# COVER SHEET
## for
## AUDITED FINANCIAL STATEMENTS

**SEC Registration Number**

CS201420992

**Company Name**

DD-MERIDIAN PARK DEVELOPMENT CORP.

**Principal Office ( No./Street/Barangay/City/Town)Province)**

16th Floor, 6750 Building, Ayala Avenue, Makati City

| Form Type | Department requiring the report | Secondary License Type, If Applicable |
|---|---|---|
| AAFS | | |

**COMPANY INFORMATION**

| Company's Email Address | Company's Telephone Number/s | Mobile Number |
|---|---|---|
| | | |

| No. of Stockholders | Annual Meeting Month/Day | Fiscal Year Month/Day |
|---|---|---|
| 2 | 1st Wednesday of May | December 31 |

**CONTACT PERSON INFORMATION**

The designated contact person ***MUST*** be an Officer of the Corporation

| Name of Contact Person | Email Address | Telephone Number/s | Mobile Number |
|---|---|---|---|
| Ms. Rizza Marie Joy J. Sia | rmjs@doubledragon.com.ph | 856-7111 | |

**Contact Person's Address**

16th Floor 6750 Building Ayala Avenue, Makati City

**Note**: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

# DD-MERIDIAN PARK DEVELOPMENT CORP.

**FINANCIAL STATEMENTS**
**December 31, 2014**

**R.G. Manabat & Co.**
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

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# REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
DD-Meridian Park Development Corp.
16th Floor, 6750 Building
Ayala Avenue, Makati City

## Report on the Financial Statements

We have audited the accompanying financial statements of DD-Meridian Park Development Corp., which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the period from October 27, 2014 (incorporation date) to December 31, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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





PRC-BOA Registration No. 0003, valid until December 31, 2016
SEC Accreditation No. 0004-FR-4, Group A, valid until November 10, 2017
IC Accreditation No. F-2014/014-R, valid until August 26, 2017
BSP Accredited, Category A, valid until December 17, 2017

KPMG

*Opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of DD-Meridian Park Development Corp. as at December 31, 2014, and its financial performance and its cash flows for the period from October 27, 2014 (incorporation date) to December 31, 2014 in accordance with Philippine Financial Reporting Standards.

**Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 15 to the basic financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**R.G. MANABAT & CO.**

ADOR C. MEJIA
Partner
CPA License No. 0029620
SEC Accreditation No. 0464-AR-2, Group A, valid until March 24, 2016
Tax Identification No. 112-071-634
BIR Accreditation No. 08-001987-10-2013
Issued May 9, 2013; valid until May 8, 2016
PTR No. 4748117MC
Issued January 5, 2015 at Makati City

March 18, 2015
Makati City, Metro Manila

APR 14 2015
RECEIVED
East Makati
RCO's NAME: ALBERT M. CAMBA

**R.G. Manabat & Co.**
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

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# REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
DD-Meridian Park Development Corp.
16th Floor, 6750 Building
Ayala Avenue, Makati City

We have audited the accompanying financial statements of DD-Meridian Park Development Corp. (the "Company") as at and for the period October 27, 2014 (incorporation date) to December 31, 2014, on which we have rendered our report dated March 18, 2015.

In compliance with Securities Regulation Code Rule 68, As Amended, we are stating that the said Company has a total number of two (2) stockholders owning one hundred (100) or more shares each.

**R.G. MANABAT & CO.**

ADOR C. MEJIA
Partner
CPA License No. 0029620
SEC Accreditation No. 0464-AR-2, Group A, valid until March 24, 2016
Tax Identification No. 112-071-634
BIR Accreditation No. 08-001987-10-2013
Issued May 9, 2013; valid until May 8, 2016
PTR No. 4748117MC
Issued January 5, 2015 at Makati City

March 18, 2015
Makati City, Metro Manila

# DD-MERIDIAN PARK DEVELOPMENT CORP.
## STATEMENT OF FINANCIAL POSITION
### DECEMBER 31, 2014



| | Note | 2014 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | *4, 13* | **P1,250,176,938** |
| Interest receivable | *13* | **1,288,889** |
| Prepaid expenses | *5* | **77,087,289** |
| **Total Current Assets** | | **1,328,553,116** |
| **Noncurrent Assets** | | |
| Investment property | *6, 10, 12* | **7,265,538,727** |
| Deferred tax asset - net | *11* | **5,885,847** |
| Input value-added tax | *7* | **5,831,743** |
| **Total Noncurrent Assets** | | **7,277,256,317** |
| | | **P8,605,809,433** |
| **LIABILITIES AND EQUITY** | | |
| **Current Liabilities** | | |
| Accounts payable and other current liabilities | *8, 13* | **P27,944,075** |
| Due to related parties | *6, 10, 13* | **123,256,674** |
| **Total Current Liabilities** | | **151,200,749** |
| **Equity** | | |
| Capital stock | *6, 12* | **8,468,072,318** |
| Deficit | | **(13,463,634)** |
| **Total Equity** | | **8,454,608,684** |
| | | **P8,605,809,433** |

