COVER SHEET

1	4	6	8	5	5

SEC Registration Number

SSI GROUP, INC. AND SUBSIDIARIES

(Company's Full Name)

6/F Midland Buendia Building 403 Senator Gil Puyat Avenue, Makati City

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

Ms. Rossellina J. Escoto	890-8034
(Contact Person)	(Company Telephone Number)

1 2	3 1	17-Q	0 5	0 7
Month	*Day*	(Form Type)	*Month*	*Day*
(Calendar Year)			(Annual Meeting)	

Not Applicable

(Secondary License Type, If Applicable)

CFD	Not Applicable
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

11	₱7,395.7 million	Not Applicable
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SEC Number **146855**
File Number _____

SSI Group, Inc.
(Company's Full Name)

6/F Midland Buendia Building
403 Senator Gil Puyat Avenue, Makati City
(Company's Address)

(632) 890-8034
(Telephone Number)

September 30, 2014
(Quarter Ending)

SEC FORM 17-Q QuarterlyReport
(Form Type)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **September 30, 2014**

2. Commission identification number: **146855**

3. BIR Tax Identification No: **006-710-876**

4. Exact name of issuer as specified in its charter: **SSI Group, Inc.**

5. Province, country or other jurisdiction of incorporation or organization: **Makati City, Philippines**

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office: **6/F Midland Buendia Building, 403 Senator Gil Puyat Avenue, Makati City** Postal Code: **1200**

8. Issuer's telephone number, including area code: **(632) 896-95-91**

9. Former name, former address and former fiscal year, if changed since last report: **Casual Clothing Specialists, Inc.**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding
Common Shares	**3,312,864,430**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [√] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange **Common Shares 3,312,864,430**

12. Indicate by check mark whether the registrant:

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

Yes [√] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [√] No [ ]

Part I Financial Information

Item 1 Financial Statements (please see Annex A)

Unaudited Interim Consolidated Balance Sheet as of September 30, 2014 (with Comparative Audited Figures as of December 31, 2013)

Unaudited Interim Consolidated Statements of Comprehensive Income for the Three-Month Periods Ended September 30 2014 and 2013 and for the Nine-Month Periods Ended September 30, 2014 and 2013

Unaudited Interim Consolidated Statements of Changes in Equity for the Nine-Month Periods Ended September 30, 2014 and 2013

Unaudited Interim Consolidated Statements of Cash Flows for the Nine- Month Periods Ended September 30, 2014 and 2013

Notes to Unaudited Interim Condensed Consolidated Financial Statements

Attachments – Supplementary Schedules (please see Schedules I, II, III and IV)

Schedule I: Map Showing Relationships Between and Among the Group, and Its Subsidiaries

Schedule II: Supplementary Schedule of All Effective Standards and Interpretations

Schedule III: Supplementary Schedule of Retained Earnings Available for Dividend Declaration in the Parent Company Financial Statements

Schedule IV: Schedule of Financial Soundness Indicators

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations
For the Nine Months Ended September 30, 2014 and 2013

Key Performance Indicators	**For the nine months ended Sept. 30**	
PhP MM	**2014**	**2013**
Net Sales	10,043	8,689
Gross Profit	5,651	4,332
Net Income	674	451
Gross Selling Space	117,793	95,140
Growth in Gross Selling Space %	23.8%	

	For the nine months ended Sept. 30	
	2014	**2013**
Key Financial and Operating Data	**(PhP MM except where indicated)**	
Key Financial Data		
Net Sales	10,043	8,689
Luxury & Bridge	2,208	1,995
Casual	1,563	1,485
Fast Fashion	3,602	2,886
Footwear, Accessories & Luggage	1,410	1,227
Others	1,260	1,096
Gross Profit	5,651	4,332
Gross Profit Margin (%)	56.3%	49.9%
EBITDA*	2,049	1,129
EBITDA Margin (%)	20.4%	13.0%
Other Income (charges)	(243)	68
Net Income	674	451
Net Income Margin (%)	6.7%	5.2%
Adjusted Net Income**	790	461
Adjusted Net Income Margin (%)	7.9%	5.3%
Total Debt	7,396	5,094
Net Debt	6,815	3,959
Key Operating Data		
Specialty Retailing		
Number of Stores	672	585
Gross Selling Space (sq.m.)	117,793	95,140
Growth in Gross Selling Space (%)	24%	
Convenience Stores		
Number of Stores	63	12
Gross Selling Space (sq.m.)	7,678	1,405
Growth in Gross Selling Space (%)	446%	

*EBITDA is calculated as operating income before working capital changes

**Net Income Adjusted for Share in JV Losses

Net Sales

For the nine months ended Sept. 30, 2014, the Group generated net sales of PhP10B, an increase of 16%, as compared to the year ago period. The increase in revenue was driven by the expansion of the Group's store network as we continue to benefit from the availability of prime retail space located in leading malls suitable for our brands.

As of Sept. 30, 2014 our store network consisted of 672 stores across 117,793 sq.m. From Oct. 2013 to Sept. 30, 2014 we opened a net of 87 stores, equivalent to an additional 22,653 sq.m. of gross selling area. This increased our retail footprint by 24% as compared to our gross selling area of 95,140 as at Sept. 30, 2013.

For the nine months ended Sept. 30, 2014 we added 19 international brands to our portfolio: A2 by Aerosoles, Acca Kappa, Alexander McQueen, Clarins, Cortefiel, Diptyque, F&F, Giuseppe Zanotti, Givenchy, Isaac Mizrahi, Longchamp, MBT, Old Navy, Oliviers & Co., Pottery Barn, Pull & Bear, Reiss, Saville Row and West Elm.

The following table sets out our number of stores and gross selling space as of and for the nine months ended Sept. 30, 2013 and 2014 and as of Dec. 31, 2013.

