summary Financial Condition
For the Six-month Period Ended June 30, 2015 and 2014
(Amounts in Thousands)

	June 30, 2015	December 31, 2014	% Change
Balance Sheet Data:			
Total Current Assets	₱3,487,627	₱3,478,780	0.3%
Total Noncurrent Assets	17,086	19,266	(11%)
Total Assets	3,504,712	3,498,046	.2%
Total Current Liabilities	42,860	48,380	(11%)
Total Noncurrent Liabilities	11,122	11,122	0%
Total Equity	3,450,730	3,438,544	.4%

The major movements in the consolidated statements of financial position items from December 31, 2014 to June 30, 2015 are as follows:

- Cash and Cash equivalents decreased by 5% or ₱173.3 million mainly due to additional investments in Available-for-sale financial assets, particularly in fixed income investments at an international bank. At the total Asset level, this had no significant impact as the decrease has been offset by the increase in Investment in AFS. The ₱6.6 million increase in the Total Assets for the six-month period ended June 30, 2015 pertains mainly to the collection in advance of Accounts Receivable accounts of the operating subsidiary.
- Trade payable and other payables decreased ₱4.9 million due to various payments to trade vendors and statutory payments to government.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary source of liquidity is the cash generated from operations within the Group. The following are the cash flow movements:

For the Six Months Ended June 30	2015	2014	% change
Net Cash Provided (Used) by Operating Activities	(₱192,578)	₱176,029	(209%)
Net Cash Provided (Used) by Investing Activities	501	(2,182)	123%

Net Cash used by operating activities in 2015 pertains to additional investment in funds managed by international bank.

The Company's management believes that the current level of cash generated from operations and the borrowing capability are sufficient to meet the Company's immediate future cash needs. The Company does not anticipate any liquidity problems that may arise from its operating activities in the near future.

Financial Ratios

	June 30, 2015	Dec 31, 2014	% change
Financial Ratios:			
Current Ratio	81.4:1	71.9:1	13%
Debt to Equity Ratio	0.02:1	0.02:1	0%
Return on Equity	(0.2%)	(1%)	80%
EBITDA Margin	(8%)	(16%)	50%
Net Profit Margin	(12%)	(14%)	14%

FINANCIAL RISK

- **Foreign Currency risk**

The Group has transactional currency exposure. Such exposure arises from US\$ denominated service income of SWA. As at June 30, 2015, cash and cash equivalents of the Group consist of 69% US\$ and 0.11% AU\$.

In view of the above, the Company's consolidated financial performance and financial position can be affected significantly by movements in the US\$/Philippine Peso exchange rates.

The Company's primary strategy to address its forex exposures is to make use of hedging instruments including derivatives (i.e., currency forward contracts) to manage the effects of foreign exchange fluctuations on financial results. These hedging instruments or derivatives are not used for trading or speculative purposes. Counterparties to derivative contracts are carefully selected from major financial institutions which are assessed based on their industry standing and historical performance. As at June 30, 2015 and December 31, 2014, the Group doesn't have outstanding derivative instruments.

The Company adopted the following rates of exchange in translating foreign currency statement of comprehensive income and statement of financial position as of June 30, 2015 and December 31, 2014:

	June 30, 2015		December 31, 2014	
	Closing	Average	Closing	Average
Philippine Peso to 1 unit of : United States Dollar (US\$)	45.09	44.54	44.72	44.66

- **Credit Risk**

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Since the Group trades only with recognized third parties, there is no requirement for collateral. Also the Group has an existing contract or master agreement with its key customer to protect itself from bad debt losses.

OTHER MATTERS

- a. There were no known events that trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- b. There were no material commitments of the Company.
- c. There were no material off-statement of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons during the reporting period.
- d. There are no unusual items as to nature and amount affecting assets, liabilities, equity, net income or cash flows.
- e. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
- f. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favourable or an unfavourable impact on net sales or revenue or income from continuing operation.
- g. The causes for any material change from period to period are stated under Management's discussion and analysis section "financial condition".
- h. The effects of seasonality or cyclicity on the operations of the Company's business are not material.
- i. There were no material changes in estimates of amounts reported in interim periods of the current year or changes in estimates of amounts reported in prior financial years.

Key Variable and Other Quantitative and Factors

Trends, Events, Uncertainties or Contingent Financial Obligation with Material Impact on Liquidity

The Company does not anticipate having liquidity problem within the next twelve (12) months since it has adequate amount of cash to pay its maturing obligations and to support its working capital requirements.

Paxys, Inc. and Subsidiaries
Consolidated Trade Receivables Aging Schedule
As of June 30, 2015
(Amounts in Thousands)

Types of customers	Age of Receivables					Total
	<30 days	31-60 days	61-90 days	90-120 days	>120 days	
Local	₱-	₱-	₱-	₱-	₱27,295	₱27,295
International	10,594	-	-	-	12,745	23,339
	10,594	-	-	-	40,040	50,634
Allowance for impairment losses	-	-	-	-	(14,186)	(14,186)
	₱10,594	₱-	₱-	₱-	₱25,854	₱36,448

Paxys, Inc.
As of June 30, 2015
RE Available for Dividend Declaration

Unappropriated Retained Earnings, beginning per books		(¥1,412,641)
Accumulated non-actual/ unrealized income and expenses in prior years		595,501
Unappropriated Retained Earnings, as adjusted, beginning		(817,140)
Add: Net income actually earned realized during the period		
Net income during the period closed to Retained earnings	(13,506,935)	
Unrealized foreign exchange gain – net	(63,462)	
Unrealized foreign exchange gain in 2014, realized in 2015	595,501	
Net income actually earned during the period		(12,974,896)
Total Retained Earnings, End – Available for Dividend Declaration		(¥13,792,036)

SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS

PAXYS, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2015		Adopted	Not Adopted	Not Applicable
	PFRS 9 and Transition Disclosures			
PFRS 8	Operating Segments	✓		
PFRS 9*	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 10*	Consolidated Financial Statements	✓		
PFRS 11*	Joint Arrangements	✓		
PFRS 12*	Disclosure of Interests in Other Entities	✓		
PFRS 13*	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income*	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Amended)*	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2015		Adopted	Not Adopted	Not Applicable
PAS 27 (Amended)*	Separate Financial Statements	✓		
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)*	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities*	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
Amendment to PAS 39: Eligible Hedged Items			✓	
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2015		Adopted	Not Adopted	Not Applicable
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 8	<i>Scope of PFRS 2</i>			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20 *	Stripping Costs in the Production Phase of a Surface Mine			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at June 30, 2015		Adopted	Not Adopted	Not Applicable
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs	✓		