*See Notes to the Financial Statements.*

# DD-MERIDIAN PARK DEVELOPMENT CORP.
## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE PERIOD FROM OCTOBER 27, 2014 (INCORPORATION DATE) TO DECEMBER 31, 2014*

| | *Note* | **2014** |
|---|---|---|
| **INCOME** | | |
| Unrealized gain from change in fair values of investment property | *6* | **P48,227,795** |
| Interest income | *4* | **1,558,899** |
| | | **49,786,694** |
| **EXPENSES** | *9* | **69,136,175** |
| **LOSS BEFORE INCOME TAX** | | **(19,349,481)** |
| **INCOME TAX BENEFIT** | *11* | **5,885,847** |
| **NET LOSS/TOTAL COMPREHENSIVE LOSS** | | **(P13,463,634)** |

*The Company was incorporated and registered with the Philippine Securities and Exchange Commission on October 27, 2014 and has not started its commercial operations as at December 31, 2014 (see Note 1).

*See Notes to the Financial Statements.*

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
Revenue District Office No. 47
East Makati
RECEIVED
INITIAL: ar
RCO's NAME: ALBERT M. CAMBA DATE:
RCO CODE: 003557
APR 14 2015

**DD-MERIDIAN PARK DEVELOPMENT CORP.**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE PERIOD FROM OCTOBER 27, 2014 (INCORPORATION DATE) TO DECEMBER 31, 2014***

| | *Note* | **2014** |
|---|---|---|
| **CAPITAL STOCK** - P1 par value | *12* | |
| Authorized | | |
| 17,830,000,000 shares - December 2, 2014 | | |
| 50,000 shares - October 27, 2014 | | |
| Issued and outstanding - 3,119,847,696 shares | | **P3,119,847,696** |
| Subscribed - 14,707,567,710 shares, net of subscriptions receivable of P9,359,343,088 | | **5,348,224,622** |
| | | **8,468,072,318** |
| **DEFICIT** | | |
| Net loss/total comprehensive loss for the period | | **(13,463,634)** |
| | | **P8,454,608,684** |

*The Company was incorporated and registered with the Philippine Securities and Exchange Commission on October 27, 2014 and has not started its commercial operations as at December 31, 2014 (see Note 1).

*See Notes to the Financial Statements.*

**DD-MERIDIAN PARK DEVELOPMENT CORP.**

**STATEMENT OF CASH FLOWS**
**FOR THE PERIOD FROM OCTOBER 27, 2014 (INCORPORATION DATE) TO DECEMBER 31, 2014***

| | *Note* | **2014** |
|---|---|---|
| **CASH FLOWS FROM PRE-OPERATING ACTIVITIES** | | |
| Loss before income tax | | **(P19,349,481)** |
| Adjustments for: | | |
| Interest income | *4* | **(1,558,899)** |
| Unrealized gain from change in fair values of investment property | *6* | **(48,227,795)** |
| Pre-operating loss before working capital changes | | **(69,136,175)** |
| Increase in: | | |
| Prepaid expenses | | **(77,087,289)** |
| Input value-added tax | | **(5,831,743)** |
| Increase in: | | |
| Accounts payable and other current liabilities | | **27,944,075** |
| Due to related parties | | **13,947,434** |
| Cash absorbed by operations | | **(110,163,698)** |
| Interest received | | **270,010** |
| Net cash used in pre-operating activities | | **(109,893,688)** |
| **CASH FLOWS FROM AN INVESTING ACTIVITY** | | |
| Acquisition of investment property | *6, 12, 14* | **(1,759,777,070)** |
| **CASH FLOWS FROM A FINANCING ACTIVITY** | | |
| Proceeds from issuance of capital stock | *12* | **3,119,847,696** |
| **CASH AND CASH EQUIVALENTS AT DECEMBER 31, 2014** | *4* | **P1,250,176,938** |

*The Company was incorporated and registered with the Philippine Securities and Exchange Commission on October 27, 2014 and has not started its commercial operations as at December 31, 2014 (see Note 1).

*See Notes to the Financial Statements.*

# DD-MERIDIAN PARK DEVELOPMENT CORP.
# NOTES TO THE FINANCIAL STATEMENTS

## 1. Reporting Entity

DD-Meridian Park Development Corp. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 27, 2014 primarily to engage in the business of real estate development including but not limited to residential and condominium projects, to acquire by purchase or lease land and interest in land, to own, hold, impose, promote, develop, subdivide and manage any land owned, held or occupied by the Company, to construct, manage or administer buildings such as condominiums, apartments, hotels, restaurants, stores or other structures and to mortgage, sell, lease or otherwise dispose of land, interests in land and buildings or other structures at any time. The Company is incorporated primarily to construct The Meridian Park, a 4.75 hectare ongoing, mixed-use development real estate property situated in Pasay City (see Note 6).

The Company is a 70%-owned subsidiary of DoubleDragon Properties Corp. ("DD"), a domestic corporation primarily engaged in the business of real estate development. DD became a publicly-listed company on April 7, 2014. DD is also the ultimate parent of the Company.

The Company's registered office address is at 16th Floor, 6750 Building, Ayala Avenue, Makati City.

The Company has not started its commercial operations as at December 31, 2014.