	For the year ended	**For the nine months ended**	
Store Network	**Dec. 31, 2013**	**Sept. 30, 2013**	**Sept. 30, 2014**
Number of Stores	597	585	672
Luxury & Bridge	130	129	146
Casual	94	90	107
Fast Fashion	62	58	80
Footwear, Accessories & Luggage	187	184	209
Others	124	124	130
Gross Selling Space (sq.m.)	98,126	95,140	117,793
Luxury & Bridge	12,597	12,647	14,618
Casual	13,723	13,203	15,310
Fast Fashion	33,924	31,863	45,838
Footwear, Accessories & Luggage	19,792	18,799	22,016
Others	18,090	18,628	20,011

*Number of stores at the end of the period exclude stores located in Guam. As of Sept, 30, 2014 there were 4 Guam stores which contributed de minimis sales to our net sales for the period

Gross Profit

For the nine months ended Sept. 30, 2014 our gross profit was PhP5.7B an increase of PhP1.3B, or 30.4%, as compared to the year ago period. Our gross profit margin for the period was at 56.3% as compared to 49.9% during the year ago period. The level of our gross profit margin reflects continuing strong sell through rates and efficient management of our sales cycle as well as the impact of improved purchasing terms negotiated with brand principals.

Operating Expenses

For the nine months ended Sept. 30, 2014, our operating expenses amounted to PhP4.4B an increase of PhP618, or 16.4%, as compared to the year ago period. The largest components of operating expense were S&D rent which increased 16.8% y-o-y to PhP1.2B, S&D personnel expense which increased by 5.2% to PhP668m and S&D depreciation, which increased 57.2% to PhP622.9m.

Other Income (Charges)

For the nine months ended Sept. 30, 2014 we incurred other charges of PhP243.5m as compared to other income of PhP67.5m during the year ago period. The increase in other charges is attributable primarily to an increase in interest expense to PhP193.6m from PhP46.0m for the nine months ended Sept. 30, 2013 as we moved from trade payables to bank financing to fund our inventory purchases and secure prompt payment discounts and as we financed our store expansion and the procurement of inventory for new stores and for the seasonal build-up of inventory for the 4th quarter holiday season.

There was also an increase in our share in the start-up losses of the Family Mart and Wellworth joint ventures which increased to PhP116.6m YTD Sept. 30, 2014 as compared to PhP10.2m during the year ago period.

Provision for Income Tax

For the nine months ended Sept. 30, 2014 our provision for income tax was PhP362m as compared to PhP194.1m during the year ago period, as a result of the increase in our income before tax. Our effective tax rate was 35% as a result of an increase in non-tax deductible expenses such as our share in the net losses of the Family Mart and Wellworth joint ventures.

Net Income

As a result of the foregoing, our net income for the period was at PhP673.6m, an increase of PhP222.3m, or 49% higher than the year ago period.

Net income for the period, adjusted for the start up losses of the FamilyMart and Wellworth joint ventures, was at PhP790m a 71% y-o-y increase.

EBITDA

YTD Sept. 30, 2014 the Group generated EBITDA of PhP2.0B an 81% y-o-y increase.

FINANCIAL CONDITION

As of September 30, 2014 the Group had consolidated assets of PhP15.2B an increase of 28% as compared to Dec. 31, 2013.

Current Assets

Cash & Cash Equivalents

As at Sept. 30, 2014 cash and cash equivalents were at PhP580.8m as compared to PhP1.1B as of Dec. 31, 2013 as the Group funded its store expansion program and acquired inventory for new store openings.

Merchandise Inventory

Merchandise inventory as of the end of the period was at PhP7.8B as compared to PhP5.9B at the end of 2013. The increase in inventory was driven by purchases for new store openings, procurement of inventory for the fourth quarter holiday season and purchases of spring and summer merchandise.

Prepayments and other Current Assets

As of Sept. 30, 2014 prepayments and other current assets were at PhP657.7m as compared to PhP331.6m at the end of 2013. The increase was due to primarily to increase in input VAT to PhP247.2m, increase in Others, or advances for purchases arising from transactions made by the Group with its foreign suppliers and advances to suppliers which was at PhP148.2m and prepaid rent, for new stores which require payment of advance rental, which was at P80.7m.

Non-Current Assets

Interests in Joint Ventures

Interests in Joint Ventures as at Sept. 30 2014 were at PhP447.8m from PhP369.1m as of Dec. 31, 2013 as the Group increased its investment in SIAL CVS Retailers, Inc. (SCRI) by PhP43.3m and booked its share of SCRI losses amounting to PhP44.6m. The Group also increased its investment in SIAL Specialty Retailers, Inc. (SSRI) by PhP152m and booked its share of SSRI losses equivalent to PhP72m.

As of Sept. 30, 2014 SCRI had established 66 Family Mart stores all of which were company owned, while SSRI continued to operate one Wellworth Department store at Ayala Fairview Terraces in Quezon City.

Property and Equipment

As of Sept. 30, 2014 Property and Equipment was at PhP3.9B a 50% increase as compared to PhP2.6B as of Dec. 31, 2013. The increase in Property and Equipment was driven by leasehold improvements related to new stores and renovations totaling PhP1.3B for the period. Additions to construction in progress for the period related to the completion of the Central Square building in Bonifacio Global City were at PhP313.2m.

Security Deposits and Construction Bonds

As of Sept. 30, 2014 Security Deposits and Construction Bonds was at PhP692.6m a 23% increase as compared to PhP565m as of Dec. 31, 2013. The increase was due primarily to security deposits for new stores.

Other Non-Current Assets

Other Non-Current Assets as of Sept. 30, 2014 were at PhP476.4m as compared to PhP249.6m as of Dec. 31, 2013 driven by miscellaneous deposits which increased by PhP191.7m for the period. Miscellaneous deposits pertain to advance payments to contractors for the construction and renovation of stores.

Current Liabilities

As of September 30, 2014 the Group had consolidated current liabilities of PhP9.5B an increase of 25% as compared to Dec. 31, 2013.

Short-Term Loans Payable

Short-term loans payable as of Sept. 30, 2014 were at PhP5.5B as compared to PhP3.8B as of Dec. 31, 2013. The additional short-term loans were used to fund inventory purchases and capital expenditures for new store openings.

Current Portion of Long-Term Debt

Current portion of long-term debt was at PhP333.3m as of Sept. 30, 2014 from PhP108.3m as of Dec. 31, 2013. This reflects quarterly repayments due within the next 12 months on the P2.0B syndicated term loan facility entered into by the Group on May 8, 2013.

