

REPORT ON REVIEW OF PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Stockholders and the Board of Directors
International Family Food Services, Inc.
AFP-RSBS Industrial Park
C-5 Junction, Km. 12, East Service Road
Taguig City, Metro Manila International Family Food Services, Inc.

We have reviewed the pro forma adjustments reflecting the transactions described in Note 3 and the application of those adjustments to the historical amounts in the accompanying pro forma consolidated statements of financial position of International Family Food Services, Inc. (the Company) as at June 30, 2016 and December 31, 2015, the pro forma consolidated statements of comprehensive income, pro forma consolidated statements of changes in equity and pro forma consolidated statements of cash flows for the six-month period ended June 30, 2016 and year ended December 31, 2015. The historical financial information is derived from the historical interim financial statements of International Family Food Services, Inc. as at June 30, 2016 and December 31, 2015 and for the six-month period ended June 30, 2016 and year ended December 31, 2015, which were audited by us. Such pro forma adjustments are based on the Company's assumptions as described in Note 2 to the pro forma condensed consolidated financial information. The Company's management is responsible for the pro forma condensed consolidated financial information.

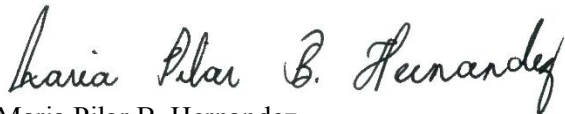
Our review was conducted in accordance with the Philippine Standard on Assurance Engagements 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information (PSAE 3000)* and Philippine Securities and Exchange Commission Memorandum Circular No. 2, Series 2008, *Guidelines on Reporting and Attestation of Pro Forma Financial Information Securities Regulation Code Rule 68, as amended*, and, accordingly, included such procedures as we considered necessary under the circumstances. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assumptions, the pro forma adjustments and the application of those adjustments to historical financial information. Accordingly, we do not express an audit opinion.

The objective of this pro forma condensed consolidated financial information is to show what the significant effects on the historical financial information might have been had the transactions occurred at an earlier date. However, the pro forma condensed consolidated financial information is not necessarily indicative of the results of operations or related effects on the consolidated statement of financial position that would have been attained had the transactions mentioned in Note 3, actually occurred at an earlier date.



Based on our review, nothing has come to our attention that causes us to believe that the management's assumptions do not provide a reasonable basis for presenting significant effects directly attributable to the transactions described in Note 2, that the related pro forma adjustments do not give appropriate effect to those assumption, or that the pro forma column does not reflect the proper application of those adjustments to the historical financial statements in the pro forma consolidated statements of financial position as at June 30, 2016 and December 31, 2015, and the pro forma consolidated statements of comprehensive income, the pro forma consolidated statements of changes in equity and pro forma consolidated statements of cash flows for the six-month period ended June 30, 2016 and year ended December 31, 2015.

SYCIP GORRES VELAYO & CO.



Maria Pilar B. Hernandez

Partner

CPA Certificate No. 105007

SEC Accreditation No. 1558-A (Group A),

April 14, 2016, valid until April 14, 2019

Tax Identification No. 214-318-972

BIR Accreditation No. 08-001998-116-2016,

February 15, 2016, valid until February 14, 2019

PTR No. 5321644, January 4, 2016, Makati City

October 7, 2016



INTERNATIONAL FAMILY FOOD SERVICES, INC. AND SUBSIDIARY
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

		Pro Forma Adjustments (Unaudited)			
		Acquisition of Bakemasters, Inc., Shakey's			
	International Family Food Services, Inc. and Subsidiary (Audited)	International Limited and Golden Gourmet Limited (Note 3.I.A)	Eliminating Entries and Other Pro Forma Adjustments (Note 3.I.B)		Pro Forma Balances (Unaudited)
ASSETS					
Current Assets					
Cash and cash equivalents	₱307,841,056	₱18,450,989	₱-		₱326,292,045
Trade and other receivables	5,389,429,020	(4,936,400,074)	(86,674,836)		366,354,110
Inventories	197,838,300	17,153,002	-		214,991,302
Loans to related parties	27,933,333	-	(27,933,333)		-
Prepaid expenses and other current assets	17,851,307	1,449,898	-		19,301,205
Total Current Assets	5,940,893,016	(4,899,346,185)	(114,608,169)		926,938,662
Noncurrent Assets					
Loans to related parties - net of current portion	54,691,667	-	(54,691,667)		-
Available-for-sale (AFS) investments	323,088	-	-		323,088
Property and equipment	697,964,694	115,456,000	-		813,420,694
Deferred tax assets - net	33,000,050	-	-		33,000,050
Deferred input value-added tax	38,933,623	4,219,495	-		43,153,118
Refundable deposits	95,295,772	2,166,161	-		97,461,933
Intangible assets	-	4,765,424,072	-		4,765,424,072
Goodwill	-	1,102,241,697	-		1,102,241,697
Total Noncurrent Assets	920,208,894	5,989,507,425	(54,691,667)		6,855,024,652
TOTAL ASSETS	₱6,861,101,910	₱1,090,161,240	(₱169,299,836)		₱7,781,963,314
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and other current liabilities	₱750,538,974	₱50,193,604	(₱50,299,836)		₱750,432,742
Due to stockholders	-	1,030,535,450	(1,030,535,450)		-
Loan payable	23,073,227	4,000,000	(4,000,000)		23,073,227
Income tax payable	82,597,279	1,502,936	-		84,100,215
Total Current Liabilities	856,209,480	1,086,231,990	(1,084,835,286)		857,606,184
Noncurrent Liabilities					
Loans payable – net of current portion	4,951,980,756	-	-		4,951,980,756
Accrued pension costs	58,270,450	3,249,714	-		61,520,164
Accrued land rental	48,701,438	-	-		48,701,438
Deferred tax liability	-	679,536	-		679,536
Total Noncurrent Liabilities	5,058,952,644	3,929,250	-		5,062,881,894
Total Liabilities	5,915,162,124	1,090,161,240	(1,084,835,286)		5,920,488,078
Equity					
Capital stock	768,614,050	-	-		768,614,050
Deposit for future stock subscription	-	-	1,030,535,450		1,030,535,450
Other components of equity	(30,227,811)	-	-		(30,227,811)
Retained earnings	207,553,547	-	(115,000,000)		92,553,547
Total Equity	945,939,786	-	915,535,450		1,861,475,236
TOTAL LIABILITIES AND EQUITY	₱6,861,101,910	₱1,090,161,240	(₱169,299,836)		₱7,781,963,314