## 2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

The financial statements as at and for the period ended December 31, 2014 were approved and authorized for issuance by the Board of Directors (BOD) on March 18, 2015.

Basis of Measurement

The financial statements have been prepared using the historical cost basis of accounting except for investment property which is measured at fair value.

Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is also the Company's functional currency. All financial information expressed in Philippine peso has been rounded off to the nearest peso, unless otherwise stated.

Use of Estimates and Judgments

The financial statements prepared in accordance with PFRS require management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements at the reporting date. However, uncertainty about these estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments

In the process of applying the Company's accounting policies, no significant judgments were made by management in preparing the financial statements.

Estimates

The key estimates and assumptions used in the financial statements are based on management's evaluation of relevant facts and circumstances as at the date of the Company's financial statements. Actual results could differ from such estimates.

*Estimating Allowance for Impairment Loss on Interest Receivable*

The Company performs regular review of the age and status of its interest receivable, designed to identify accounts with objective evidence of impairment and provides those with the appropriate allowance for impairment losses. The level of this allowance is evaluated by the Company on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Company's relationship with debtors, their payment behavior and known market factors. The amount and timing of recorded expenses for any period would differ if the Company made different judgment or utilized different estimates. An increase in the Company's allowance for impairment loss on interest receivable would increase the Company's recorded expenses and decrease current assets.

No allowance for impairment loss is recognized for interest receivable as at December 31, 2014. The carrying amount of the Company's interest receivable amounted to P1,288,889 as at December 31, 2014.

*Fair Value Measurement of Investment Property*

The Company carries its investment property at fair value, with changes in fair value being recognized in profit or loss. The Company engages independent valuation specialists to determine the fair value. For the investment property, the appraisers used a valuation technique based on comparable market data available for such property.

Unrealized gain from change in fair values of investment property recognized in profit or loss amounted to P48.23 million in 2014. The carrying amount of the Company's investment property amounted to P7.27 billion as at December 31, 2014 (see Note 6).

*Estimating Realizability of Deferred Tax Asset (DTA)*

The Company reviews its DTA at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the DTA to be utilized. The Company reviews its projected performance in assessing the sufficiency of future taxable income.

The carrying amount of net DTA amounted to P5,885,847 as at December 31, 2014 (see Note 11).

*Provisions and Contingencies*
The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies was recognized in the Company's financial statements in 2014.

## 3. Summary of Significant Accounting Policies

A number of new and revised standards and amendments to standards are effective for annual periods beginning on or after January 1, 2014 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these new and revised standards and amendments to standards early.

*Effective July 1, 2014*

- *Annual Improvements to PFRS: 2010 - 2012 and 2011 - 2013 Cycles* - Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted, in which case the related consequential amendments to other PFRS would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. The following amendment to PFRS did not have significant effect on the financial statements of the Company:

  - *Definition of 'related party' (Amendment to PAS 24).* The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans.

*Effective January 1, 2018*

- *PFRS 9, Financial Instruments (2014)*, replaces PAS 39, *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company is currently conducting an evaluation of the possible financial impact of the adoption of the abovestated new and revised standards and amendments to standards and does not plan to adopt those new and revised standards and amendments to standards early.

Financial Instruments

Financial assets comprise cash and cash equivalents and interest receivable. Financial liabilities consist of accounts payable and other current liabilities and due to related parties.

*Date of Recognition*

The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, are done using settlement date accounting.

*Initial Recognition of Financial Instruments*

Financial instruments are recognized initially at fair value which is the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated at FVPL, includes directly attributable transaction costs.

Subsequent to initial recognition, the Company classifies its financial assets into the following categories: HTM investments, AFS financial assets, financial assets at FVPL and loans and receivables. The Company classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of the Company's financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Company has no HTM investments, AFS financial assets, financial assets and liabilities at FVPL as at December 31, 2014.

*Determination of Fair Value*
The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments, fair value is determined by using the appropriate valuation techniques. Valuation techniques include the discounted cash flow approach, price comparison to similar instruments for which market observation prices exist, options pricing models and other relevant valuation models.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

*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 and are not designated as AFS financial assets or financial asset at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment in value. Any interest earned on loans and receivables is recognized as part of “Interest income” in profit or loss on an accrual basis. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired.

The Company’s cash and cash equivalents and interest receivable are included in this category.

Cash includes cash on hand and in bank which is stated at its face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of changes in value.

*Other Financial Liabilities*
This category pertains to financial liabilities that are not designated or classified at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings. Other financial liabilities are measured initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and directly attributable transaction costs. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

The Company's accounts payable and other current liabilities (excluding statutory obligations) and due to related parties accounts are included in this category.

<u>Derecognition of Financial Assets and Liabilities</u>
*Financial Assets*
A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset the maximum amount of consideration that the Company could be required to pay.

*Financial Liabilities*
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

<u>Impairment of Financial Assets</u>
The Company assesses at reporting date whether a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For assets carried at amortized cost such as loans and receivables, the Company first assesses whether objective evidence of impairment exists for financial assets that are individually significant or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a significant financial asset that was individually assessed, the Company includes the asset as part of a group of financial assets pooled according to their credit risk characteristics and collectively assesses the group for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective assessment of impairment.