Non- Current Liabilities

Long-Term Debt

Long-Term Debt was at PhP1.6B as of Sept. 30, 2014 from PhP1.2B as of Dec. 31, 2013. Long-term debt for the period increased as a result of drawdowns on a P2.0B syndicated term loan facility originally entered into on May 8, 2013. Proceeds from this facility were used to finance the construction and fit-out of Central Square Building in Bonifacio Global City.

Equity

Capital Stock was at PhP2.6B as of Sept. 30, 2014 from PhP200m as of Dec. 31, 2013. The increase in capital stock was a result of a restructuring undertaken in April 2014 that converted SSI Group, Inc. into the holding company of the Group. The Tantoco family subscribed to a total of PhP1.7B worth of SSI Group, Inc. shares and fully paid P525m of P700m partially paid SSI Group, Inc. shares purchased from Stores Specialists, Inc. The Tantoco family used proceeds from the sale of their Stores Specialists, Inc. shares to SSI Group, Inc. in order to subscribe and fully pay for the afore-mentioned SSI Group, Inc. shares.

Equity Reserve

The Equity reserve of PhP1.5B as of Sept. 30, 2013 arises from the restructuring undertaken in order to convert SSI Group, Inc. into the holding company of the Group and represents the difference between the capital of SSI Group, Inc. and Stores Specialists, Inc. prior to the reorganization.

Other Disclosures

(i) Except for the Initial Public Offering of shares of SSI Group, Inc. on Nov. 7, 2014 which raised gross primary proceeds of P5.2B for the Company, there are no known trends, events or uncertainties that will result in the Company's liquidity increasing or decreasing in a material way.

(ii) There were no events that will trigger direct or contingent financial obligations that are material to the Company, including and default or acceleration of an obligation

(iii) Likewise there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

(iv) There are no material commitments for capital expenditures aside from those performed in the ordinary course of business and in line with the Group's store expansion program

(v) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the Group's revenues from continuing operations.

(vi) There were no significant elements of income or loss that did not arise from continuing operations.

(vii) The Group experiences the fourth quarter of the year as the peak season relating to increased sales resulting from the Christmas and New Year holidays.

Annex A - Financial Statements

SSI GROUP, INC. AND SUBSIDIARIES
(Formerly Casual Clothing Specialists, Inc.)

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS
As of September 30, 2014
(With Comparative Audited Figures as of December 31, 2013)

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱580,778,576**	₱1,134,749,837
Trade and other receivables (Note 5)	**365,202,213**	499,297,538
Merchandise inventory (Note 6)	**7,801,817,289**	5,898,907,758
Amounts owed by related parties (Note 20)	**9,246,630**	8,668,359
Prepayments and other current assets (Note 7)	**657,694,198**	331,649,745
Total Current Assets	**9,414,738,906**	7,873,273,237
Noncurrent Assets		
Investment in an associate (Note 8)	**42,469,982**	42,937,695
Interests in joint ventures (Note 9)	**447,757,694**	369,074,715
Property and equipment (Note 10)	**3,883,149,395**	2,592,700,507
Deferred tax assets	**211,550,372**	185,264,695
Security deposits and construction bonds (Note 23)	**692,576,671**	565,049,456
Other noncurrent assets (Note 11)	**476,434,836**	249,618,459
Total Noncurrent Assets	**5,753,938,950**	4,004,645,527
TOTAL ASSETS	**₱15,168,677,856**	₱11,877,918,764
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	**₱3,581,522,280**	₱3,497,635,725
Short-term loans payable (Note 13)	**5,494,135,490**	3,810,985,777
Current portion of long-term debt (Note 14)	**333,333,333**	108,333,333
Amounts owed to related parties (Note 20)	**124,095**	155,236
Deferred revenue	**22,901,866**	22,507,779
Income tax payable	**103,980,633**	210,269,251
Total Current Liabilities	**9,535,997,697**	7,649,887,101
Noncurrent Liabilities		
Long-term debt (Note 14)	**1,568,272,105**	1,174,497,187
Retirement benefit obligation	**243,496,173**	225,445,731
Deposits for future stock subscription to SSI	**–**	61,580,320
Total Noncurrent Liabilities	**1,811,768,278**	1,461,523,238
Equity (Note 27)		
Capital stock - ₱1 par value in 2014 and ₱100 par value in 2013		
Issued - 2,617,162,900 shares in 2014 and 2,000,000 shares in 2013	**2,617,162,900**	200,000,000
Equity reserve (Note 3)	**(1,537,147,726)**	500,434,495
Retained earnings		
Appropriated	**1,290,000,000**	1,290,000,000
Unappropriated	**1,512,205,072**	838,616,229
Cumulative translation adjustment	**(4,008,231)**	(5,242,165)
Other comprehensive income	**(57,300,134)**	(57,300,134)
Total Equity	**3,820,911,881**	2,766,508,425
TOTAL LIABILITIES AND EQUITY	**₱15,168,677,856**	₱11,877,918,764

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SSI GROUP, INC. AND SUBSIDIARIES