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information



INTERNATIONAL FAMILY FOOD SERVICES, INC. AND SUBSIDIARY
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	Pro Forma Adjustments (Unaudited)			
	Acquisition of Bakemasters, Inc., Shakey's			
	International Family Food Services, Inc. and Subsidiary (Audited)	International Limited and Golden Gourmet Limited (Note 3.IA)	Eliminating Entries and Other Pro Forma Adjustments (Note 3.IB)	Pro Forma Balances (Unaudited)
ASSETS				
Current Assets				
Cash and cash equivalents	₱388,872,392	₱18,450,989	₱–	₱407,323,381
Financial assets at fair value through profit or loss	36,084,300	–	–	36,084,300
Trade and other receivables	543,196,681	(4,936,400,074)	4,837,615,258	444,411,865
Inventories	238,738,578	17,153,002	–	255,891,580
Loans to related parties - current portion	23,527,778	–	(23,527,778)	–
Prepaid expenses and other current assets	10,499,429	1,449,898	–	11,949,327
Total Current Assets	1,240,919,158	(4,899,346,185)	4,814,087,480	1,155,660,453
Noncurrent Assets				
Loans to related parties - net of current portion	8,333,333	–	(8,333,333)	–
Available-for-sale (AFS) investments	682,534,072	–	–	682,534,072
Property and equipment	577,144,599	115,456,000	–	692,600,599
Deferred tax assets - net	33,629,789	–	–	33,629,789
Deferred input value-added tax	32,175,398	4,219,495	–	36,394,893
Refundable deposits	89,514,430	2,166,161	–	91,680,591
Intangible assets	–	4,765,424,072	–	4,765,424,072
Goodwill	–	1,102,241,697	–	1,102,241,697
Total Noncurrent Assets	1,423,331,621	5,989,507,425	(8,333,333)	7,404,505,713
TOTAL ASSETS	₱2,664,250,779	₱1,090,161,240	₱4,805,754,147	₱8,560,166,166
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and other current liabilities	₱948,579,745	₱50,193,604	(₱50,299,836)	₱948,473,513
Due to stockholders	–	1,030,535,450	(1,030,535,450)	–
Loans payable	–	4,000,000	19,073,227	23,073,227
Income tax payable	57,997,039	1,502,936	–	59,499,975
Total Current Liabilities	1,006,576,784	1,086,231,990	(1,061,762,059)	1,031,046,715
Noncurrent Liabilities				
Loan payable – net of current portion	–	–	4,951,980,756	4,951,980,756
Accrued pension costs	36,712,202	3,249,714	–	39,961,916
Accrued land rental	42,718,930	–	–	42,718,930
Deferred tax liability	–	679,536	–	679,536
Total Noncurrent Liabilities	79,431,132	3,929,250	4,951,980,756	5,035,341,138
Total Liabilities	1,086,007,916	1,090,161,240	3,890,218,697	6,066,387,853
Equity				
Capital stock	768,614,050	–	–	768,614,050
Deposit for future stock subscription	–	–	1,030,535,450	1,030,535,450
Other components of equity	(19,616,621)	–	–	(19,616,621)
Retained earnings	829,245,434	–	(115,000,000)	714,245,434
Total Equity	1,578,242,863	–	915,535,450	2,493,778,313
TOTAL LIABILITIES AND EQUITY	₱2,664,250,779	₱1,090,161,240	₱4,805,754,147	₱8,560,166,166

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information



INTERNATIONAL FAMILY FOOD SERVICES, INC. AND SUBSIDIARY
PRO FORMA CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

	International Family Food Services, Inc. and Subsidiary (Audited)	Pro Forma Adjustments (Unaudited) Acquisition of Bakemasters, Inc., Shakey's International Limited and Golden Gourmet Limited (Note 3.II.1)	Eliminating Entries and Other Pro Forma Adjustments (Note 3.II.2)	Pro Forma Balances (Unaudited)
REVENUES				
Net sales	₱2,689,191,231	₱181,346,052	(₱160,683,729)	₱2,709,853,554
Royalty and franchise fees	94,489,976	477,000	(477,000)	94,489,976
	2,783,681,207	181,823,052	(161,160,729)	2,804,343,530
COST OF SALES	(1,977,112,704)	(178,742,647)	160,683,729	(1,995,171,622)
GROSS INCOME	806,568,503	3,080,405	(477,000)	809,171,908
GENERAL AND ADMINISTRATIVE EXPENSES	(359,375,925)	(9,975,851)	3,686,592	(365,665,184)
OTHER INCOME - Net	57,873,849	252,867,681	(3,209,592)	307,531,938
INTEREST EXPENSE	-	(326,083)	-	(326,083)
INCOME BEFORE INCOME TAX	505,066,427	245,646,152	-	750,712,579
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	133,433,149	7,897,920	-	141,331,069
Deferred	6,408,322	(69,726)	-	6,338,596
	139,841,471	7,828,194	-	147,669,665
NET INCOME	365,224,956	237,817,958	-	603,042,914
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods - Unrealized gain on changes in fair value of AFS investments	2,872,171	-	-	2,872,171
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax) - Actuarial loss on defined benefit obligation	(19,261,944)	(1,849,177)	-	(21,111,121)
Tax effect	5,778,583	554,753	-	6,333,336
	(13,483,361)	(1,294,424)	-	(14,777,785)
TOTAL OTHER COMPREHENSIVE INCOME	(10,611,190)	(1,294,424)	-	(11,905,614)
TOTAL COMPREHENSIVE INCOME	₱354,613,766	₱236,523,534	₱-	₱591,137,300

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information



INTERNATIONAL FAMILY FOOD SERVICES, INC. AND SUBSIDIARY
PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

	Pro Forma Adjustments (Unaudited)			Pro Forma Balances (Unaudited)
	International Family Food Services, Inc. and Subsidiary (Audited)	Acquisition of Bakemasters, Inc., Shakey's International Limited and Golden Gourmet Limited (Note 3.II.1)	Eliminating Entries and Other Pro Forma Adjustments (Note 3.II.2)	
REVENUES				
Net sales	₱5,075,991,280	₱375,869,529	(₱337,858,754)	₱5,114,002,055
Royalty and franchise fees	168,348,361	933,000	(933,000)	168,348,361
	5,244,339,641	376,802,529	(338,791,754)	5,282,350,416
COST OF SALES	(4,048,378,689)	(384,794,910)	337,858,754	(4,095,314,845)
GROSS INCOME	1,195,960,952	(7,992,381)	(933,000)	1,187,035,571
GENERAL AND ADMINISTRATIVE EXPENSES	(582,626,599)	(37,984,062)	14,131,895	(606,478,766)
OTHER INCOME - Net	45,610,763	271,375	(13,198,895)	32,683,243
INTEREST EXPENSE	-	(1,478,667)	-	(1,478,667)
INCOME (LOSS) BEFORE INCOME TAX	658,945,116	(47,183,735)	-	611,761,381
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	179,988,192	17,737,759	-	197,725,951
Deferred	(635,481)	-	-	(635,481)
	179,352,711	17,737,759	-	197,090,470
NET INCOME (LOSS)	479,592,405	(64,921,494)	-	414,670,911
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods - Unrealized loss on changes in fair value of AFS investments	(709,770)	-	-	(709,770)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax) - Actuarial gain (loss) on defined benefit obligation	(21,584,101)	419,847	-	(21,164,254)
Tax effect	6,475,230	(125,954)	-	6,349,276
	(15,108,871)	293,893	-	(14,814,978)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(15,818,641)	293,893	-	(15,524,748)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱463,773,764	(₱64,627,601)	₱-	₱399,146,163