Evidence of impairment for specific impairment purposes may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material.

The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The impairment loss for the period shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Classification of Financial Instruments between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- 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.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is an equity instrument only if: (a) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and (b) if the instrument will or may be settled in the issuer's own equity instruments, it is either:

- a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Offsetting Financial Instruments
Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Prepaid Expenses
Prepaid expenses represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are recognized in profit or loss as they are consumed in operation or expire with the passage of time. These typically comprise prepayments for taxes.

Investment Property
Investment property consists of properties held to earn rentals and/or for capital appreciation. Investment property is measured initially at cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable costs. Subsequently, investment property is stated at fair value, which reflects market conditions at the reporting date. The fair value of investment property is determined by independent real estate valuation experts based on recent real estate transactions with similar characteristics and location to those of the Company's investment property. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Investment property of the Company is mainly composed of land and construction-in-progress related to the on-going construction of The Meridian Park.

Investment property is derecognized either when it is disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement and disposal of investment property is recognized in profit or loss in the period of retirement or disposal.

Capital Stock
Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Revenue Recognition
*Interest Income*
Interest income from banks which is presented net of final tax is recognized when earned.

Expense Recognition

Expenses are recognized when they are incurred and are reported in the financial statements in the periods to which they relate.

Income Taxes

*Current Tax*

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

*Deferred Tax*

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities (DTL) are recognized for all taxable temporary differences. DTA are recognized for all deductible temporary differences, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of DTA is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the DTA to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

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

Current and deferred taxes are recognized in profit or loss.

VAT

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Input VAT" account in the statement of financial position.

Related Party Transactions and Relationships
Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting entity, or between/or among the reporting entity and its key management personnel, directors, or its stockholders.

Provisions and Contingencies
A provision is recognized when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are revisited at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects the current market assessment of the time value of money, and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date
Post period-end events that provide evidence of conditions that existed at the end of the reporting period (adjusting events) are recognized in the financial statements. Post period-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

## 4. Cash and Cash Equivalents

This account consists of:

| | *Note* | **2014** |
|---|---|---|
| Cash on hand | | **P10,000** |
| Cash in bank | *13* | **250,166,938** |
| Short-term placements | *13* | **1,000,000,000** |
| | | **P1,250,176,938** |

Cash in bank earns annual interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Company, and earn annual interest at the respective short-term placement rate of 2% in 2014. Interest income from cash in bank and short-term placements amounted to P270,010 and P1,288,889, respectively, in 2014.

## 5. Prepaid Expenses

Prepaid expenses are the advance payments made by the Company for real property and documentary stamp taxes amounting to P14,691,335 and P62,395,954, respectively.

## 6. Investment Property

The movements of the account follow:

| | *Note* | Land | Construction in-Progress | Total |
|---|---|---|---|---|
| Acquisitions | *10, 12, 14* | **P7,167,820,205** | **P49,490,727** | **P7,217,310,932** |
| Unrealized gain from change in fair values of investment property | | **48,227,795** | **-** | **48,227,795** |
| **December 31, 2014** | | **P7,216,048,000** | **P49,490,727** | **P7,265,538,727** |

The Company's investment property mainly relates to the costs incurred in the planning, construction and development of The Meridian Park (see Note 1).

The Company's investment property is stated at fair value, which has been determined based on valuations performed by an accredited independent appraiser. The fair values of the investment property were arrived at using the Market Data Approach.

Market data approach is an approach that considers available market evidences. The aforesaid approach is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The property used as basis of comparison is situated within the immediate vicinity of the subject property.

No rental income and cost of service were recognized in 2014 since The Meridian Park is either still under construction or in a non-operating stage as at December 31, 2014.

There is no direct operating expense recognized in profit or loss in relation to the Company's investment property not yet leased out in 2014.

Measurement of Fair Value - Investment Property
*Fair Value Hierarchy*
The fair value measurement for investment property has been categorized as Level 2 fair value based on the inputs other than quoted prices included within Level 1 that are observable for the respective asset, either directly or indirectly.

## 7. Input VAT

Input VAT represents accumulated input taxes from purchases of goods and services for business operation and purchases of materials and services for the building and leasehold construction which can be applied against future output VAT.

## 8. Accounts Payable and Other Current Liabilities

This account consists of:

| | *Note* | 2014 |
|---|---|---|
| Accrued expenses | | |
| Tax | | **P26,741,124** |
| Professional fee | *13* | **172,500** |
| Trade payables | *13* | **1,030,451** |
| | | **P27,944,075** |

Trade payables are liabilities arising from services provided by the contractors and subcontractors. These are non-interest bearing and are normally settled within 30 days.

