

# ANNUAL REPORT 2015

**SUSTAINABLE GROWTH  
WITH SOLID VALUES**



**SOLID GROUP INC.**

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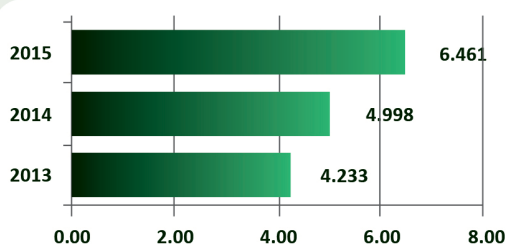
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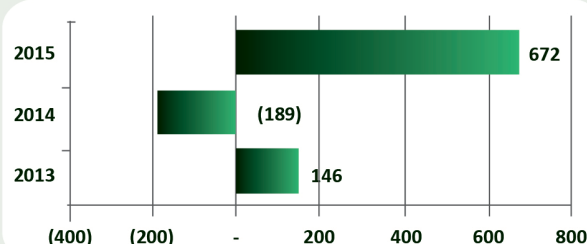
# FINANCIAL PERFORMANCE OVERVIEW 2015

Following are highlights of the company's positive results of operation and improved key performance ratios.

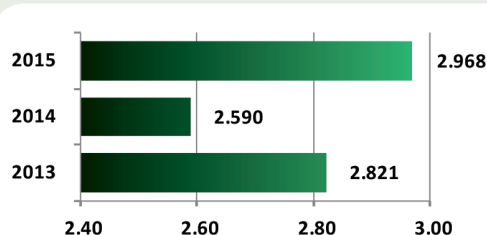
**REVENUE** (in billion pesos)



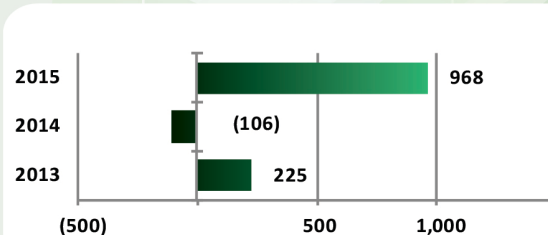
**NET PROFIT** (in million pesos)



**RETAINED EARNINGS** (in billion pesos)



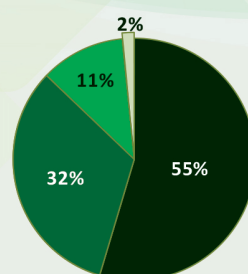
**EBITDA** (in million pesos)



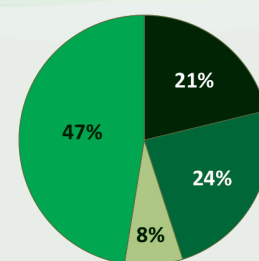
Revenue/Asset by Segment (in million pesos)	2015	2014	2013
<b>Digital Mobile Devices</b>			
Revenue	3,528	4,060	3,384
Asset	2,623	1,955	1,456
<b>Property &amp; Building Services</b>			
Revenue	2,102	258	308
Asset	2,941	5,186	5,561
<b>Technical Support &amp; Solutions</b>			
Revenue	727	602	448
Asset	931	85	95
<b>Investments &amp; Others</b>			
Revenue	104	78	93
Asset	5,866	6,431	6,492

**Segment Breakdown 2015**

**REVENUE**



**ASSET**



■ Digital Mobile Devices
 ■ Technical Support & Solutions  
■ Property & Building Services
 ■ Investments & others

Balance Sheet (in billion pesos)	2015	2014	2013
Cash and cash equivalents	2.58	1.62	2.33
Total Assets	12.36	13.66	13.60
Total Liabilities	2.29	4.17	3.85
Total Equity	10.07	9.49	9.75
Retained Earnings	2.97	2.59	2.82

Key Performance Ratios	2015	2014	2013
Current Ratio	4.34:1	2.31:1	2.60:1
Debt to Equity Ratio	0.22:1	0.44:1	0.39:1
Asset Turnover	50%	37%	32%
EPS	0.27	(0.07)	0.09

## MOBILE DEVICES

Amidst intense competition, the Mobile Devices business segment rebounded strongly in the 4th quarter of 2015 with a strong product line up, aggressive pricing and year end promotions. Affordable 3G Quad-core android models of mylphone were bestsellers during the Christmas season.