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information



INTERNATIONAL FAMILY FOOD SERVICES, INC. AND SUBSIDIARY
PRO FORMA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

	Capital Stock	Deposit for future stock subscription	Other Components of Equity		Retained Earnings	Net Equity
			Unrealized Gain (Loss) on Changes in Fair Value of AFS Investments	Cumulative Actuarial Loss -Net of Tax		
Balances at January 1, 2016 (Audited)	₱768,614,050	₱-	(₱2,888,071)	(₱16,728,550)	₱829,245,434	₱1,578,242,863
Effect of pro forma adjustments (Note 3.III)	-	1,030,535,450	-	-	(115,000,000)	915,535,450
As restated	768,614,050	1,030,535,450	(2,888,071)	(16,728,550)	714,245,434	2,493,778,313
Pro forma net income	-	-	-	-	603,042,914	603,042,914
Pro forma other comprehensive income (loss)	-	-	2,872,171	(13,483,361)	-	(10,611,190)
Pro forma net comprehensive income (loss)	-	-	2,872,171	(13,483,361)	603,042,914	592,431,724
Cash dividends	-	-	-	-	(986,916,843)	(986,916,843)
Other pro forma adjustments (Note 3.III)	-	-	-	-	(237,817,958)	(237,817,958)
Balance at June 30, 2016 (Unaudited)	₱768,614,050	₱1,030,535,450	(₱15,900)	(₱30,211,911)	₱92,553,547	₱1,861,475,236

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information



INTERNATIONAL FAMILY FOOD SERVICES, INC. AND SUBSIDIARY
PRO FORMA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

	Capital Stock	Deposit for future stock subscription	Other Components of Equity		Retained Earnings	Net Equity
			Unrealized Loss on Changes in Fair Value of AFS Investments	Cumulative Actuarial Loss -Net of Tax		
Balances at January 1, 2015 (Audited)	₱368,614,050	₱-	(₱2,178,301)	(₱1,619,679)	₱900,047,563	₱1,264,863,633
Effect of pro forma adjustments (Note 3.III)	-	1,030,535,450	-	-	(115,000,000)	915,535,450
As restated	368,614,050	1,030,535,450	(2,178,301)	(1,619,679)	785,047,563	2,180,399,083
Pro forma net income	-	-	-	-	414,670,911	414,670,911
Pro forma other comprehensive income	-	-	(709,770)	(15,108,871)	-	(15,818,641)
Pro forma net comprehensive income	-	-	(709,770)	(15,108,871)	414,670,911	398,852,270
Dividends declared:						
Cash	-	-	-	-	(150,394,533)	(150,394,533)
Stock	400,000,000	-	-	-	(400,000,000)	-
Total dividends declared	400,000,000	-	-	-	(550,394,533)	(150,394,533)
Other pro forma adjustments (Note 3.III)	-	-	-	-	64,921,494	64,921,494
Balance at December 31, 2015 (Unaudited)	₱768,614,050	₱1,030,535,450	(₱2,888,071)	(₱16,728,550)	₱714,245,435	₱2,493,778,314

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information



INTERNATIONAL FAMILY FOOD SERVICES, INC. AND SUBSIDIARY
PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

	International Family Food Services, Inc. and Subsidiary (Audited)	Pro Forma Adjustments (Unaudited)			Pro Forma Balances (Unaudited)
		Acquisition of Bakemasters, Inc., Shakey's International Golden Gourmet Limited (Note 3.IV.1)	Eliminating Entries and Other Pro Forma Adjustments (Note 3.IV.2)		
CASH FLOWS FROM OPERATING ACTIVITIES					
Income before income tax	₱505,066,427	₱245,646,152	₱-		₱750,712,579
Adjustments for:					
Write off of advances from previous stockholders	-	(248,091,610)			(248,091,610)
Depreciation and amortization	57,761,830	51,109,763	-		108,871,593
Interest income	(3,465,291)	(30,779)	-		(3,496,070)
Interest expense	6,303,983	355,181	-		6,659,164
Movements in:					
Accrued rent	5,982,508	-	-		5,982,508
Accrued pension costs	2,296,304	946,153	-		3,242,457
Accretion income	(864,949)	-	-		(864,949)
Gain on disposal of property and equipment	(416,446)	-	-		(416,446)
Unrealized foreign exchange loss	246,535	-	-		246,535
Income before working capital changes	572,910,901	49,934,860	-		622,845,761
Decrease (increase) in:					
Trade and other receivables	153,767,661	(26,490,887)	55,236,111		182,512,885
Inventories	40,900,278	188,561	-		41,088,839
Prepaid expenses and other current assets	(7,351,879)	48,511	-		(7,303,368)
Deferred input value added tax	(6,758,225)	-	-		(6,758,225)
Rental deposits	(4,916,393)	-	-		(4,916,393)
Increase in accounts payable and other current liabilities	(204,290,771)	10,796,363	-		(193,494,408)
Net cash generated from operations	544,261,572	34,477,408	55,236,111		633,975,091
Income taxes paid	(108,832,909)	(9,884,862)	-		(118,717,771)
Interest received	3,465,291	30,779	-		3,496,070
Net cash provided by operating activities	438,893,954	24,623,325	55,236,111		518,753,390
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property and equipment	(183,170,416)	(7,609,845)	-		(190,780,261)
Proceeds from disposals of property and equipment	5,004,937	-	-		5,004,937
Grant of intercompany loans	(70,500,000)	-	70,500,000		-
Collection of intercompany loans	19,736,111	-	(19,736,111)		-
Decrease (increase) in:					
AFS investments	685,083,156	-	-		685,083,156
Advances to a related party	(5,000,000,000)	-	-		(5,000,000,000)
Financial assets at FVPL	36,084,300	-	-		36,084,300
Net cash provided by (used in) investing activities	(4,507,761,912)	(7,609,845)	50,763,889		(4,464,607,868)

(Forward)