## 9. Expenses

This account consists of:

| | 2014 |
|---|---|
| Taxes and licenses | **P66,660,258** |
| Marketing | **1,168,847** |
| Security services | **841,752** |
| Professional fees | **235,143** |
| Others | **230,175** |
| | **P69,136,175** |

## 10. Related Party Transactions

The Company, in the normal course of business, has transactions with its related parties as follows:

| Category | Year | *Ref* | Amount of Transaction | Due to Related Parties | Terms and Conditions |
|---|---|---|---|---|---|
| **DD** | | | | | |
| Cash advances received | 2014 | *10a* | P13,947,434 | P13,947,434 | Demandable; non-interest bearing; unsecured |
| **Individual Stockholder** | | | | | |
| Land acquisition/ contribution | 2014 | *10b* | 109,309,240 | 109,309,240 | Demandable; non-interest bearing; unsecured |
| | | *13* | P123,256,674 | P123,256,674 | |

*a. Cash Advances*

The amount pertains to unsecured, non-interest bearing advances received from DD for working capital requirements. These advances are generally settled within one year from the date of grant.

b. *Land Acquisition/Contribution*
The Company has an outstanding obligation to the minority shareholder for the acquisition of certain parcels of land used in the on-going construction of The Meridian Park. The remaining liability to the minority shareholder is computed as the difference of the investment property's (land) appraised value over the sum of the minority shareholder's approved equity contribution and initial cash payments already received by the Company (see Notes 6 and 12).

The abovestated unsecured, non-interest bearing liabilities are to be settled by the Company in 2015.

c. *Key Management Compensation*
The Company has no key management personnel compensation in 2014 since the administrative and finance functions of the Company were administered by DD.

The Company's outstanding receivables and payables are to be settled in cash.

## 11. Income Taxes

The reconciliation of the income tax benefit computed at the statutory income tax rate to the actual income tax benefit as shown in the profit or loss is as follows:

| | **2014** |
|---|---|
| Loss before income tax | **P19,349,481** |
| Tax at statutory income tax rate | **P5,804,844** |
| Income tax effect of interest income subjected to final tax | **81,003** |
| | **P5,885,847** |

The components of the Company's DTA relating to temporary differences are shown below.

| | **2014** |
|---|---|
| Net operating loss carryover (NOLCO)/DTA | **P20,354,186** |
| Unrealized gain on fair value measurement/DTL | **(14,468,339)** |
| Net DTA | **P5,885,847** |

The NOLCO amounting to P67,847,286 in 2014 can be applied for future taxable profit until December 31, 2017.

## 12. Capital Stock

On October 16, 2014, DD entered into an Investment and Shareholders Agreement (ISA) with Benedicto V. Yujuico (BVY) wherein the parties would contribute cash and parcels of land (the "Property"), respectively, that would result to a 70% and 30% interests to DD and BVY. In compliance with the ISA, DD initially invested P3.12 billion and BVY contributed the Property with third-party appraised value of P7.27 billion as determined by an accredited independent appraiser of which P5.35 billion is treated as payment for BVY's subscribed shares. DD made an additional subscription amounting to P9.36 billion to maintain its 70% equity interest (see Notes 6 and 10).

On February 2, 2015, the Company applied with the SEC the confirmation of BVY's land valuation which will be used as the basis of BVY's equity. The SEC approved the P5.35 billion non-cash capital contribution of BVY on February 13, 2015.

On October 30, 2014, the BOD approved the increase in the Company's authorized capital stock from 50,000 common shares to 17,830,000,000 common shares at P1 par value per share. The aforesaid increase in the authorized capital stock was approved by the SEC on December 2, 2014.

## 13. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies
The Company has significant exposure to the following financial risks primarily from its use of financial instruments:

- Credit Risk
- Liquidity Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

The main purpose of the Company's dealings in financial instruments is to fund its operations and capital expenditures. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee identifies all issues affecting the operations of the Company and reports regularly to the BOD on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Company's operations and forecasted results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's principal financial instruments include cash and cash equivalents and interest receivable. These financial instruments are used to fund the Company's operations and capital expenditures.

Credit Risk
Credit risk represents the risk of loss the Company would incur if the counterparty fails to perform their contractual obligations. The risk arises principally from the Company's cash in bank, short-term placements and interest receivable. The Company manages credit risk by dealing with recognized and creditworthy financial institutions. The objective is to reduce the risk of loss through default by counterparties.

Exposure to credit risk is monitored on an ongoing basis.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period follows:

| | *Note* | **2014** |
|---|---|---|
| Cash in bank and short-term placements | *4* | **P1,250,166,938** |
| Interest receivable | | **1,288,889** |
| | | **P1,251,455,827** |

The Company's financial assets are neither past due nor impaired.

The Company assessed the credit quality of cash in bank and short-term placements as high grade since these are deposited in a reputable bank with low probability of insolvency.

Interest receivable was assessed as high grade as this is recoverable from a reputable bank with low probability of insolvency. Interest receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risks by forecasting projected cash flows and maintaining balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational working capital requirements. Management closely monitors the Company's future and contingent obligations and set up required cash reserves as necessary in accordance with internal requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| | As at December 31, 2014 | | | | |
|---|---|---|---|---|---|
| | **Carrying Amount** | **Contractual Cash Flow** | **1 Year or Less** | **1 Year - 5 Years** | **More than 5 Years** |
| **Financial Liabilities** | | | | | |
| Accounts payables and other current liabilities* | **P1,202,951** | **P1,202,951** | **P1,202,951** | **P -** | **P -** |
| Due to related parties | 123,256,674 | 123,256,674 | 123,256,674 | - | - |

** Excluding statutory obligations.*

Fair Values

The carrying amounts of the Company's financial assets and liabilities such as cash and cash equivalents, interest receivable, accounts payable and other current liabilities and due to related parties approximate their fair values due to the relatively short-term nature of the financial instruments.