Best-selling models



Consequently, mylphone was able to achieve a 12% volume increase to keep its Top 5 ranking in market share albeit with a decline in revenue of 12% from Php4 billion to Php3.5 billion. Profitability was still negative but net loss in 2015 was reduced by 56% from the previous year and is expected to recover with positive results in 2016.

A major reorganization took place in August of 2015 with President David Lim taking over as head of all aspects of operations; from selection of ODM suppliers and manufacturing partners, to streamlining of manpower and internal systems, to redirecting sales and marketing as well as strengthening dealer network and key account relationships. A new selfie concept store was launched at SM Mall of Asia towards the year end.

For 2016, mylphone will focus on digital TV phones- expected to be the next blue ocean of the mobile industry. The country's shift to the ISBT digital broadcasting platform and other OTT digital media trends happening concurrently bring exciting opportunities for content creation and distribution that will positively impact on mylphone's future.



Opening of Selfie concept store



8th Anniversary beach party of mylphone





## PROPERTY AND BUILDING SERVICES

This segment includes real estate investments and assets for sale or lease (Solid Manila Corp., Precos Inc., Kita Corp., Zen Towers and Starworld Corp.), hotel and venues operation (Green Sun and Casa Bocobo Hotel) and the marketing of modular structures (MyHouse by Solid Group Technologies Corp.).

Revenue in 2015 reached a record of Php2 billion from only Php258 million in the previous year primarily due to the recognition of Php1.75 billion in sales from the condominium project in Nanning China. Net profit for the year climbed to Php690 million from negative income which includes gains from the sale of a major property asset in Balintawak, Quezon City. Notably, while this property sale posted a gain of Php240 million, it generated cash proceeds of Php1.2 billion.

MyHouse registered revenues of Php124 million with 50% attributable to the Tandang Sora dormitory project of Solid Manila Corporation. Other notable projects for the year were the Manila North Harbor multi-purpose hall and the Pililia windmill viewing deck. Supplier diversification was pursued to secure better pricing and shorter lead-time. MyHouse expects positive results of operations in 2016.

As it became fully operational, Green Sun, the retrofitted building in Makati generated Php60 million in revenues from only Php12 million in 2014. The Eye and Axon venues have become increasingly popular for corporate events and private occasions. Also, the APEC SME Summit was successfully held with President Noyon Aquino welcoming guest speakers and over 1500 delegates. Steadily improving revenues and income are expected in the coming years with higher hotel occupancy, more venue and office rentals and improved F&B (food and beverage) performance.



Viewing deck in Pililia, Rizal



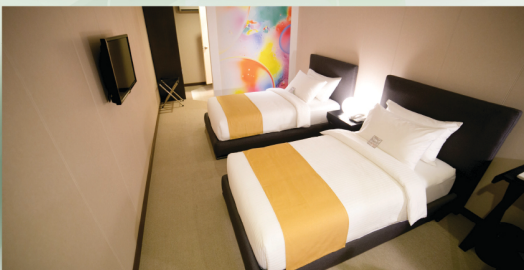
Manila North Harbor Multi-Purpose Hall



APEC SME Summit @ The Eye



AXON



Hotel Guest Room



SOMA Bistro @ Green Sun





## TECHNICAL SUPPORT AND SOLUTIONS

This segment composed of Omni Solid Services, Inc. (OMNI), Solid Electronics Corp. (SolidService) and Solid Video Corp. (SVC) achieved a significant increase in revenue by 25% to Php727 million in 2015 but reported lower net income at Php38 million, a 9% decrease from Php42 million in 2014.

OMNI's revenue grew by 11% to Php245 million from Php220 million in 2014 with a lower recorded profit of Php27 million from Php32 million in 2014 after fair value loss. Growth was driven by increased volume and value of logistics operation, test lab services and factory assembly of LED TVs. For 2016, OMNI will continue to invest in fleet expansion and new technology for test lab equipment.

SolidService registered flat revenues of Php179million with net profit of Php1.1million from its after sales service business for Sony and my|phone brands. Due to the declining volume of repairs, SolidService embarked on new businesses such as CCTV installation and digibox servicing for ABS-CBN.

SVC significantly reported a 53% rise in revenue of Php303 million in 2015 from Php198 million in 2014 from sales of broadcast and professional equipment to television networks and institutional accounts. SVC was awarded the APEC 2015 International Media Center turn-key project in the amount of Php155 million. However, this will be recorded in 2016 after full acceptance by client RTVM. By end of 2015, SVC was authorized by Hitachi Kokusai Electric Asia to market transmitter systems in the Philippines to cater to the local networks in their switch from analog to digital broadcast.