(Formerly Casual Clothing Specialists, Inc.)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three-Month Periods Ended September 30		Nine-Month Periods Ended September 30	
	2014	2013	**2014**	2013
NET SALES	**₱3,371,641,779**	₱2,844,702,788	**₱10,043,173,176**	₱8,689,152,704
COST OF GOODS SOLD (Note 15)	**1,507,114,452**	1,337,930,938	**4,391,950,769**	4,356,714,430
GROSS PROFIT	**1,864,527,327**	1,506,771,850	**5,651,222,407**	4,332,438,274
OPERATING EXPENSES				
Selling and distribution (Note 16)	**1,264,410,820**	1,102,830,666	**3,673,801,441**	3,179,440,525
General and administrative (Note 17)	**246,007,284**	197,795,077	**698,372,657**	575,154,733
	1,510,418,104	1,300,625,743	**4,372,174,098**	3,754,595,258
OTHER INCOME (CHARGES)				
Foreign exchange gains – net	**7,078,200**	8,584,419	**33,456,728**	39,323,649
Share in net earnings of an associate (Note 8)	**7,852,530**	6,124,521	**17,532,287**	14,142,683
Interest accretion on security deposits (Note 24)	**1,003,271**	873,838	**3,912,116**	4,684,360
Interest income (Note 4)	**539,659**	291,749	**2,041,458**	2,848,373
Interest expense (Notes 13 and 14)	**(69,064,920)**	(24,571,509)	**(193,645,636)**	(45,984,177)
Share in net losses of joint ventures (Note 9)	**(35,922,843)**	(72,152)	**(116,567,021)**	(10,209,795)
Others – net	**19,013,714**	11,471,841	**9,799,980**	62,715,264
	(69,500,389)	2,702,707	**(243,470,088)**	67,520,357
INCOME BEFORE INCOME TAX	**284,608,834**	208,848,814	**1,035,578,221**	645,363,373
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	**107,232,917**	64,024,738	**388,361,281**	224,377,455
Deferred	**(9,927,706)**	(11,658,017)	**(26,371,903)**	(30,258,469)
	97,305,211	52,366,721	**361,989,378**	194,118,986
NET INCOME	**187,303,623**	156,482,093	**673,588,843**	451,244,387
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Cumulative translation adjustment on foreign operations, net of deferred tax	**(466,689)**	(8,851,916)	**1,233,934**	(6,141,725)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement loss on retirement benefit, net of deferred tax	–	–	–	536,712
TOTAL COMPREHENSIVE INCOME	**₱186,836,934**	₱147,630,177	**₱ 674,822,777**	₱445,639,374
BASIC/DILUTED EARNINGS PER SHARE (Note 21)	**₱0.08**	₱0.08	**₱0.29**	₱0.22

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SSI GROUP, INC. AND SUBSIDIARIES

(Formerly Casual Clothing Specialists, Inc.)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013

	For the Nine-Month Periods Ended September 30, 2014 and 2013							
				Retained Earnings				
	Capital Stock	Deposits for future subscriptions	Equity Reserve	Appropriated	Unappropriated	Cumulative Translation Adjustment	Other Comprehensive Income	Total
Balances at January 1, 2013	₱25,000,000	₱175,000,000	(₱294,985,185)	₱900,000,000	₱614,873,136	(₱7,075,901)	(₱22,904,970)	₱1,389,907,080
Net income	–	–	–	–	451,244,387	–	–	451,244,387
Other comprehensive income	–	–	–	–	–	–	536,712	536,712
Exchange differences on translation	–	–	–	–	–	(6,141,725)	–	(6,141,725)
Total comprehensive income for the period	–	–	–	–	451,244,387	(6,141,725)	536,712	445,639,374
Conversion of deposits for future subscription to capital stock	175,000,000	(175,000,000)	–	–	–	–	–	–
Movement in equity reserve	–	–	600,000,000	–	–	–	–	600,000,000
Balances at September 30, 2013	**₱200,000,000**	**₱–**	**₱305,014,815**	**₱900,000,000**	**₱1,066,117,523**	**(₱13,217,626)**	**(₱22,368,258)**	**₱2,435,546,454**
Balances at January 1, 2014	₱200,000,000	₱–	₱500,434,495	₱1,290,000,000	₱838,616,229	(₱5,242,165)	(₱57,300,134)	₱2,766,508,425
Net income	–	–	–	–	673,588,843	–	–	673,588,843
Other comprehensive income	–	–	–	–	–	–	–	–
Exchange differences on translation	–	–	–	–	–	1,233,934	–	1,233,934
Total comprehensive income for the period	–	–	–	–	673,588,843	1,233,934	–	674,822,777
Issuance of capital stock (Note 27)	2,417,162,900	–	–	–	–	–	–	2,417,162,900
Movement in equity reserve (Note 3)	–	–	(2,037,582,221)	–	–	–	–	(2,037,582,221)
Balances at September 30, 2014	**₱2,617,162,900**	**₱–**	**(₱1,537,147,726)**	**₱1,290,000,000**	**₱1,512,205,072**	**(₱4,008,231)**	**(₱57,300,134)**	**₱ 3,820,911,881**

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SSI GROUP, INC. AND SUBSIDIARIES
(Formerly Casual Clothing Specialists, Inc.)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine-month Periods Ended September 30	
	2014 (Unaudited)	2013 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,035,578,221**	₱645,363,373
Adjustments for:		
Depreciation and amortization (Notes 10, 11 and 19)	**703,553,692**	452,428,180
Interest expense (Note 13 and 14)	**193,645,636**	45,984,177
Share in net losses of joint ventures (Note 9)	**116,567,021**	10,209,795
Unrealized foreign exchange losses (gains)	**4,370,587**	(11,321,458)
Impairment loss (Notes 10 and 17)	**8,117,500**	–
Mark-to-market loss (gain)	**4,799,596**	–
Loss on disposal of property and equipment (Note 10)	**5,919,748**	7,577,558
Share in net earnings of an associate (Note 8)	**(17,532,287)**	(14,142,683)
Interest accretion on refundable deposits (Note 24)	**(3,912,116)**	(4,684,360)
Interest income (Note 4)	**(2,041,458)**	(2,848,373)
Operating income before working capital changes	**2,049,066,140**	1,128,566,209
Decrease (increase) in:		
Trade and other receivables	**134,095,325**	(514,997,797)
Merchandise inventory	**(1,902,909,531)**	(900,719,819)
Amounts owed by related parties	**(578,271)**	6,367,251
Prepayments and other current assets	**(326,044,453)**	(146,317,599)
Increase (decrease) in:		
Trade and other payables	**79,086,959**	(95,689,174)
Deferred revenue	**394,087**	1,180,366
Amounts owed to related parties	**(31,141)**	(293,218)
Retirement benefit obligation	**18,050,442**	26,132,088
Net cash generated from (used in) operations	**51,129,557**	(495,771,693)
Interest received	**2,041,458**	2,848,373
Income taxes paid	**(494,649,899)**	(219,257,873)
Net cash flows used in operating activities	**(441,478,884)**	(712,181,193)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment (Note 10)	**(2,001,633,513)**	(1,551,503,300)
Additional interests in joint ventures (Note 9)	**(195,250,000)**	(155,000,000)
Dividends received from investment in an associate (Note 8)	**18,000,000**	16,000,000
Increase in:		
Security deposits and construction bonds	**(128,287,599)**	(49,318,684)
Other noncurrent assets	**(228,550,192)**	(20,476,074)
Net cash flows used in investing activities	**(2,535,721,304)**	(1,760,298,058)