Capital Management

The Company's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flows to selective investments. The Company sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The BOD has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company defines capital as total equity as presented in the statement of financial position. The Company is not subject to externally-imposed capital requirements.

## 14. Note to Statement of Cash Flows

The Company's noncash activity pertains to BVY's land contribution with an appraised value of P7.27 billion (see Notes 10 and 12).

## 15. Supplementary Information under Revenue Regulations No. 15-2010 as required by the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, the Company is required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS. The following is the supplementary tax information for the taxable year ended December 31, 2014:

### A. Value-added Tax (VAT)

| | |
|---|---|
| 1. Input VAT | |
| Beginning of the year | |
| Current year's domestic purchases: | |
| a. Goods other than for resale or manufacture | **P81,293** |
| b. Services lodged under other accounts | **5,750,450** |
| Balance at the end of the year | **P5,831,743** |

### B. Documentary Stamp Tax

| | |
|---|---|
| On shares of stock | **P89,137,525** |

### C. All Other Taxes (Local and National)

| | |
|---|---|
| ***Other taxes paid during the year recognized under "Taxes and licenses" account under Expenses and Prepaid expenses accounts*** | |
| License and permit fees | **P36,029,198** |
| Real property taxes | **18,580,255** |
| Others | **569** |
| | **P54,610,022** |

Information on the withholding and excise taxes is not applicable since there are no transactions that the Company would be subject to these taxes in 2014.

### D. Tax Cases and Assessments

As at December 31, 2014, the Company has no pending tax cases nor has received tax assessment notices from the BIR.

KPMG

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# REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
DD-Meridian Park Development Corp.
16th Floor, 6750 Building
Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the basic financial statements of DD-Meridian Park Development Corp. (the "Company") as at and for the year ended December 31, 2014, and have issued our report dated March 18, 2015.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The Schedule of Philippine Financial Reporting Standards is the responsibility of the Company's management.

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**R.G. MANABAT & CO.**

ADOR C. MEJIA
Partner
CPA License No. 0029620
SEC Accreditation No. 0464-AR-2, Group A, valid until March 24, 2016
Tax Identification No. 112-071-634
BIR Accreditation No. 08-001987-10-2013
Issued May 9, 2013; valid until May 8, 2016
PTR No. 4748117MC
Issued January 5, 2015 at Makati City

March 18, 2015
Makati City, Metro Manila



PRC-BOA Registration No. 0003, valid until December 31, 2016
SEC Accreditation No. 0004-FR-4, Group A, valid until November 10, 2017
IC Accreditation No. F-2014/014-R, valid until August 26, 2017
BSP Accredited, Category A, valid until December 17, 2017

**DD-MERIDIAN PARK DEVELOPMENT CORP.**
16th Floor, 6750 Building
Ayala Avenue, Makati City

# SCHEDULE OF PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014 | | 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 | - | - | ✓ |
| | Annual Improvements to PFRSs 2009 - 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards - Repeated Application of PFRS 1 | - | - | ✓ |
| | Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption | - | - | ✓ |
| | Annual Improvements to PFRSs 2011 - 2013 Cycle: PFRS version that a first-time adopter can apply | - | - | ✓ |
| **PFRS 2** | Share-based Payment | - | - | ✓ |
| | Amendments to PFRS 2: Vesting Conditions and Cancellations | - | - | ✓ |
| | Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions | - | - | ✓ |
| | Annual Improvements to PFRSs 2010 - 2012 Cycle: Meaning of 'vesting condition' | - | - | ✓ |
| **PFRS 3 (Revised)** | Business Combinations | - | - | ✓ |
| | Annual Improvements to PFRSs 2010 - 2012 Cycle: Classification and measurement of contingent consideration | - | - | ✓ |
| | Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope exclusion for the formation of joint arrangements | - | - | ✓ |
| **PFRS 4** | Insurance Contracts | - | - | ✓ |
| | Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts | - | - | ✓ |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>Effective as of December 31, 2014 | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| **PFRS 5** | Non-current Assets Held for Sale and Discontinued Operations | - | - | ✓ |
| | Annual Improvements to PFRSs 2012 - 2014 Cycle: Changes in method for disposal | - | - | ✓ |
| **PFRS 6** | Exploration for and Evaluation of Mineral Resources | - | - | ✓ |
| **PFRS 7** | Financial Instruments: Disclosures | ✓ | - | - |
| | Amendments to PFRS 7: Transition | ✓ | - | - |
| | 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 PFRS 9 and Transition Disclosures | ✓ | - | - |
| | Annual Improvements to PFRSs 2012 - 2014 Cycle: 'Continuing involvement' for servicing contracts | - | - | ✓ |
| | Annual Improvements to PFRSs 2012 - 2014 Cycle: Offsetting disclosures in condensed interim financial statements | - | - | ✓ |
| **PFRS 8** | Operating Segments | - | - | ✓ |
| | Annual Improvements to PFRSs 2010 - 2012 Cycle: Disclosures on the aggregation of operating segments | - | - | ✓ |
| **PFRS 9** | Financial Instruments | ✓ | - | - |
| | *Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39* | - | - | ✓ |
| **PFRS 9 (2014)** | Financial Instruments | - | ✓ | - |
| **PFRS 10** | Consolidated Financial Statements | - | - | ✓ |
| | Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | - | - | ✓ |
| | Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception | - | - | ✓ |
| **PFRS 11** | Joint Arrangements | - | - | ✓ |
| | Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations | - | - | ✓ |
| **PFRS 12** | Disclosure of Interests in Other Entities | - | - | ✓ |
| | Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance | - | - | ✓ |
| | Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities | - | - | ✓ |