Technical Operation Center for IMC



Test lab equipment



SolidService Frontline Training



SVC Team @ APEC 2015 IMC Project



ABS-CBN TVPlus Digibox



## INVESTMENTS AND OTHERS

This segment which includes Solid Group Inc.(SGI) parent company, Solid Manila Finance, Inc. (SMFI), and Brilliant Reach Ltd. (BRL), a BVI offshore company grew its revenue by 33% to Php103 million from Php78 million in 2014. Its net income increased by 142% to Php17 million from Php7 million in 2014 as a result of higher interest in investible funds. BRL was able to collect its outstanding loans receivable of Php113 million while SMFI likewise collected Php71 million of its business loans resulting in better cash flows for future investment. Advances of SGI to subsidiaries for working capital amounted to Php947 million in 2015.

## APEC 2015 SPECIAL PROJECT



Solid Video Corporation (SVC) won the bid for the turn-key project commissioned by RTVM for the APEC 2015 International Media Center (IMC) at the World Trade Center which included a full technical operation center, media booths, studios, stages and briefing rooms with equipment and technical crew, satellite and fiber transmission, entrance and reception, and even a massage area giving free shoulder rubs for weary jet-lagged media personnel from all over the world.

Working on a very tight schedule, SVC successfully completed the project with RTVM, top professional and key players from the industry like CMB Films, Dreamweaver, Telecomserve uplink, Converge fiber, Skycable, NDS stage rentals, MyHouse modulars who provided exemplary integrated solutions and services, even going beyond what the project specifications called for, thus delivering one of the best IMC in APEC's 21-year history.

Meanwhile, APEC 2015 also provided a unique opportunity for synergy among SGI affiliates; from SVC as project leader to MyHouse and Green Sun for facilities, to my|phone and Avid/Sony for products used, and to Omni, Solid Service and Zen Towers for support services.

To our project partners and the over 400 manpower involved who made this happen, Thank you and Mabuhay!



## PRESIDENT'S REPORT

On a consolidated basis, the Company (SGI) grew by 29% in 2015 and achieved Php6.5 billion in revenues from Php5 billion the prior year. Net income reached Php672 million up by 456% from a net loss of Php189 million in 2014. With this strong financial performance, we are able to declare dividends to shareholders this year and hopefully for years to come.

The key driver of growth was the Property business. The Company's overseas joint venture (JV) project in China was finally able to realize sales revenues of Php1.75 billion after securing government issued Property Ownership Certificates. The JV had a net income of Php337 million from Php142 million loss the previous year. As a result, SGI recorded Php172 million as corresponding share. Incidentally, the Company through its subsidiary Precos Inc. is considering selling its stock in the China JV to cash-in on its investment. Moreover, still on real estate, the sale of Balintawak property resulted in a one-time gain of Php240 million with cash proceeds of Php1.2 billion.

SGI is proud to have participated in the 2015 APEC through its subsidiaries Solid Video Corporation which integrated the International Broadcast Center in the World Trade Center and Green Sun which provided hotel and venues for the ABAC welcome dinner, the SME Summit, Voices of the Future Youth Conference as well as the official kick-off meeting the year before.

The Mobile Devices business continued to face tough market conditions resulting in the price and margin erosion. After midyear, I took over as a President to restructure and revitalize the company's operations. Major developments have taken place such as new ODM suppliers with better products and pricing, more streamlined workforce and workflow, more aggressive marketing tie-ups with networks and renewed dealer and customer confidence.

I thank the mylphone team for their hardwork and full support to make these difficult changes happen. While 2015 results were still negative, I believe we have turned the corner and will resume generating profit in 2016 as we launch digitalTV on mobile, the next blue ocean in the mobile industry.

For 2016, the company will be investing in major projects with a Capex budget of Php350 million to include a 6-storey office building in Quezon City and a warehouse in Paranaque for lease under Solid Manila, a custom-built integrated OB Van for news and production application by Solid Video,



David S. Lim  
President & CEO, Director

more improvements in Green Sun venues to enhance customer experience, and for Omni test lab, additional state-of-the-art equipment for inverter air conditioners and refrigerators to ensure compliance to safety as well as 'green' standards set by DTI-BPS in line with the Philippines commitment to mitigating climate change.