	International Family Food Services, Inc. and Subsidiary (Audited)	Pro Forma Adjustments (Unaudited) Acquisition of Bakemasters, Inc., Shakey's International Limited and Golden Gourmet Limited (Note 3.IV.1)	Eliminating Entries and Other Pro Forma Adjustments (Note 3.IV.2)	Pro Forma Balances (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of loan payable	₱4,975,000,000	₱-	₱-	₱4,975,000,000
Payments of:				
Dividends	(986,916,843)	-	(115,000,000)	(1,101,916,843)
Loans payable to a related party		(9,000,000)	9,000,000	-
Interest	-	(355,181)	-	(355,181)
Net cash provided by (used in) financing activities	3,988,083,157	(9,355,181)	(106,000,000)	3,872,727,976
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT				
	(246,535)	(5,248,508)	-	(5,495,043)
OTHER PRO FORMA ADJUSTMENTS				
	-	-	(4,691,306)	(4,691,306)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(81,031,336)	2,409,791	(4,691,306)	(83,312,851)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD				
	388,872,392	20,732,504	-	409,604,896
CASH AND CASH EQUIVALENTS AT END OF PERIOD				
	₱307,841,056	₱23,142,295	(₱4,691,306)	₱326,292,045

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information



INTERNATIONAL FAMILY FOOD SERVICES, INC. AND SUBSIDIARY
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Pro Forma Adjustments (Unaudited)			Pro Forma Balances (Unaudited)
	International Family Food Services, Inc. and Subsidiary (Audited)	Acquisition of Bakemasters, Inc., Shakey's International Limited and Golden Gourmet Limited (Note 3.IV.1)	Eliminating Entries and Other Pro Forma Adjustments (Note 3.IV.2)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱658,945,116	(₱47,183,735)	₱–	₱611,761,381
Adjustments for:				
Depreciation and amortization	209,946,662	100,515,388	–	310,462,050
Interest income	(5,178,652)	(27,613)	–	(5,206,265)
Interest expense	–	1,504,846	–	1,504,846
Movements in:				
Accrued rent	2,220,035	–	–	2,220,035
Accrued pension costs	(14,649,237)	946,153	–	(13,703,084)
Accretion income	(2,774,254)	–	–	(2,774,254)
Gain on disposal of property and equipment	(418,432)	–	–	(418,432)
Unrealized foreign exchange loss	(71,189)	–	–	(71,189)
Unrealized loss on change in fair value of HFT Instruments	9,360,942	–	–	9,360,942
Income before working capital changes	857,380,991	55,755,039	–	913,136,030
Decrease (increase) in:				
Trade and other receivables	(142,990,519)	(8,934,193)	107,361,111	(44,563,601)
Inventories	16,534,408	5,933,030	–	22,467,438
Prepaid expenses and other current assets	251,547	1,584,258	–	1,835,805
Deferred input value added tax	(6,142,348)	–	–	(6,142,348)
Rental deposits	(11,725,183)	–	–	(11,725,183)
Increase in accounts payable and other current liabilities	(89,223,386)	20,919,141	–	(68,304,245)
Net cash generated from operations	624,085,510	75,257,275	107,361,111	806,703,896
Income taxes paid	(171,719,361)	(292,781)	–	(172,012,142)
Interest received	5,178,652	37,380	–	5,216,032
Net cash provided by operating activities	457,544,801	75,001,874	107,361,111	639,907,786
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
AFS Investments	(469,958,439)	–	–	(469,958,439)
Property and equipment	(349,503,801)	(20,611,104)	–	(370,114,905)
Financial assets at fair value through profit or loss	(6,553,754)	–	–	(6,553,754)
Redemption of AFS investments	474,026,071	–	–	474,026,071
Proceeds from disposals of property and equipment	3,202,547	–	–	3,202,547
Intercompany loans:				
Collection	24,138,889	–	(24,138,889)	–
Availment	–	(7,638,889)	7,638,889	–
Net cash used in investing activities	(324,648,487)	(28,249,993)	(16,500,000)	(369,398,480)

(Forward)



	Pro Forma Adjustments (Unaudited)			
		Acquisition of Bakemasters, Inc., Shakey's	Eliminating Entries and Other Pro Forma Adjustments	Pro Forma Balances
	International Family Food Services, Inc. and Subsidiary (Audited)	International Limited and Golden Gourmet Limited (Note 3.IV.1)	(Note 3.IV.2)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Dividends	(₱150,394,533)	(₱18,004,000)	(₱115,000,000)	(₱283,398,533)
Loans payable to a related party	–	(24,138,889)	24,138,889	–
Interest	–	(1,504,846)	–	(1,504,846)
Net cash used in financing activities	(150,394,533)	(43,647,735)	(90,861,111)	(284,903,379)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT				
	71,189	(625,704)	–	(554,515)
OTHER PRO FORMA ADJUSTMENTS				
	–	–	(1,978,005)	(1,978,005)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(17,427,030)	2,478,442	(1,978,005)	(16,926,593)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
	406,299,422	17,950,552	–	424,249,974
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	₱388,872,392	₱20,428,994	(₱1,978,005)	₱407,323,381

See accompanying Notes to Pro Forma Condensed Consolidated Financial Information



INTERNATIONAL FAMILY FOOD SERVICES, INC. AND SUBSIDIARY
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

1. General Information

Corporate Information

International Family Food Services, Inc. (IFFSI or the Parent Company) was incorporated on February 14, 1974, with registered office address at AFP-RSBS Industrial Park, C-5 Junction, Km. 12, East Service Road, Taguig City, Metro Manila. The Parent Company is the exclusive franchise holder of the Shakey's Pizza Restaurant business ("Shakey's") in the Philippines. As the exclusive franchise holder to operate Shakey's Restaurant System in the country, the Parent Company is licensed to develop company-owned Shakey's outlets and sub-license the Shakey's brand to other entities in the Philippines.

Century Pacific Group, Inc. (CPGI) and GIC Private Ltd. (GICPL), entered into a joint venture agreement on March 28, 2016 to acquire IFFSI, DBE Project Inc. (DPI), Bakemasters, Inc. (BI), Shakey's International Limited (SIL) and Golden Gourmet Ltd. (GGL) from the Prieto Family. CPGI, GICPL and the Prieto Family then incorporated a new entity, Shakey's Asia Food Holdings, Inc. (SAFHI, formerly known as Posana Food Brands, Inc.), which acquired 100% of the shares of stocks of IFFSI, DPI, BI, SIL and GGL.

On March 24, 2016, management of IFFSI announced the acquisition of the 100% ownership interest of the Company by SAFHI. The effectivity of the change in ownership is April 1, 2016. The BOD signed the share purchase agreement on February 20, 2016.

On June 29, 2016, the Company acquired 100% ownership interest in IFFSI Food Brand Trademark, Inc. (IFBTI). IFBTI is engaged in the business of developing and designing, acquiring, selling, transferring, exchanging, managing, licensing, franchising to label marks, devices, brands, trademarks and all other form of intellectual property. As at October 7, 2016, IFBTI has not yet started its commercial operations.

The Parent Company and IFBTI (collectively referred to as "the Company") are both incorporated and domiciled in the Philippines.