(Forward)

	For the Nine-month Periods Ended September 30	
	2014 (Unaudited)	2013 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of:		
Short-term loans payable	**₱3,975,761,140**	₱1,750,000,000
Long-term debt	**702,108,251**	835,412,360
Payments of:		
Short-term loans payable	**(2,292,611,427)**	(572,500,000)
Long-term debt	**(83,333,333)**	–
Interest	**(193,645,636)**	(45,984,177)
Proceeds from:		
Subscriptions to capital stock (Note 3)	**2,417,162,900**	–
Sale of SSI investment in CCSI (Note 1)	**200,119,176**	–
Payment of advances from stockholders	**(61,580,320)**	–
Payment for the purchase of SSI shares (Notes 1 and 3)	**(2,242,162,541)**	–
Net cash flows from financing activities	**2,421,818,210**	1,966,928,183
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(555,381,978)**	(505,551,068)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**1,410,717**	(529,843)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,134,749,837**	1,256,167,415
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱580,778,576**	₱750,086,504

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

SSI Group, Inc. (formerly Casual Clothing Specialists, Inc.; the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on April 16, 2007. Its primary purpose was to carry on a general mercantile and commercial business of importing, buying, acquiring, holding, selling or otherwise disposing of and dealing in any goods, wares, merchandise and commodities of all kinds, and products, natural or artificial, of the Philippines or other countries, which are or may become articles of commerce, without, however, engaging in the manufacture of foods, drugs, and cosmetics. The Company was formerly one of the subsidiaries of Stores Specialists, Inc. (SSI).

Corporate Restructuring
The Tantoco Family undertook a restructuring of its ownership over SSI and subsidiaries (collectively referred to as the “Group”) in order to convert the Company into the new holding company of the Group. The Company is principally owned and controlled by the Tantoco Family members, directly or through their respective holding companies. The Group’s former holding company, SSI, was converted into a wholly-owned operating subsidiary of the Company. SSI remains as primary franchisee under the Group’s brand agreements and also acts as the principal shareholder of most of the operating subsidiaries.

Prior to the restructuring activities undertaken, the Company was owned 100% by SSI and its nominees. On April 3, 2014, the Philippine SEC approved the increase in authorized capital stock of the Company from ₱200.0 million divided into 2,000,000 shares with par value of ₱100.00 per share, to ₱3.0 billion divided into 30,000,000 shares with par value of ₱100.00 per share. Of the increased authorized capital stock of the Company, SSI subscribed to 7,000,000 shares for a consideration of ₱700.0 million, of which ₱175.0 million was paid and ₱525.0 million remained outstanding as subscription receivables. On April 9, 2014, all of the shares held by SSI in the Company were sold to the Tantoco Family via a deed of sale and a deed of assignment of subscription rights. As a result of the share sale, the Company ceased to be a subsidiary of SSI. In turn, on April 14, 2014, the Company purchased all of the shares held by the Tantoco Family in SSI for a total consideration of ₱2.2 billion. This transaction resulted in SSI becoming a wholly-owned subsidiary of the Company.

Using the proceeds of the sale of its shares in SSI to the Company, the Tantoco Family settled the outstanding ₱525.0 million subscription payable on the 7,000,000 shares in the Company previously subscribed by SSI and now owned by the Tantoco Family. On April 10, 2014, the Tantoco Family further subscribed to an additional unissued 12,171,629 shares in the Company, which amounted to ₱1.2 billion. In addition, on April 15, 2014, the Tantoco Family made a deposit for future subscription to the 5,000,000 shares in the Company for a consideration of ₱500.0 million, pending the Philippine SEC approval of the increase in authorized capital stock of the Company from ₱3.0 billion to ₱5.0 billion.

The above corporate restructuring resulted in the Company being wholly owned by members of the Tantoco Family, which in turn gives the Tantoco Family ownership and control of the Group. As of April 2014, the above restructuring was deemed legally complete, subject to certain regulatory approvals from the Philippine Bureau of Internal Revenue.

On January 10, 2014, Casual Clothing Retailers, Inc. was incorporated for the purpose of continuing the businesses of the Company, including operation of the brands under the Group's arrangements with GAP Inc.

On June 18, 2014, certain resolutions were approved by the Board and shareholders of the Company, including, among others: (1) change in its corporate name from "Casual Clothing Specialists, Inc." to "SSI Group, Inc."; (2) change in its primary purpose as a retail company to that of a holding company; (3) increase in its authorized capital stock from ₱3.0 billion to ₱5.0 billion; (4) reduction of par value of its shares from ₱100.00 per share to ₱1.00 per share; and (5) increase in the number of members of its board of directors from five to nine. These changes, including the appropriate amendments to its articles of incorporation, have been submitted to the Philippine SEC on July 30, 2014 and were subsequently approved on August 29, 2014.

The registered office and principal place of business of the Company is 6/F Midland Buendia Building, 403 Senator Gil Puyat Avenue, Makati City.

The interim condensed consolidated financial statements were reviewed, approved and authorized for issuance by management and the Board of Directors (BOD) on December 4, 2014.

2. Basis of Presentation, Preparation and Consolidation and Summary of Significant Accounting Policies

Basis of Presentation

As discussed in Note 1, the Company entered into a sale and purchase of shares transactions with SSI and the members of the Tantoco Family resulting in the Company becoming the holding company of the Group. The Company and its subsidiaries, now comprising "the Group", are under common control of the Tantoco Family before and after the sale and purchase transactions in April 2014. The said transactions were treated as a reorganization of entities under common control and were accounted for similar to pooling-of-interests method. Accordingly, the interim condensed consolidated financial statements of the Company have been prepared as a continuation of the consolidated financial statements of SSI, the former holding company of the Group.