The company is upbeat on the outlook for the incoming year. As the country looks forward to better times ahead for all under President Duterte's administration, we too are committed to achieve sustainable growth with solid values for the benefit of all our stakeholders.

Thank you for your continued support.

A handwritten signature in black ink, likely belonging to David S. Lim.



## BOARD OF DIRECTORS



Joseph A. Lim  
Founder, Director



Elena S. Lim  
Chair Emeritus, Director



Quintin Chua  
Independent Director



Maria G. Goolsby  
Independent Director



Susan L. Tan  
Chairman of the Board, Director



Jason S. Lim  
SVP & COO, Director



Beda T. Mañalac  
VP, Director



Vincent S. Lim  
SVP & CFO, Director

## CORPORATE OFFICERS



Lita Joaquin  
VP, Treasurer



Atty. Roberto San Jose  
Corporate Secretary



Mellina Corpuz  
VP & Chief Accounting Officer



Josephine Santiago  
Chief Information Officer



Ericson Salvador  
Senior Audit Manager



Atty. Ana Maria Katigbak-Lim  
Asst. Corporate Secretary



## SENIOR EXECUTIVES

### Left to Right:

Christopher James Tan - GM, Solid Video Corp. • Josephine Santiago - EXCOM Secretary & CIO, SGI • Mel Santos - GM, Green Sun Hotel • Anthony Posadas - SVP, MySolid Technologies & Devices Corp. • Kevin Michael Tan - Executive VP, MyPhone • Jonathan Joseph Lim - President, Solid Group Technologies Corp. • Rudolph Panlilio - Operations Manager, MyHouse • Joji Tan - GM, Solid Electronics Corp.

### Sitting (L-R):

Abbe Daza - GM, Omni Solid Services, Inc. • Beda Mañalac - President, Solid Manila Corp. • Lita Joaquin - GM, Solid Manila Finance, Inc.





## SOLID GROUP INC.

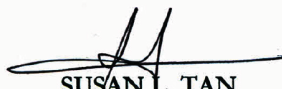
### STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of **Solid Group Inc.**, is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015 and 2014, in accordance with Philippine Financial Reporting Standards (PFRS), including the List of supplemental information filed separately from the basic consolidated financial statements.

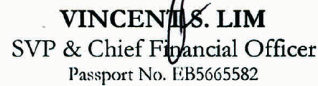
Management's responsibility on the consolidated financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the Board of Directors and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

  
**SUSAN L. TAN**  
Chairman  
Passport No. EC2411790  
Date/Place Issued:  
October 14, 2014, Manila

  
**DAVID S. LIM**  
President & Chief Executive Officer  
Passport No. EB4305124  
Date/Place Issued:  
December 20, 2011, Manila

  
**VINCENT S. LIM**  
SVP & Chief Financial Officer  
Passport No. EB5665582  
Date/Place Issued:  
June 15, 2012, Manila

Signed this **APR 12 2016** day of \_\_\_\_\_ 2016.

SUBSCRIBED AND SWORN to before me this **APR 12 2016** day of \_\_\_\_\_  
affiants exhibiting to me their passport with details shown above.

Doc. No. 329  
Page No. 67  
Book No. 371  
Series of 2016.

  
**KAREN T.M. RAMIREZ**  
NOTARY PUBLIC  
UNTIL DEC. 31, 2017  
2134M AURORA ST. MAKATI CITY  
APPT. NO. M23 (2016-2017)  
IPON NO. 1009530/CY-2016/9-24-15  
ROLL NO. 28947/MCLE-4 NO. 0006324/6-19-12  
**ETRN. MKT. 5323578/1-4-16 MAKATI CITY**





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

T +63 2 988 2288  
F +63 2 886 5506  
grantthornton.com.ph

## Report of Independent Auditors

**The Board of Directors and Stockholders**  
**Solid Group Inc. and Subsidiaries**  
2285 Don Chino Rocas Avenue  
Makati City

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

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

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

**PUNONGBAYAN & ARAULLO**

By: **Mailene Sigue-Bisnar**  
Partner

CPA Reg. No. 0090230  
TIN 120-319-128  
PTR No. 5321724, January 4, 2016, Makati City  
SEC Group A Accreditation  
Partner - No. 0396-AR-3 (until Oct. 15, 2018)  
Firm - No. 0002-FR-4 (until Apr. 30, 2018)  
BIR AN 08-002511-20-2015 (until Mar. 18, 2018)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