On October 5, 2016, the stockholders of SAFHI entered into a corporate restructuring of its subsidiaries: IFFSI, BI, SIL, and GGL. SAFHI sold its shares of stocks in IFFSI directly to its stockholders CGPI, GICPL and Prieto Family (collectively referred to as "IFFSI Shareholders"), for a consideration through settlement of its advances from stockholders amounting to ₱8,850.00 million. The allocation of the consideration received is based on the deposit for stock subscription in SAFHI as follows:

Stockholder	Percentage of ownership	Amount	Number of shares
CGPI	56%	₱4,938,001,219	428,886,640
GICPL	37%	3,292,000,813	285,924,427
Prieto Family	7%	619,462,518	53,802,983
Total assets	100%	₱8,849,464,550	768,614,050

The transfer of ownership of the investment in shares of stock in IFFSI from SAFHI to CGPI, GICPL and Prieto Family did not have an effect on their percentages of ownership over IFFSI. Simultaneously, SAFHI sold its ownership in the shares of stocks of BI, SIL and GGL to IFFSI for



a total consideration of ₱6,030.53 million resulting in BI, SIL and GGL becoming wholly owned subsidiaries of IFFSI.

Pro Forma Information

Acquisition of Bakemasters, Inc. (BI), Shakey's International Limited (SIL) and Golden Gourmet Limited (GGL)

On October 5, 2016, SAFHI sold its ownership in the shares of stocks of BI, SIL and GGL to IFFSI for a total consideration of ₱6,030.53 million resulting in BI, SIL and GGL becoming wholly owned subsidiaries of IFFSI.

BI was incorporated on May 4, 1995 with registered office address at AFP-RSBS Industrial Park, C-5 Junction, Km. 12, East Service Road, Taguig City, Metro Manila. BI manufactures and distributes fresh, frozen pan-baked and baked breads, pastries, cakes, desserts, confectionery items, pie crusts and party shells.

SIL is a company incorporated in Hong Kong with limited liability. SIL's registered office address is located at 505 Inter-Continental Plaza, 94 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong. SIL maintains Shakey's trademark and license to operate in the ASEAN region.

GGL is a company incorporated in Hong Kong with limited liability. GGL's registered office address is Room 1402, 14th Floor, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong. GGL maintains Shakey's trademark and license to operate in the Philippines.

Other transaction

On October 3, 2016, DPI settled its remaining obligation with IFFSI amounting to ₱115,000,000. The amount received was declared as dividends and paid to SAFHI on October 4, 2016.

The unaudited pro forma condensed consolidated financial information as at June 30, 2016 and December 31, 2015 and for the six-month period ended June 30, 2016 and year ended December 31, 2015 were authorized for issue by the Board of Directors (BOD) on October 7, 2016.

2. **Basis of Preparing Pro Forma Condensed Consolidated Financial Information**

The unaudited pro forma condensed financial information have been prepared in accordance with Section 8, Part II of the Securities Regulation Code Rule 68, As Amended in 2011 (SRC Rule 68).

The unaudited pro forma condensed consolidated financial information has been prepared solely for the inclusion in the prospectus prepared by IFFSI and Subsidiary in connection with IFFSI's planned initial public offering in December 2016 and for no other purpose. The unaudited pro forma condensed consolidated financial information should be read in conjunction with the audited interim financial statements of IFFSI as at June 30, 2016 and for the six-month period ended June 30, 2016 and the audited financial statements as at and for the year ended December 31, 2015.

The objective of this unaudited pro forma condensed consolidated financial information is to show what the significant effects on the historical financial information might have been had the transactions described below occurred at an earlier date. However, the unaudited pro forma



condensed consolidated financial information is not necessarily indicative of the results of operations or related effects on the consolidated financial statements that would have been attained, had the transactions described below actually occurred at an earlier date.

The unaudited pro forma condensed consolidated financial information is not intended to be considered in isolation from, or as a substitute for, financial position or results of operations prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Acquisition of Bakemasters, Inc. (BI), Shakey's International Limited (SIL) and Golden Gourmet Limited (GGL)

SAFHI and the shareholders of the Company entered into a corporate re-structuring on October 5, 2016. The pro forma financial information which was prepared in connection with the planned initial public offering includes the following transactions:

1. SAFHI transfers its 100% ownership shares of BI and SIL and of its 18% ownership shares of GGL to IFFSI for a total consideration of ₱5,000,000,000 allocated as follows:

Stockholder	Percentage of ownership	Amount
Bakemasters, Inc.	100%	₱1,270,035,450
Shakey's International Limited	100%	3,500,000,000
Golden Gourmet Limited)	18%	229,964,550
Total assets		₱5,000,000,000

IFFSI applied the balance of its existing Advances to SAFHI amounting to ₱5,000,000,000.

2. SAFHI transfers its remaining 82% ownership interest in GGL to IFFSI amounting to ₱1,030,535,450 on account. With the conformity of IFFSI, SAFHI assigns the said payable of IFFSI to IFFSI shareholders as settlement of SAFHI's remaining shareholder advances amounting ₱1,030,535,450 under the agreement the assigned payable shall be subsequently treated as deposit for future stock subscription of the IFFSI shareholders at IFFSI. On September 22, 2016, the BOD of IFFSI approved the planned increase in the authorized capital stock of the Company from ₱1,000,000,000 to ₱2,000,000,000. On October 7, 2016, the Company submitted the application for the increase in authorized capital stock. As such, the deposit for future stock subscription is accounted for as part of equity in the statement of financial position.

The acquisition of BI is considered a business combination and was accounted for using acquisition method.

Applying the acquisition method requires:

- a. Identifying the acquirer and the acquisition date;
- b. Recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- c. Recognizing and measuring goodwill or a gain from a bargain purchase.

The amount of goodwill recognized was based on a provisional assessment made by the management. The provisional values for property and equipment were derived based on the market values as of acquisition date. The excess of the acquisition cost over the fair value of the identifiable assets and liabilities of the acquired business amounting to ₱1,102,241,697 represents goodwill.



Management has assessed that SIL and GGL do not qualify as a business based on relevant accounting standards and therefore were accounted for as an acquisition of assets.

Under the asset acquisition method:

- a. Acquirer shall identify and recognize the individual identifiable assets acquired liabilities assumed.
- b. The cost of the acquiree shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.
- c. The transaction does not give rise to goodwill.

Other transaction

On October 4, 2016, DPI settled its remaining obligation with IFFSI amounting to ₱115,000,000. The amount received was declared as dividends and paid to SAFHI on the same date.

The unaudited pro forma condensed consolidated financial information has not been prepared in accordance with the requirements of Article 11 of the Regulation S-X under the U.S. Exchange Act.