The comparative December 31, 2013 financial information presented in the accompanying interim condensed consolidated financial statements (i.e. prior to reorganization) is that of SSI and not originally presented in the previous financial statements of the Company; and that has been retroactively adjusted to reflect the legal capital of the Company with the difference between the capital of SSI and the Company prior to the reorganization being recognized as "Equity Reserve" in the consolidated balance sheets. Refer to Note 3 for the movements in the "Equity Reserve" account.

Basis of Preparation

The unaudited interim condensed consolidated financial statements as of September 30, 2014 and for the nine-month periods ended September 30, 2014 and 2013 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at December 31, 2013.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and the following wholly owned subsidiaries:

	Percentage of Ownership					
	September 30				December 31	
	2014		2013		2013	
	Direct	**Indirect**	Direct	Indirect	Direct	Indirect
Stores Specialists, Inc. (SSI)	**100**	**–**	100	–	100	–
Rustan Marketing Specialists, Inc. (RMSI)	**–**	**100**	–	100	–	100
International Specialty Concepts, Inc. (ISCI)	**–**	**100**	–	100	–	100
Rustan Specialty Concepts, Inc. (RSCI)	**–**	**100**	–	100	–	100
Specialty Office Concepts, Inc. (SOCI)	**–**	**100**	–	100	–	100
Specialty Investments, Inc. (SII)	**–**	**100**	–	100	–	100
Luxury Concepts, Inc. (LCI)	**–**	**100**	–	100	–	100
International Specialty Fashions, Inc. (ISFI)	**–**	**100**	–	100	–	100
Footwear Specialty Retailers, Inc. (FSRI)	**–**	**100**	–	100	–	100
Global Specialty Retailers, Inc. (GSRI)[1]	**–**	**100**	–	100	–	100
Specialty Food Retailers, Inc. (SFRI)[2]	**–**	**100**	–	100	–	100
International Specialty Retailers, Inc. (ISRI)[3]	**–**	**100**	–	100	–	100
International Specialty Wears, Inc. (ISWI)[4]	**–**	**100**	–	100	–	100
Fastravel Specialists Holdings, Inc. (FSHI)[5]	**–**	**100**	–	100	–	100
International Specialty Apparels, Inc. (ISAI)[6]	**–**	**100**	–	–	–	100
Casual Clothing Retailers, Inc. (CCRI)[7]	**–**	**100**	–	–	–	–

[1] *GSRI was registered with the SEC on August 9, 2011 and started commercial operations on February 17, 2012.*
[2] *SFRI (formerly Specialtea Blends, Inc.) was registered with the SEC on June 25, 2012 and started commercial operations on November 8, 2012.*
[3] *ISRI was registered with the SEC on November 29, 2012 and started commercial operations on March 16, 2013.*
[4] *ISWI was registered with the SEC on November 29, 2012 and started commercial operations on March 17, 2013.*
[5] *FSHI was registered with the SEC on February 21, 2013 and immediately started commercial operations.*
[6] *ISAI was registered with the SEC on October 8, 2013 and has not yet started commercial operations as of report date.*
[7] *CCRI was registered with the SEC on January 10, 2014 and immediately started commercial operations*

All subsidiaries are in the retail business and hold exclusive distributorship of certain brands.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of September 30, 2014 and for the nine months ended September 30, 2014 and 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests (NCI), even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any NCI
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Common control business combinations and group reorganizations
Where there are group reorganizations and business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent (i.e., controlling shareholders) before and after the business combination and the control is not transitory (business combinations under common control), the Group accounts for such group reorganizations and business combinations similar to a pooling-of-interests method. The assets and liabilities of the acquired entities and that of the Company are reflected at their carrying values at the stand-alone financial statements of the investee companies. The difference in the amount recognized and the fair value of the consideration given is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Further, when a subsidiary is disposed in a common control transaction without loss of control, the difference in the amount recognized and the fair value of consideration received, is also accounted for as an equity transaction.

The Group records the difference as equity reserve and is presented as a separate component of equity in the consolidated balance sheet. Comparatives shall be restated to include balances and transactions as if the entities have been acquired at the beginning of the earliest period presented in the consolidated financial statements, regardless of the actual date of the combination.

<u>Summary of Significant Accounting Policies</u>
The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements as of and for the year ended December 31, 2013, except for the adoption of the new standards and interpretations effective as of beginning January 1, 2014.

The nature and the impact of each new standard and amendment are described below:

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36, *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Group's consolidated financial position or performance.

- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)
  These amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's consolidated financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

Effective in 2015

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'*
  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's consolidated financial position or performance.

- PAS 40, *Investment Property*
  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Group's consolidated financial position or performance.

Deferred Effectivity

- PFRS 9, *Financial Instruments*
  PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For liabilities designated as at FVPL using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI.

The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Group will not adopt the standard before the completion of the limited amendments and the second phase of the project.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

3. **Reorganization Involving Entities Under Common Control**

As discussed in Notes 1 and 2, as a result of the sale and purchase of shares transactions among the Company, SSI and the members of the Tantoco Family, the Company became the holding company of the Group. The reorganization was accounted for by the Company similar to pooling-of-interests method.

Under the pooling-of-interests method:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No adjustments are made to reflect fair values, or recognize any new assets or liabilities at the date of the reorganization;
- No 'new' goodwill is recognized as a result of the reorganization;

- Any difference between the consideration transferred and the net assets acquired is reflected within equity under "Equity reserve";
- The income statement in the year of reorganization reflects the results of the combining entities for the full year, irrespective of when the reorganization took place; and
- Comparatives are presented as if the entities had always been combined only for the period that the entities were under common control.

The equity reserve recognized in the statement of changes in equity as of September 30, 2014 represents the difference between the total consideration paid by the Company for its acquisition of SSI and the capital stock of SSI as shown below:

Capital stock of SSI	₱705,014,815
Cash consideration	(2,242,162,541)
Equity reserve	(₱1,537,147,726)

Prior to the reorganization (i.e. as of December 31, 2013, 2012 and 2011 and September 30, 2013) the balance of the equity reserve represents the difference between the legal capital of the Company and SSI.