March 28, 2016

**SOLID GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**  
*(Amounts in Philippine Pesos)*

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	<b>P 2,576,733,713</b>	P 1,623,834,847
Financial assets at fair value through profit or loss	6	123,008,280	746,071,954
Trade and other receivables - net	7	1,278,551,759	1,438,189,029
Advances to related parties	25	1,653,330	28,980,645
Merchandise inventories and supplies - net	9	866,155,332	594,629,960
Real estate inventories - net	10	1,647,230,066	2,371,682,863
Other current assets	13	<u>471,456,471</u>	<u>574,294,025</u>
Total Current Assets		<u>6,964,788,951</u>	<u>7,377,683,323</u>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	7	601,637,151	582,579,966
Available-for-sale financial assets - net	8	13,836,527	9,456,527
Property and equipment - net	11	1,815,172,613	1,739,229,451
Investment property - net	12	2,653,219,534	3,653,879,915
Post-employment benefit asset	21	117,281,818	123,066,094
Deferred tax assets - net	22	166,196,351	127,125,734
Other non-current assets - net	13	<u>29,488,729</u>	<u>44,270,694</u>
Total Non-current Assets		<u>5,396,832,723</u>	<u>6,279,608,381</u>
<b>TOTAL ASSETS</b>		<u><b>P 12,361,621,674</b></u>	<u><b>P 13,657,291,704</b></u>

	Notes	2015	2014
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans	14	P 257,142,182	P 844,408,549
Trade and other payables	15	636,730,400	732,391,095
Customers' deposits		550,935,829	1,502,205,749
Advances from related parties	25	73,258,388	36,873,493
Estimated liability for land and land development costs		68,304,647	68,304,647
Income tax payable		19,922,914	9,404,626
Total Current Liabilities		1,606,294,360	3,193,588,159
<b>NON-CURRENT LIABILITIES</b>			
Refundable deposits	16	19,022,892	13,313,947
Post-employment benefit obligation	21	19,739,454	20,705,704
Deferred tax liabilities - net	22	647,717,364	938,404,585
Total Non-current Liabilities		686,479,710	972,424,236
Total Liabilities		2,292,774,070	4,166,012,395
<b>EQUITY</b>			
Attributable to the Parent Company's stockholders			
Capital stock	23	2,030,975,000	2,030,975,000
Additional paid-in capital		4,641,701,922	4,641,701,922
Treasury shares - at cost		(115,614,380)	(115,614,380)
Revaluation reserves	23	35,038,173	21,082,300
Retained earnings	23	2,967,881,891	2,590,367,022
Total equity attributable to the Parent Company's stockholders		9,559,982,606	9,168,511,864
Non-controlling interests	2	508,864,998	322,767,445
Total Equity		10,068,847,604	9,491,279,309
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 12,361,621,674</b>	<b>P 13,657,291,704</b>