3. Pro Forma Adjustments

The unaudited pro forma condensed consolidated financial information is based on the historical information of IFFSI as shown in the audited interim financial statements of IFFSI as at and for the six-month period ended June 30, 2016 and in the audited financial statements as at December 31, 2015 and for the year then ended, and after giving effect to certain assumptions, and pro forma adjustments described in the succeeding paragraphs. The pro forma adjustments are based upon available information and certain assumptions that IFFSI believes are reasonable under the circumstances. The pro forma condensed consolidated financial information does not purport to represent what the results of operations and financial position of the Company would have been had the significant transactions discussed in the succeeding paragraphs occurred as at January 1 of each of the periods presented or June 30, 2016 and December 31, 2015 as the case may be, nor does it purport to project the results of operations of the Company for any future period or date.

For the purpose of the unaudited pro forma consolidated statements of comprehensive income, changes in equity and cash flows, the transactions are assumed to have occurred on January 1, the beginning of the periods presented. For the purpose of the unaudited pro forma consolidated statement of financial position, the transactions are assumed to have occurred on June 30, 2016 or December 31, 2015, the ending of the periods presented.



I. Pro forma adjustments in the pro forma consolidated statements of financial position as of June 30, 2016 and December 31, 2015

A. Acquisition of BI, SIL and GGL

1. Details of the combined balances of the acquired entities as shown in the pro forma consolidated statements of financial position as at June 30, 2016 and December 31, 2015 is as follows:

	June 30, 2016				
	BI (3.I.A.3)	SIL (3.I.A.4)	GGL (3.I.A.4)	Other Pro Forma Adjustments (3.I.A.2)	Combined balances
Cash and cash equivalents	₱12,339,892	₱325,837	₱5,785,260	₱-	18,450,989
Trade and other receivables	63,090,676	-	509,250	(5,000,000,000)	(4,936,400,074)
Inventories	17,153,002	-	-	-	17,153,002
Prepaid and other assets	1,449,898	-	-	-	1,449,898
Property and equipment	115,456,000	-	-	-	115,456,000
Deferred input value added tax	4,219,495	-	-	-	4,219,495
Refundable deposits	2,166,161	-	-	-	2,166,161
Intangible assets	-	3,509,322,667	1,256,101,405	-	4,765,424,072
Goodwill	1,102,241,697	-	-	-	1,102,241,697
Proceeds from acquisition	(1,270,035,450)	(3,500,000,000)	(1,260,500,000)	6,030,535,450	-
	₱48,081,371	₱9,648,504	₱1,895,915	₱1,030,535,450	₱1,090,161,240
Accounts payable and other current liabilities	₱38,649,185	₱9,648,504	₱1,895,915	₱-	₱50,193,604
Loan payable	4,000,000	-	-	-	4,000,000
Income tax payable	1,502,936	-	-	-	1,502,936
Due to stockholders	-	-	-	1,030,535,450	1,030,535,450
Accrued pension cost	3,249,714	-	-	-	3,249,714
Deferred tax liability	679,536	-	-	-	679,536
	₱48,081,371	₱9,648,504	₱1,895,915	₱1,030,535,450	₱1,090,161,240

2. For purposes of pro forma condensed financial information, SAFHI transfers its 100% ownership shares of BI and SIL and 18% of its ownership shares of GGL to IFFSI for a total consideration of ₱5,000,000,000 allocated as follows:

Stockholder	Percentage of ownership	Amount
Bakemasters, Inc.	100%	₱1,270,035,450
Shakey's International Limited	100%	3,500,000,000
Golden Gourmet Limited	18%	229,964,550
Total assets		₱5,000,000,000

IFFSI applied the balance of its existing Advances to SAFHI amounting to ₱5,000,000,000.

IFFSI acquired from SAFHI the remaining 82% ownership interest in GGL amounting to ₱1,030,535,450 on account.

On September 22, 2016, the BOD of the Company approved the planned increase in the Company's authorized capital stock. On October 7, 2016, the Company submitted the application for the increase in the authorized capital stock to the Philippine Securities and Exchange Commission. On the same date, the Company reclassified the "Due to stockholder" account to Deposit for future stock subscription under Equity.



3. The preliminary allocation of the cost of the acquisition to the assets and liabilities of BI is based on provisional estimates using currently available information, which is based on August 31, 2016 unaudited balance sheet of BI, is presented below.

ASSETS	
Cash and cash equivalents	₱12,339,892
Trade and other receivables	63,090,676
Inventories	17,153,002
Prepaid expenses and other current assets	1,449,898
Property, plant and equipment	115,456,000
Refundable deposits	2,166,161
Deferred input value-added tax	4,219,495
	₱215,875,124
LIABILITIES	
Accounts payable and other current liabilities	₱38,649,185
Loans payable	4,000,000
Accrued pension costs	3,249,714
Income tax payable	1,502,936
Deferred tax liability	679,536
	48,081,371
Net assets	₱167,793,753
Acquisition cost	1,270,035,450
Goodwill	₱1,102,241,697

The final purchase price allocation will be determined when IFFSI has completed the detailed valuations and necessary calculations. The preliminary accounting will be completed based on further valuations and studies carried out within twelve months from the acquisition date. The Company has limited information with respect to the fair values of assets and liabilities acquired and possible recognition of certain intangible assets, deferred income tax and contingent liabilities from the acquisition. For purposes of the pro forma condensed statement of financial position, the acquisition of BI, SIL and GGL were assumed to have happened on June 30, 2016 and December 31, 2015 and accordingly, provisional accounting was applied to account for the goodwill in the initial purchase price allocation.

4. As discussed in Note 2, the acquisition of SIL and GGL is accounted for as acquisition of assets.

The consideration paid for the acquisition of SIL and GGL is assumed to be allocated to the net identifiable assets and liabilities of SIL and GGL based on their respective fair values as follows:

	SIL	GGL	Total
ASSETS			
Cash and cash equivalents	₱325,837	₱5,785,260	₱6,111,097
Trade and other receivables	₱-	₱509,250	₱509,250
Intangible assets	3,509,322,667	1,256,101,405	4,765,424,072
(Carried forward)	3,509,648,504	1,262,395,915	4,772,044,419



	SIL	GGL	Total
(Brought forward)	₱3,509,648,504	₱1,262,395,915	₱4,772,044,419
LIABILITIES			
Accounts payable and other			
current liabilities	9,648,504	1,895,915	11,544,419
NET ASSETS	₱3,500,000,000	₱1,260,500,000	₱4,760,500,000

B. Eliminating entries and other pro forma adjustments

- i. Adjustment to record the cash received from DPI on October 3, 2016 as a settlement for the following account balances:

Trade and other receivables	₱37,875,000
Loan receivable from a related party	77,125,000
	<u>₱115,000,000</u>

- ii. Adjustment to record the dividends declared and paid by IFFSI to SAFHI, its Parent Company, amounting to ₱115,000,000.
- iii. Elimination of intercompany balances between IFFSI and the acquired entities: :

Trade and other receivables/payables	₱16,337,479
Loan receivable/payable a related party	4,000,000
	<u>₱20,337,479</u>

- iv. Elimination of trade and other receivables/payables intercompany balances between IFFSI, SIL and GGL as at June 30, 2016 amounting to ₱3,583,049.
- v. The following assumption is also applied for the purposes of the December 31, 2015 pro forma condensed financial information:

On June 8, 2016, IFFSI entered into an omnibus loan and security agreement with BDO Unibank, Inc. and SAFHI. BDO Unibank, Inc. provided a term loan facility in the principal amount of ₱5,000.0 million (before debt issuance cost of ₱24.9 million) for the purpose of refinancing the bridge loan of SAFHI. SAFHI shall in turn pledge its 100% ownership shares of all of its subsidiaries. On October 5, 2016, IFFSI used the ₱5,000.0 million outstanding receivable from SAFHI to pay off the transferred shares of BI, SIL and GGL. The availment of the loan is already reflected in the June 30, 2016 statement of financial position.