Below is the summary of the movements of the "Equity reserve" account of the Group:

For the nine months ended September 30, 2014 and 2013 (Unaudited)

Balance at January 1, 2013		(₱294,985,185)
Conversion of deposit for future stock subscriptions to capital stock by SSI		600,000,000
Balances at September 30, 2013		**₱305,014,815**
Balance at January 1, 2014		₱500,434,495
Difference between investment of the Company in SSI and the capital stock of the Company	(₱2,042,162,221)	
Receipt of subscriptions receivable by SSI	4,580,000	(2,037,582,221)
Balance at September 30, 2014		**(₱1,537,147,726)**

4. Cash and Cash Equivalents

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Cash on hand	**₱23,252,817**	₱28,429,772
Cash in banks	**513,844,327**	1,106,320,065
Short-term investments	**43,681,432**	–
	₱580,778,576	₱1,134,749,837

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term investment rates. Interest earned from cash in banks and short-term investments for the nine months ended September 30, 2014 and 2013 amounted to ₱2,041,458 and ₱2,848,373, respectively.

5. Trade and Other Receivables

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Trade receivables	**₱94,786,222**	₱232,753,039
Nontrade receivables	**89,309,242**	42,026,741
Advances to officers and employees	**74,827,030**	63,076,399
Receivables from related parties (see Note 20)	**64,686,067**	58,369,947
Others	**41,593,652**	103,071,412
	₱365,202,213	₱499,297,538

Trade receivables are due from credit card companies and normally settled on three days' terms. Nontrade receivables, advances to officers and employees and other receivables are usually settled within one year.

Other receivables generally include receivables from contractors for professional services and overpayment to supplier.

6. Merchandise Inventory

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
At cost		
On hand	**₱7,699,627,289**	₱5,538,302,843
In transit	**102,190,000**	360,604,915
	₱7,801,817,289	₱5,898,907,758

Inventories in transit include items not yet received but ownership or title to the goods has already passed to the Group.

There are no merchandise inventories pledged as security for liabilities. All inventories are presented at cost.

The cost of inventories recognized as expense and presented in "Cost of goods sold" amounted to ₱3,996,867,544 and ₱4,024,955,583, for the nine months ended September 30, 2014 and 2013, respectively (see Note 15).

7. Prepayments and Other Current Assets

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Input VAT	**₱247,197,388**	₱116,895,569
Current portion of security deposits (see Note 24)	**88,192,625**	78,148,750
Prepaid rent (see Note 24)	**80,739,861**	13,378,579
Supplies inventory	**51,966,273**	46,306,808
Prepaid insurance	**11,738,041**	11,512,742
Creditable withholding tax	**5,510,947**	2,626,449
Prepaid tax	**3,592,995**	2,471,686
Prepaid guarantee	**2,726,262**	372,160
Deferred input VAT	**–**	10,270,893
Derivative asset	**–**	2,644,762
Miscellaneous deposits	**17,843,775**	21,580,507
Others	**148,186,031**	25,440,840
	₱657,694,198	₱331,649,745

Miscellaneous deposits pertain to deposits with contractors for the construction of leasehold improvements of stores. Input VAT will be applied against output VAT.

Others include advances for purchases arising from transactions made by the Group with its foreign suppliers and advances to suppliers.

8. Investment in an Associate

	Nine Months Ended September 30		Year Ended December 31
	2014 (Unaudited)	2013 (Unaudited)	2013 (Audited)
Acquisition cost	**₱24,640,000**	₱24,640,000	₱24,640,000
Accumulated equity in net earnings:			
Balance at beginning of year	**18,297,695**	16,669,445	16,669,445
Share in net earnings	**17,532,287**	14,142,683	17,628,250
Dividends received	**(18,000,000)**	(16,000,000)	(16,000,000)
Balance at end of year	**17,829,982**	14,812,128	18,297,695
	₱42,469,982	₱39,452,128	₱42,937,695

SPI, a company incorporated in the Philippines on September 9, 2008, was established primarily to engage in the importation, distribution, marketing and sale, both wholesale and retail, of all types of luggage and bags, including but not limited to suitcases, garment bags, brief cases, computer bags, backpacks, casual bags, hand bags, travel accessories and such other products of similar nature.

As of September 30, 2014 and December 31, 2013, 2012 and 2011, SPI is 40% owned by the Group and 60% owned by Samsonite Corporation, its ultimate parent and an entity incorporated under the laws of the United States of America.

9. Interests in Joint Ventures

The Company entered into two joint venture projects in 2012. The Group's interests in joint ventures pertain to the following:

Joint venture	Joint venture partner	Project description	Income sharing arrangement
SCRI	Varejo Corporation	Open and operate convenience stores directly owned and/or franchised in the Philippines	50:50
SSRI	Ayala Land, Inc.	Investment in and operation of mid-market department stores	50:50

A summary of the movements in carrying values of interests in joint ventures are set out below:

	Nine Months Ended September 30		Year Ended December 31
	2014 (Unaudited)	2013 (Unaudited)	2013 (Audited)
SCRI	**₱158,966,675**	₱72,890,205	₱160,324,715
SSRI	**288,791,019**	208,750,000	208,750,000
	₱447,757,694	₱281,640,205	₱369,074,715

SCRI (50% take up through SII)

	Nine Months Ended September 30		Year Ended December 31
	2014 (Unaudited)	2013 (Unaudited)	2013 (Audited)
Acquisition cost	**₱223,850,000**	₱83,100,000	₱180,600,000
Accumulated equity in net earnings:			
Balance at beginning of period	**(20,275,285)**	–	–
Share in net loss	**(44,608,040)**	(10,209,795)	(20,275,285)
Balance at end of period	**(64,883,325)**	(10,209,795)	(20,275,285)
	₱158,966,675	₱ 72,890,205	₱160,324,715

SSRI (50% take up through SII)

	Nine Months Ended September 30		Year Ended December 31
	2014 (Unaudited)	2013 (Unaudited)	2013 (Audited)
Acquisition cost	**₱360,750,000**	₱208,750,000	₱208,750,000
Accumulated equity in net earnings:			
Balance at beginning of period	**–**	–	–
Share in net loss	**(71,958,981)**	–	–
Balance at end of period	**(71,958,981)**	–	–
	₱288,791,019	₱208,750,000	₱208,750,000

The joint ventures have no contingent liabilities or capital commitments as of September 30, 2014 and December 31, 2013.