*See Notes to Consolidated Financial Statements.*

**SOLID GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**  
*(Amounts in Philippine Pesos)*

	Notes	2015	2014	2013
<b>REVENUES</b>				
Sale of goods	2	P 3,952,750,577	P 4,337,704,615	P 3,513,602,388
Sale of real estate	2	1,788,006,760	28,321,991	113,835,646
Rendering of services	25, 26	532,077,613	453,582,408	414,705,645
Rentals	12, 25, 27	146,091,062	150,962,708	151,962,662
Interest	7, 20, 25	41,920,757	27,085,794	39,263,000
		<u>6,460,846,769</u>	<u>4,997,657,516</u>	<u>4,233,369,341</u>
<b>COSTS OF SALES, REAL ESTATE SALES, SERVICES AND RENTALS</b>				
Cost of sales	17	3,577,153,783	3,854,962,630	2,983,775,449
Cost of real estate sales	17	925,220,490	22,179,971	70,127,647
Cost of services	17	460,303,202	374,197,647	332,503,851
Cost of rentals	12, 17	57,325,823	35,951,543	34,971,661
		<u>5,020,003,298</u>	<u>4,287,291,791</u>	<u>3,421,378,608</u>
<b>GROSS PROFIT</b>		<u>1,440,843,471</u>	<u>710,365,725</u>	<u>811,990,733</u>
<b>OTHER OPERATING EXPENSES (INCOME)</b>				
Selling and distribution costs	18	559,990,238	552,366,111	451,129,327
General and administrative expenses	18	336,954,164	379,815,905	288,610,394
Other operating income	19	(263,024,203)	(86,040,883)	(53,336,385)
		<u>633,920,199</u>	<u>846,141,133</u>	<u>686,403,336</u>
<b>OPERATING PROFIT (LOSS)</b>		<u>806,923,272</u>	<u>(135,775,408)</u>	<u>125,587,397</u>
<b>OTHER INCOME (CHARGES) – Net</b>				
Finance income	20	89,517,766	33,194,746	65,909,151
Finance costs	20	(77,005,570)	(112,012,001)	(20,598,454)
Share in net loss of an associate	13	(3,305,718)	-	-
Other gains – net	20	16,058,807	3,182,343	19,524,456
		<u>25,265,285</u>	<u>(75,634,912)</u>	<u>64,835,153</u>
<b>PROFIT (LOSS) BEFORE TAX</b>		<u>832,188,557</u>	<u>(211,410,320)</u>	<u>190,422,550</u>
<b>TAX EXPENSE (INCOME)</b>	22	<u>159,283,615</u>	<u>(22,678,893)</u>	<u>44,903,108</u>
<b>NET PROFIT (LOSS) FOR THE YEAR</b>		<u>P 672,904,942</u>	<u>(188,731,427)</u>	<u>P 145,519,442</u>
<b>Net profit (loss) for the year attributable to the:</b>				
Parent Company's stockholders	24	P 486,807,389	(121,266,766)	157,821,890
Non-controlling interests		<u>186,097,553</u>	<u>(67,464,661)</u>	<u>(12,302,448)</u>
		<u>P 672,904,942</u>	<u>(188,731,427)</u>	<u>145,519,442</u>
<b>Earnings (loss) per share attributable to the Parent Company's stockholders</b>				
	24	P 0.27	P (0.07)	P 0.09

*See Notes to Consolidated Financial Statements.*



**SOLID GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**  
*(Amounts in Philippine Pesos)*

	Notes	2015	2014	2013
<b>NET PROFIT (LOSS) FOR THE YEAR</b>		<b>P 672,904,942</b>	<b>P (188,731,427)</b>	<b>P 145,519,442</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will be reclassified subsequently to profit or loss:				
Currency exchange differences on translating financial statements of foreign operations	2, 23	14,380,981	(1,325,922.00)	41,312,873
Fair value gains on available-for-sale financial assets – net	8, 23	1,380,000	220,000.00	1,461,842
Deferred tax expense on changes in fair value of available-for-sale financial assets	22, 23	(414,000.0)	(66,000.00)	(1,156,237)
		<u>15,346,981</u>	<u>(1,171,922.00)</u>	<u>41,618,478</u>
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of post-employment defined benefit plan	21, 23	( 1,899,376 )	54,522,138	7,356,907
Tax income (expense)	22, 23	508,268	(15,481,707)	(2,207,070)
		<u>(1,391,108)</u>	<u>39,040,431</u>	<u>5,149,837</u>
<b>Other comprehensive income – net of tax</b>		<u>13,955,873</u>	<u>37,868,509</u>	<u>46,768,315</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<b>P 686,860,815</b>	<b>P (150,862,918)</b>	<b>P 192,287,757</b>
<b>Total comprehensive income (loss) for the year attributable to:</b>				
Parent Company's stockholders		P 500,763,262	P (83,398,257)	P 204,590,205
Non-controlling interests		<u>186,097,553</u>	<u>(67,464,661)</u>	<u>( 12,302,448 )</u>
		<u>P 686,860,815</u>	<u>P (150,862,918)</u>	<u>P 192,287,757</u>