| **PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014** | | **Adopted** | **Not Adopted** | **Not Applicable** |
|---|---|---|---|---|
| **PFRS 13** | Fair Value Measurement | ✓ | - | - |
| | Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables | ✓ | - | - |
| | Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception | - | - | ✓ |
| **PFRS 14** | Regulatory Deferral Accounts | - | - | ✓ |
| **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 | ✓ | - | - |
| | Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of Financial Statements - Comparative Information beyond Minimum Requirements | ✓ | - | - |
| | Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes | - | - | ✓ |
| | Amendments to PAS 1: Disclosure Initiative | - | - | ✓ |
| **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 | - | - | ✓ |
| | Annual Improvements to PFRSs 2009 - 2011 Cycle: Property, Plant and Equipment - Classification of Servicing Equipment | - | - | ✓ |
| | Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization | - | - | ✓ |
| | Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants | - | - | ✓ |
| | Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38) | - | - | ✓ |
| **PAS 17** | Leases | - | - | ✓ |
| **PAS 18** | Revenue | ✓ | - | - |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>Effective as of December 31, 2014 | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| **PAS 19 (Amended)** | Employee Benefits | - | - | ✓ |
| | Amendments to PAS 19: Defined Benefit Plans: Employee Contributions | - | - | ✓ |
| | Annual Improvements to PFRSs 2012 - 2014 Cycle: Discount rate in a regional market sharing the same currency - e.g. the Eurozone | - | - | ✓ |
| **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 | ✓ | - | - |
| | Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of 'related party' | - | ✓ | - |
| **PAS 26** | Accounting and Reporting by Retirement Benefit Plans | - | - | ✓ |
| **PAS 27 (Amended)** | Separate Financial Statements | - | - | ✓ |
| | Amendments to PAS 27: Equity Method in Separate Financial Statements | - | - | ✓ |
| **PAS 28 (Amended)** | Investments in Associates and Joint Ventures | - | - | ✓ |
| **PAS 29** | Financial Reporting in Hyperinflationary Economies | - | - | ✓ |
| **PAS 32** | Financial Instruments: Disclosure and Presentation | ✓ | - | - |
| | Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation | - | - | ✓ |
| | Amendment to PAS 32: Classification of Rights Issues | - | - | ✓ |
| | Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities | ✓ | - | - |
| | Annual Improvements to PFRSs 2009 - 2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions | - | - | ✓ |
| **PAS 33** | Earnings per Share | - | - | ✓ |
| **PAS 34** | Interim Financial Reporting | - | - | ✓ |
| | Annual Improvements to PFRSs 2009 - 2011 Cycle: Interim Financial Reporting - Segment Assets and Liabilities | - | - | ✓ |
| | Annual Improvements to PFRSs 2012 - 2014 Cycle: Disclosure of information "elsewhere in the interim financial report' | - | - | ✓ |
| **PAS 36** | Impairment of Assets | ✓ | - | - |
| | Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets | ✓ | - | - |
| **PAS 37** | Provisions, Contingent Liabilities and Contingent Assets | ✓ | - | - |
| **PAS 38** | Intangible Assets | - | - | ✓ |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>Effective as of December 31, 2014 | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| **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 | - | - | ✓ |
| | Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting | - | - | ✓ |
| **PAS 40** | Investment Property | ✓ | - | - |
| | Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 | ✓ | - | - |
| **PAS 41** | Agriculture | - | - | ✓ |
| **Philippine Interpretations** | | | | |
| **IFRIC 1** | Changes in Existing Decommissioning, Restoration and Similar Liabilities | - | - | ✓ |
| **IFRIC 2** | Members' Share in Co-operative Entities and Similar Instruments | - | - | ✓ |
| **IFRIC 4** | *Determining Whether an Arrangement Contains a Lease* | - | - | ✓ |
| **IFRIC 5** | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | - | - | ✓ |
| **IFRIC 6** | *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment* | - | - | ✓ |
| **IFRIC 7** | *Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies* | - | - | ✓ |
| **IFRIC 9** | Reassessment of Embedded Derivatives | - | - | ✓ |
| | Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives | - | - | ✓ |
| **IFRIC 10** | *Interim Financial Reporting and Impairment* | - | - | ✓ |
| **IFRIC 12** | Service Concession Arrangements | - | - | ✓ |
| **IFRIC 13** | Customer Loyalty Programmes | - | - | ✓ |
| **IFRIC 14** | PAS 19 - 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 | - | - | ✓ |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>Effective as of December 31, 2014 | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| **IFRIC 19** | Extinguishing Financial Liabilities with Equity Instruments | - | - | ✓ |
| **IFRIC 20** | Stripping Costs in the Production Phase of a Surface Mine | - | - | ✓ |
| **IFRIC 21** | Levies | - | - | ✓ |
| **SIC-7** | Introduction of the Euro | - | - | ✓ |
| **SIC-10** | Government Assistance - No Specific Relation to Operating Activities | - | - | ✓ |
| **SIC-15** | Operating Leases - Incentives | - | - | ✓ |
| **SIC-25** | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders | - | - | ✓ |
| **SIC-27** | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | - | - | ✓ |
| **SIC-29** | Service Concession Arrangements: Disclosures. | - | - | ✓ |
| **SIC-31** | Revenue - Barter Transactions Involving Advertising Services | - | - | ✓ |
| **SIC-32** | Intangible Assets - Web Site Costs | - | - | ✓ |
| **Philippine Interpretations Committee Questions and Answers** | | | | |
| **PIC Q&A 2006-01** | PAS 18, Appendix, paragraph 9 - Revenue recognition for sales of property units under pre-completion contracts | - | - | ✓ |
| **PIC Q&A 2006-02** | PAS 27.10(d) - Clarification of criteria for exemption from presenting consolidated financial statements | - | - | ✓ |
| **PIC Q&A 2007-01-Revised** | PAS 1.103(a) - Basis of preparation of financial statements if an entity has not applied PFRSs in full | - | - | ✓ |
| **PIC Q&A 2007-03** | PAS 40.27 - Valuation of bank real and other properties acquired (ROPA) | - | - | ✓ |
| **PIC Q&A 2007-04** | PAS 101.7 - Application of criteria for a qualifying NPAE | - | - | ✓ |
| **PIC Q&A 2008-01-Revised** | PAS 19.78 - Rate used in discounting post-employment benefit obligations | - | - | ✓ |
| **PIC Q&A 2008-02** | PAS 20.43 - Accounting for government loans with low interest rates under the amendments to PAS 20 | - | - | ✓ |
| **PIC Q&A 2009-01** | Framework.23 and PAS 1.23 - Financial statements prepared on a basis other than going concern | - | - | ✓ |
| **PIC Q&A 2009-02** | PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines | - | - | ✓ |
| **PIC Q&A 2010-01** | PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines | - | - | ✓ |
| **PIC Q&A 2010-02** | PAS 1R.16 - Basis of preparation of financial statements | ✓ | - | - |
| **PIC Q&A 2010-03** | PAS 1 Presentation of Financial Statements - Current/non-current classification of a callable term loan | - | - | ✓ |
| **PIC Q&A 2011-01** | PAS 1.10(f) - Requirements for a Third Statement of Financial Position | - | - | ✓ |
| **PIC Q&A 2011-02** | PFRS 3.2 - Common Control Business Combinations | - | - | ✓ |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS<br>Effective as of December 31, 2014 | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| **PIC Q&A 2011-03** | Accounting for Inter-company Loans | ✓ | - | - |
| **PIC Q&A 2011-04** | PAS 32.37-38 - Costs of Public Offering of Shares | - | - | ✓ |
| **PIC Q&A 2011-05** | PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost | - | - | ✓ |
| **PIC Q&A 2011-06** | PFRS 3, Business Combinations (2008), and PAS 40, Investment Property - Acquisition of Investment properties - asset acquisition or business combination? | - | - | ✓ |
| **PIC Q&A 2012-01** | PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements | - | - | ✓ |
| **PIC Q&A 2012-02** | Cost of a New Building Constructed on the Site of a Previous Building | - | - | ✓ |
| **PIC Q&A 2013-01** | Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs | - | - | ✓ |
| **PIC Q&A 2013-03** | PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law | - | - | ✓ |