II. Pro forma adjustments in the pro forma consolidated statements of comprehensive income for the six-month period ended June 30, 2016 and year ended December 31, 2015

1. Acquisition of BI, SIL and GGL

Pro forma adjustments have been made to include the combined balances of the statements of comprehensive income of SI, BI and GGL for the six-month period ended June 30, 2016 and year ended December 31, 2015 into the pro forma condensed financial information.



The statements of comprehensive income of SIL and GGL for the six-month period ended June 30, 2016 and year ended December 31, 2015 are presented in Hong Kong (H.K.) Dollars and United States (U.S.) Dollars, respectively. The amounts were converted to Philippine Peso using the weighted average rate during the reporting period as follows:

	SIL H.K. Dollars	GGL U.S. Dollars
For the six-month period ended June 30, 2016	₱6.05: HK\$1.00	₱46.90: \$1.00
For the year ended December 31, 2015	₱6.08: HK\$1.00	₱45.50: \$1.00

The amortization of intangible asset of GGL was converted using the rate of ₱47.06 had it been acquired on January 1 of the periods presented with remaining useful life of 16 years.

Details of the combined balances of the acquired entities as shown in the pro forma consolidated statement of comprehensive income for the six-month period ended June 30, 2016 and year ended December 31, 2015:

	For the six-month period ended June 30, 2016			
	BI	SIL	GGL	Total
REVENUES				
Net sales	₱181,346,052	₱-	₱-	₱181,346,052
Royalty fees	-	-	477,000	477,000
	181,346,052	-	477,000	181,823,052
COST OF SALES	(139,489,478)	-	(39,253,169)	(178,742,647)
GROSS INCOME (LOSS)	41,856,574	-	(38,776,169)	3,080,405
GENERAL AND ADMINISTRATIVE EXPENSES	(6,658,883)	(3,243,357)	(73,611)	(9,975,851)
OTHER INCOME - Net	341,834	103,382,110	149,143,737	252,867,681
INTEREST EXPENSE	(326,083)	-	-	(326,083)
INCOME BEFORE INCOME TAX	35,213,442	100,138,753	110,293,957	245,646,152
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	7,756,885	-	141,035	7,897,920
Deferred	(69,726)	-	-	(69,726)
	7,687,159	-	141,035	7,828,194
NET INCOME (LOSS)	27,526,283	100,138,753	110,152,922	237,817,958
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax) - Actuarial loss on defined benefit obligation	(₱1,849,177)	₱-	₱-	(₱1,849,177)
Tax effect	554,753	-	-	554,753
TOTAL OTHER COMPREHENSIVE INCOME	(1,294,424)	-	-	(1,294,424)
TOTAL COMPREHENSIVE INCOME	₱26,231,859	₱100,138,753	₱110,152,922	₱236,523,534



	For the six-month period ended June 30, 2016			
	BI	SIL	GGL	Total
	For the year ended December 31, 2015			
	BI	SIL	GGL	Total
REVENUES				
Net sales	₱375,869,529	₱-	₱-	₱375,869,529
Royalty fees	-	-	933,000	933,000
	375,869,529	-	933,000	376,802,529
COST OF SALES	(306,331,871)	-	(78,463,039)	(384,794,910)
GROSS INCOME (LOSS)	69,537,658	-	(77,530,039)	(7,992,381)
GENERAL AND ADMINISTRATIVE EXPENSES				
	(11,066,300)	(26,757,743)	(160,019)	(37,984,062)
OTHER INCOME - Net	259,919	-	11,456	271,375
INTEREST EXPENSE	(1,478,667)	-	-	(1,478,667)
INCOME (LOSS) BEFORE INCOME TAX	57,252,610	(26,757,743)	(77,678,602)	(47,183,735)
PROVISION FOR CURRENT INCOME TAX	17,454,745	-	283,014	17,737,759
NET INCOME (LOSS)	39,797,865	(26,757,743)	(77,961,616)	(64,921,494)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax) - Actuarial gain on defined benefit obligation				
	419,847	-	-	419,847
Tax effect	(125,954)	-	-	(125,954)
TOTAL OTHER COMPREHENSIVE INCOME	293,893	-	-	293,893
TOTAL COMPREHENSIVE INCOME	₱40,091,758	(₱26,757,743)	(₱77,961,616)	(₱64,627,601)

2. Other Pro Forma Adjustments

- a. Elimination of intercompany sales and cost of goods sold between IFFSI and BI amounting to ₱160,683,729 and ₱337,858,754 for the six-month period ended June 30, 2016 and for the year ended December 31, 2015, respectively.
- b. Elimination of intercompany royalty income and license fees between IFFSI and GIL amounting to ₱477,000 and ₱933,000 for the six-month period ended June 30, 2016 and for the year ended December 31, 2015, respectively.
- c. Elimination of intercompany management fee and other income between IFFSI and SIL amounting to ₱3,209,592 and ₱13,198,895 for the six-month period ended June 30, 2016 and for the year ended December 31, 2015, respectively.



III. Pro forma adjustments in the pro forma consolidated statement of changes in equity for the six-month period ended June 30, 2016

1. Pro forma adjustments have been made to reflect the acquisition of BI, SIL and GGL.
2. Pro forma net income

The pro forma net income as reflected in the pro forma consolidated statement of comprehensive income for the six-month period ended June 30, 2016 and discussed in the preceding sections.

3. Pro forma adjustment to recognize the dividend declaration of IFFSI to SAFHI amounting to ₱115,000,000 on October 4, 2016.
4. Other pro forma adjustments have been made to take into account the different assumptions in preparing the pro forma condensed consolidated financial position (assumed transactions have occurred at December 31, 2015) and the pro forma condensed consolidated statement of comprehensive (assumed transactions have occurred as of January 1, 2015) with effect in retained earnings of ₱237,817,958 as at June 30, 2016 and ₱64,921,494 as at December 31, 2015.