*See Notes to Consolidated Financial Statements.*

**SOLID GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**  
*(Amounts in Philippine Pesos)*

	Notes	2015	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit (loss) before tax	P	832,188,557	P (211,410,320)	P 190,422,550
Adjustments for:				
Loss (gain) on sale of investment property	12, 19	(138,520,266)	1,766,286	-
Fair value gains on investment property - net	12, 19, 20	(87,747,812)	(52,676,235)	(23,784,336)
Interest income	7, 20, 25	(77,425,436)	(36,349,776)	(81,892,320)
Depreciation and amortization	11, 18	76,013,702	47,575,708	32,328,211
Interest expense	20	59,348,521	58,225,272	2,610,444
Unrealized foreign currency exchange losses (gains) - net	20	(32,197,646)	4,662,070	(13,021,649)
Gain on settlement of receivables	7, 20	(19,395,000)	-	-
Gain on sale of property and equipment	11, 20	(6,685,469)	-	-
Gain on redemption of financial assets at fair value through profit or loss	6, 20	(1,403,189)	(13,689,363)	(1,006,736)
Fair value gain on financial assets at fair value through profit or loss	6, 20	(260,983)	(5,750,303)	(144,292)
Interest amortization on refundable deposits	16, 20	155,895	150,003	388,412
Gain on derecognition of liabilities	15, 20	-	(2,108,461)	(15,825,655)
Impairment losses on available-for-sale financial assets	8, 20	-	-	800,000
Operating profit (loss) before working capital changes		604,070,874	(209,605,119)	90,874,629
Increase in trade and other receivables		136,928,058	(162,532,555)	(3,817,099)
Decrease (increase) in advances to related parties		27,327,315	(4,245,206)	(3,102,051)
Decrease (increase) in merchandise inventories and supplies		(271,525,372)	249,615,120	(452,382,192)
Decrease (increase) in real estate inventories		724,452,797	51,553,054	(406,957,264)
Decrease (increase) in other current assets		(134,446,514)	(135,368,972)	(167,417,555)
Decrease (increase) in post-employment benefit asset		4,393,168	(1,801,889)	(5,512,330)
Decrease (increase) in other non-current assets		14,781,965	(11,422,535)	(10,616,455)
Increase (decrease) in trade and other payables		(95,816,590)	3,074,796	117,809,349
Increase (decrease) in customers' deposits		(951,269,920)	196,169,183	424,136,901
Increase (decrease) in advances from related parties		36,384,895	(44,450,070)	69,693,744
Increase (decrease) in refundable deposits		5,708,945	(1,813,159)	(918,290)
Increase (decrease) in post-employment benefit obligation		(966,250)	(5,814,974)	10,384,223
Cash generated from (used in) operations		100,023,371	(76,642,326)	(337,824,390)
Interest received		64,967,784	23,727,215	48,564,544
Cash paid for income taxes		(227,272,116)	(33,446,241)	(2,137,686)
Net Cash Used in Operating Activities		(62,280,961)	(86,361,352)	(291,397,532)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of investment property	12	1,506,509,527	8,035,714	2,461,000
Proceeds from redemption of financial assets at fair value through profit or loss	6	1,016,699,632	1,791,909,515	575,089,899
Acquisitions of financial assets at fair value through profit or loss	6	(391,971,786)	(2,224,255,643)	(868,225,031)
Additions to investment property	12	(279,581,068)	(8,597,740)	(2,083,670)
Acquisitions of property and equipment	11	(152,791,087)	(179,721,034)	(157,777,542)
Interest received	20	35,504,679	9,263,982	33,327,776
Proceeds from disposal of property and equipment	11	7,519,692	-	-
Acquisition of available-for-sale financial assets	8	(3,000,000)	(2,000,000)	-
Proceeds from disposal of available-for-sale financial asset		-	-	2,501,842
Net Cash From (Used in) Investing Activities		1,738,889,589	(605,365,206)	(414,705,726)
Balance carried forward		P 1,676,608,628	P ( 691,726,558 )	P (706,103,258)

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	Notes	2015	2014	2013
<i>Balance brought forward</i>		P <u>1,676,608,628</u>	P ( <u>691,726,558</u> )	P ( <u>706,103,258</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayments of interest-bearing loans	14	(587,266,367)	-	-
Dividends paid	23	(109,292,520)	(109,292,520)	(109,292,520)
Interest paid	14	(59,348,521)	(58,225,272)	(2,610,444)
Proceeds from availment of interest-bearing loans	14	<u>-</u>	<u>160,405,635</u>	<u>112,335,992</u>
Net Cash From (Used in) Financing Activities		<u>(755,907,408)</u>	<u>(7,112,157)</u>	<u>433,028</u>
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		<u>32,197,646</u>	<u>(4,662,070)</u>	<u>13,021,649</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>952,898,866</b>	<b>(703,500,785)</b>	<b>(692,648,581)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u><b>1,623,834,847</b></u>	<u><b>2,327,335,632</b></u>	<u><b>3,019,984,213</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		P <u><u><b>2,576,733,713</b></u></u>	P <u><u><b>1,623,834,847</b></u></u>	P <u><u><b>2,327,335,632</b></u></u>

**Supplemental Information on Non-cash Investing Activities:**

In 2014 and 2013, SMC transferred investment properties with a carrying amount of P46.4 million and P386.8 million, respectively, to Property and Equipment account (see Notes 11 and 12).