DD-MERIDIAN PARK
DEVELOPMENT CORP.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **DD-Meridian Park Development Corp.** (the Company), is responsible for the preparation and fair presentation of the financial statements as at and for the period from October 27, 2014 (incorporation date) to December 31, 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

R.G. Manabat & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature ______________
Edgar J. Sia II
CEO/Chairman

Signature ______________
Ferdinand J. Sia
COO/President

Signature ______________
Rizza Marie Joy J. Sia
CFO/Treasurer

Signed this 18th day of March 2015

SUBSCRIBED AND SWORN TO BEFORE ME THIS APR 13 2015
AT MAKATI CITY AFFIANT EXHIBITED TO ME HIS/HER
______ NO. ______ ISSUED ______ AT ______

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-32
UNTIL DECEMBER 31, 2016
ROLL OF ATTY. NO 48348
MCLE COMPLIANCE NO. IV-0016333/4-10-2013
IBP NO. 796762 – LIFETIME MEMBER
PTR. NO. 474 - 8510 JAN 05, 2015
EXECUTIVE BLDG. CENTER
MAKATI AVE.,COR., JUPITER

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Book no. 481
Series no. 2015

*Note: The SMR of companies covered under Part II of the SRC Rule 68, As Amended should be SIGNED UNDER OATH.*