MINUTES OF THE AUDIT COMMITTEE MEETING OF PUREGOLD PRICE CLUB, INC. AUGUST 11, 2017, 4 PM, MANILA GOLF & COUNTRY CLUB, MAKATI CITY

Present:	*Also Present:*	*Absent:*
Susan P. Co	Matess Lontoc	Edgardo G. Lacson
Leonardo B. Dayao	Teodoro Polinga	
Jaime Dela Rosa		

Call to Order:
Mr. Dayao presided over the meeting and declared presence of quorum since majority of the members were present.

Agenda: Presentation of the 1H – 2017 Financial Report of Puregold Price Club, Inc.
Mr. Teodoro Polinga presented the attached Consolidated Financial Performance Report of the Company and its subsidiaries.

In brief, Polinga reported that in the first half of the year 2017, the Company gathered net sales of P56.5 billion, up 10.8 %, from P51 billion last 1H-2016; Cost of sales from P42 billion to P47 billion, up by 10.3%; Gross profit of P9.3 billion, up 10.3%, from P8.2 billion last year; Other operating income, up by 7.7%, or P1.5 billion from P1.4 billion; Gross income P10.9 billion, up 12.5%, from P9.7 billion 1H last year; Operating expenses from P6.4 billion to P7.3 billion, up 13.7%; Income from operations up 10.2% or P3.6 billion from P3.2 billion; Income before tax, P3.5 billion from P3.2 billion last year, up 9.7%; Income after tax P2.5 billion from P2.2 billion, up 9.8% from last year. Income tax expense increased from P958 million to P1 billion. EPS stood at P0.90 with 315 stores excluding 28 QSR of Kareila.

Financial position and cash flows were presented in the attached report.

Discussion:
Mr. Dela Rosa inquired about the audit plan and audit committee charter of the Company. The same is undergoing revision and it will be presented in the succeeding meetings by the internal auditor.

After further discussion, the committee approved the 1H Financial Report of the Company and Mr. Dela Rosa endorsed the same for final approval of the Board of Directors.

Other Matters:
Next Audit Committee meeting was set on November 6, 2017, 4 pm.

Adjournment:
No other business was discussed, the meeting was called to adjourn.

Prepared by:

Atty. Candy H. Dacanay-Datuon
Assistant Corporate Secretary

Certified correct by the members of the Audit Committee:

SUSAN P. CO **LEONARDO B. DAYAO**

JAIME DELA ROSA

PUREGOLD

PUREGOLD PRICE CLUB, INC.

1H 2017 and 2016
Consolidated Financial Statements

Summary

PUREGOLD

- Financial Performance
- Financial Position
- Cash Flows

Financial Position - Liabilities

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Php in thousands	Jun 2017	Dec 2016	Change	%
Current Liabilities				
Accounts payable and accrued expenses	P5,055,673	P9,643,659	(P4,587,986)	-47.6%
Loans payable	4,157,500	5,017,500	(860,000)	-17.1%
Income tax payable	531,664	843,547	(311,883)	-37.0%
Due to related parties	21,333	33,777	(12,443)	-36.8%
Current maturities of longterm debt - net	120,000	120,000	-	0.0%
Other current liabilities	297,341	403,864	(106,523)	-26.4%
Total Current Liabilities	**P10,183,511**	**P16,062,347**	**(P5,878,836)**	**-36.6%**
Noncurrent Liabilities				
Noncurrent accrued rent	P3,078,955	P2,909,884	P169,071	5.8%
Long-term debt - net	2,398,139	2,397,097	1,042	0.0%
Deferred tax liabilities - net	325,818	371,120	(45,302)	-12.2%
Retirement benefits liability	469,258	469,258	-	0.0%
Total Noncurrent Liabilities	**6,272,170**	**6,147,359**	**124,811**	**2.0%**
Total Liabilities	**P16,455,681**	**P22,209,706**	**(P5,754,025)**	**-25.9%**

Financial Position - Equity

PUREGOLD

Php in thousands	Jun 2017	Dec 2016	Change	%
Equity				
Capital stock	P2,785,363	P2,785,363	P-	0.0%
Reserve for retirement plan - net of tax	62,524	62,524	-	0.0%
Additional paid in capital	20,830,391	20,830,391	-	0.0%
Treasury stock – at cost	(56,702)	(56,702)	-	0.0%
Retained earnings	22,039,564	19,551,432	2,488,132	12.7%
Total Equity	**P45,661,140**	**P43,173,008**	**P2,488,132**	**5.8%**

Key Performance Indicator

PUREGOLD

	Jun 2017	Dec 2016
Current Ratio (1)	2.31	1.73
Asset to Equity Ratio (2)	1.36	1.51
Debt to Equity Ratio (3)	0.36	0.51
Debt to Total Assets Ratio (4)	0.26	0.34
Book Value per Share (5)	P16.51	P15.61

	1H 2017	1H 2016
Earnings Per Share (6)	P0.90	P0.82
Return on Assets (7)	3.9%	3.9%
Return on Equity (8)	5.6%	5.7%

Notes:

(1) Current Ratio = Current assets over current liabilities

(2) Asset to Equity Ratio = Total assets over total equity

(3) Debt to Equity Ratio = Total liabilities over total equity

(4) Debt to Total Assets Ratio = Total liabilities over total assets

(5) Book Value Per Share = Total equity over total common shares outstanding

(6) Earnings Per Share = Net income after tax over weighted average common shares outstanding

(7) Return on Assets = Net income after tax over average total assets

(8) Return on Equity = Net income after tax over average total equity

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thank you...