In 2013, ZTC transferred investment properties with a carrying amount of P5.2 million, previously classified as Investment Property to Real Estate Inventories.

*See Notes to Consolidated Financial Statements.*

**SOLID GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**  
*(Amounts in Philippine Pesos)*

Attributable to the Parent Company's Stockholders								
Notes	Capital Stock	Additional Paid-in Capital	Treasury Shares - at Cost	Revaluation Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2015 Dividends declared Total comprehensive income for the year	P 2,030,975,000	P 4,641,701,922	( P 115,614,380)	P 21,082,300	P 2,590,367,022	P 9,168,511,864	P 322,767,445	P 9,491,279,309
	23	-	-	-	( 109,292,520)	( 109,292,520)	-	( 109,292,520)
	8, 21, 22	-	-	13,955,873	486,807,389	500,763,262	186,097,553	686,860,815
	23	P 2,030,975,000	P 4,641,701,922	( P 115,614,380)	P 35,038,173	P 3,077,174,411	P 9,669,275,126	P 508,864,998
Balance at January 1, 2014 Dividends declared Total comprehensive income (loss) for the year	P 2,030,975,000	P 4,641,701,922	( P 115,614,380)	P 16,786,209	P 2,820,926,308	P 9,361,202,641	P 390,232,106	P 9,751,434,747
	23	-	-	-	( 109,292,520)	( 109,292,520)	-	( 109,292,520)
	8, 21, 22	-	-	37,868,509	( 121,266,766)	( 83,398,257)	( 67,464,661)	( 150,862,918)
	23	P 2,030,975,000	P 4,641,701,922	( P 115,614,380)	P 21,082,300	P 2,590,367,022	P 9,168,511,864	P 322,767,445
Balance at January 1, 2013 Dividends declared Total comprehensive income (loss) for the year	P 2,030,975,000	P 4,641,701,922	( P 115,614,380)	P 63,554,524	P 2,772,396,938	P 9,265,904,956	P 402,534,554	P 9,668,439,510
	23	-	-	-	( 109,292,520)	( 109,292,520)	-	( 109,292,520)
	8, 21, 22	-	-	46,768,315	157,821,890	204,590,205	( 12,302,448)	204,590,205
	23	P 2,030,975,000	P 4,641,701,922	( P 115,614,380)	P 16,786,209	P 2,930,218,828	P 9,470,495,161	P 402,534,554

See Notes to Consolidated Financial Statements.



## INVESTORS RELATIONS

### Independent Auditors

#### **PUNONGBAYAN & ARAULLO**

19th & 20th Floors, Tower 1  
The Enterprise Center, 6766 Ayala Avenue  
Makati City, Philippines  
Telephone : (632) 988-2288  
Fax: (632) 886-5506  
Website : [www.punongbayan-araullo.com](http://www.punongbayan-araullo.com)

### Transfer Agents

#### **STOCK TRANSFER SERVICES INC.**

34th Floor, Unit D  
Rufino Pacific Tower  
6784 Ayala Avenue  
Makati City, Philippines  
Telephone : (632) 403-2410 / 403-2414  
Email : [rdregala@stocktransfer.com.ph](mailto:rdregala@stocktransfer.com.ph)  
[bvmanuel@stocktransfer.com.ph](mailto:bvmanuel@stocktransfer.com.ph)

### Investor Inquiries Solid Group Inc.

#### **CORPORATE INFORMATION OFFICE**

2285 Green Sun, Chino Roces Avenue Extn.  
Makati City, Philippines  
Telephone : (632) 8431511 to 18  
Email : [info@solidgroup.com.ph](mailto:info@solidgroup.com.ph)  
Website : [www.solidgroup.com.ph](http://www.solidgroup.com.ph)

### Legal Counsel

#### **CASTILLO LAMAN TAN PANTALEON & SAN JOSE**

122 Valero Street, Salcedo Village  
Makati City, Philippines  
Telephone : (632) 817-6791 / 810-4371  
Fax: (632) 819-2724 / 817-5938  
Email : [counsel@cltpsj.com.ph](mailto:counsel@cltpsj.com.ph)



**SOLID GROUP INC.**

2285 Green Sun, Chino Roces Avenue Ext., 1231 Makati City Philippines  
[www.solidgroup.com.ph](http://www.solidgroup.com.ph)