IV. Pro forma adjustments in the pro forma consolidated statements of cash flows for the six-month period ended June 30, 2016 and year end December 31, 2016

1. Acquisition of BI, SIL and GGL

Pro forma adjustments have been made to include the combined balances of the statements of cash flows of BI, SIL and GGL for the six-month period ended June 30, 2016 into the pro forma condensed financial information, as follows:

	BI	SIL	GGL	Combined balances
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱35,213,442	₱100,138,753	₱110,293,957	₱245,646,152
Adjustments for:				
Write-off of advances from previous stockholders	-	(103,382,110)	(144,709,500)	(248,091,610)
Depreciation and amortization	11,856,594	-	39,253,169	51,109,763
Interest income	(24,542)	-	(6,237)	(30,779)
Interest expense	355,181	-	-	355,181
Income before working capital changes	47,400,675	(3,243,357)	4,831,389	48,988,707
Decrease (increase) in:				
Trade and other receivables	(26,490,887)	-	-	(26,490,887)
Inventories	188,561	-	-	188,561
Prepaid expenses and other current assets	48,511	-	-	48,511

(Forward)



	BI.	SIL	GGL	Combined balances
Increase in :				
Accounts payable and other current liabilities	₱6,777,394	₱3,246,373	₱772,596	₱10,796,363
Accrued pension costs	946,153	–	–	946,153
Net cash generated from operations	28,870,407	3,016	5,603,985	34,477,408
Income taxes paid	(9,743,827)	–	(141,035)	(9,884,862)
Interest received	24,542	–	6,237	30,779
Net cash provided by operating activities	19,151,122	3,016	5,469,187	24,623,325
CASH FLOWS FROM AN INVESTING ACTIVITY				
Acquisition of property and equipment	(7,609,845)	–	–	(7,609,845)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Loans payable to a related party	(9,000,000)	–	–	(9,000,000)
Interest	(355,181)	–	–	(355,181)
Net cash used in financing activities	(9,355,181)	–	–	(9,355,181)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	43,248	–	(5,291,756)	(5,248,508)
NET DECREASE IN CASH AND CASH EQUIVALENTS	2,229,344	3,016	177,431	2,409,791
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,801,854	322,821	5,607,829	20,732,504
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱17,031,198	₱325,837	₱5,785,260	₱23,142,295

Pro forma adjustments have been made to include the combined balances of the statements of cash flows of BI, SIL and GGL for the year ended December 31, 2015 into the pro forma condensed financial information, as follows:

	BI.	SIL	GGL	Combined balances
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	₱57,252,610	(₱26,757,743)	(₱77,678,602)	(₱47,183,735)
Adjustments for:				
Depreciation and amortization	22,052,349	–	78,463,039	100,515,388
Interest income	(39,069)	–	11,456	(27,613)
Interest expense	1,504,846	–	–	1,504,846
Income before working capital changes	80,770,736	(26,757,743)	795,893	54,808,886

(Forward)



	BI	SIL	GGL	Combined balances
Decrease (increase) in:				
Trade and other receivables	(₱8,934,193)	₱-	₱-	(₱8,934,193)
Inventories	5,933,030	-	-	5,933,030
Prepaid expenses and other current assets	1,584,258	-	-	1,584,258
Increase in :				
Accounts payable and other current liabilities	(21,252,848)	26,947,361	(53,150)	5,641,363
Accrued pension costs	946,153	-	-	946,153
Net cash generated from operations	59,047,136	189,618	742,743	59,979,497
Income taxes paid	(9,767)	-	(283,014)	(292,781)
Interest received	48,836	-	(11,456)	37,380
Net cash provided by operating activities	59,086,205	189,618	448,273	59,724,096
CASH FLOWS FROM AN INVESTING ACTIVITY				
Acquisition of property and equipment	(20,611,104)	-	-	(20,611,104)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of loan	7,638,889	-	-	7,638,889
Payments of:				
Dividends	(18,004,000)	-	-	(18,004,000)
Loans payable to a related party	(24,138,889)	-	-	(24,138,889)
Interest	(1,504,846)	-	-	(1,504,846)
Net cash used in financing activities	(36,008,846)	-	-	(36,008,846)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT	-	-	(625,704)	(625,704)
NET DECREASE IN CASH AND CASH EQUIVALENTS	2,466,255	189,618	(177,431)	2,478,442
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12,032,089	133,203	5,785,260	17,950,552
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱14,498,344	₱322,821	₱5,607,829	₱20,428,994

2. Other Pro Forma Adjustments

- a. Pro forma adjustments have been made to eliminate the intercompany receivables/payables between IFFSI, SIL and GGL.
- b. Settlement of DPI's full balance and payment of dividends by IFFSI to SAFHI were recognized on October 3, 2016 and October 4, 2016, respectively.



- c. Pro forma adjustments have been made to take into account the different assumptions in preparing the pro forma condensed consolidated financial position (assumed transactions have occurred at December 31, 2015) and the pro forma condensed statement cash flows (assumed transactions have occurred as of January 1, 2015).

4. Basic/Diluted Earnings Per Share Computation

Basic earnings per share (EPS) is computed based on the weighted average number of issued and outstanding common shares during each year. Diluted EPS is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year. When there are no potential common shares or other instruments that may entitle the holder to common shares, diluted EPS, is the same as the basic EPS.

There are no dilutive financial instruments as of June 30, 2016 and December 31, 2015, hence, diluted EPS is the same as the basic EPS.

Pro forma basic/diluted EPS of IFFSI is computed as follows:

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
(a) Pro forma net income	₱603,042,914	₱414,670,911
(b) Weighted average number of shares outstanding for the period	768,614,050	768,614,050
EPS (a/b)	₱0.78	₱0.54

Historical basic/diluted EPS of IFFSI is computed as follows:

	June 30, 2016 (Unaudited)	December 31, 2015
(a) Net income	₱365,224,956	₱479,592,405
(b) Weighted average number of shares outstanding for the period	768,614,050	768,614,050
EPS (a/b)	₱0.48	₱0.62

5. Segment Information

The Company is organized into only one operating division, stores operation, which is its primary activity. The Company generates revenues from restaurant sales, sale of materials and equipment and royalty and franchise fees. For management purposes, the Company considers the entire business as one segment. Management monitors the operating results of the business for the purpose of making decisions about resource allocation and performance assessment.



Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Sales and service income and royalty and franchise fee (shown as "Revenue" in the pro forma statement of comprehensive income), net income, total assets and total liabilities as of and for the six-month period ended June 30, 2016 had BI, SIL and GGL been acquired is as follows:

Revenues	
Net sales	₱2,709,853,554
Royalty and franchise fees	94,489,976
Net income	603,042,914
Total assets	7,781,963,314
Total liabilities	5,920,488,078

The Company has no revenue from transactions with a single external customer accounting for more than 10% or more of the sales and service income and royalty and franchise fee. As at and for the six-month period ended June 30, 2016, all customers of the Company are located in the Philippines.