10. Property and Equipment

The composition and movements of this account are as follows:

	For the Nine Months Ended September 30, 2014 (Unaudited)					
	Leasehold Improvements	Store, Office, Warehouse Furniture and Fixtures	Building	Transportation Equipment	Construction in Progress	**Total**
Cost:						
Balances at beginning of year	₱4,185,621,829	₱1,367,468,612	₱58,326,550	₱228,272,062	₱400,380,187	**₱6,240,069,240**
Additions	1,262,869,990	411,377,240	–	14,195,763	313,190,520	**2,001,633,513**
Disposals	(47,257,430)	(2,949,123)	–	(1,017,857)	–	**(51,224,410)**
Reclassifications	18,742,123	–	667,092,325	–	(685,834,448)	**–**
Balances at end of year	5,419,976,512	1,775,896,729	725,418,875	241,449,968	27,736,259	**8,190,478,343**
Accumulated depreciation and Impairment:						
Balances at beginning of year	2,642,537,431	938,835,542	43,279,720	22,716,040	–	**3,647,368,733**
Depreciation (see Note 20)	547,189,944	130,174,298	10,549,742	13,905,893	–	**701,819,877**
Disposals	(44,612,648)	(437,550)	–	(254,464)	–	**(45,304,662)**
Impairment loss for the year	3,445,000	–	–	–	–	**3,445,000**
Balances at end of year	3,148,559,727	1,068,572,290	53,829,462	36,367,469	–	**4,307,328,948**
Net book values	**₱2,271,416,785**	**₱707,324,439**	**₱671,589,413**	**₱205,082,499**	**₱27,736,259**	**₱3,883,149,395**

	For the Nine Months Ended September 30, 2013 (Unaudited)					
	Leasehold Improvements	Store, Office, Warehouse Furniture and Fixtures	Building	Transportation Equipment	Construction in Progress	Total
Cost:						
Balances at beginning of year	₱3,148,178,849	₱1,052,508,627	₱58,326,550	₱12,541,582	₱27,682,049	₱4,299,237,657
Additions	794,167,795	237,093,725	–	213,915,752	306,326,028	1,551,503,300
Disposals	(6,603,131)	(2,456,099)	–	–	–	(9,059,230)
Balances at end of year	3,935,743,513	1,287,146,253	58,326,550	226,457,334	334,008,077	5,841,681,727
Accumulated depreciation:						
Balances at beginning of year	2,162,376,094	812,840,845	40,166,583	9,343,889	–	3,024,727,411
Depreciation (see Note 20)	344,371,921	96,151,513	2,334,853	9,569,893	–	452,428,180
Disposals	(125,723)	(1,355,949)	–	–	–	(1,481,672)
Balances at end of year	2,506,622,292	907,636,409	42,501,436	18,913,782	–	3,475,673,919
Net book values	₱1,429,121,221	₱379,509,844	₱15,825,114	₱207,543,552	₱334,008,077	₱2,366,007,808

	For the Year Ended December 31, 2013 (Audited)					
	Leasehold Improvements	Store, Office, Warehouse Furniture and Fixtures	Building	Transportation Equipment	Construction in Progress	Total
Cost:						
Balances at beginning of year	₱3,148,178,849	₱1,052,508,627	₱58,326,550	₱12,541,582	₱27,682,049	₱4,299,237,657
Additions	1,044,494,015	317,545,981	–	215,730,480	372,698,138	1,950,468,614
Disposals	(7,051,035)	(2,585,996)	–	–	–	(9,637,031)
Balances at end of year	4,185,621,829	1,367,468,612	58,326,550	228,272,062	400,380,187	6,240,069,240
Accumulated depreciation:						
Balances at beginning of year	2,162,376,094	812,840,845	40,166,583	9,343,889	–	3,024,727,411
Depreciation(see Note 19)	487,120,991	128,061,356	3,113,137	13,372,151	–	631,667,635
Disposals	(6,959,654)	(2,066,659)	–	–	–	(9,026,313)
Balances at end of year	2,642,537,431	938,835,542	43,279,720	22,716,040	–	3,647,368,733
Net book values	₱1,543,084,398	₱428,633,070	₱15,046,830	₱205,556,022	₱400,380,187	₱2,592,700,507

11. Other Noncurrent Assets

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Miscellaneous deposits	**₱404,561,549**	₱212,822,836
Advances to suppliers and contractors	**47,619,219**	28,461,325
Franchise fee	**13,157,169**	–
Prepaid rent - net of current portion	**5,144,645**	5,414,566
Initial master fee (net of accumulated amortization of ₱6,734,845 as of September 30, 2014 and ₱5,001,030 as of December 31, 2013)	**–**	₱1,733,815
Others	**5,952,254**	1,185,917
	₱476,434,836	₱249,618,459

Miscellaneous deposits pertain to advance payment to contractors for the construction and renovation of stores.

Amortization expense of software costs amounted to 1,733,815 and ₱1,192,272, for the nine months ended September 30, 2014 and 2013, respectively.

12. Trade and Other Payables

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Trade payables	**₱2,390,677,019**	₱2,483,452,859
Nontrade payables	**756,861,264**	562,598,034
Accrued expenses	**265,020,316**	390,925,059
Payables to related parties (see Note 20)	**2,099,765**	4,272,641
Others	**166,863,916**	56,387,132
	₱3,581,522,280	₱3,497,635,725

Trade payables are noninterest-bearing and are normally settled on 30 to 90 days' terms.

Nontrade payables represent customer's deposits, retention payable and statutory payables such as withholding taxes, SSS premiums and other liabilities to government agencies.

Accrued expenses pertain to accrued security and safety, supplies and utilities expense and accruals of royalties to be paid to foreign principals. Other payables include payables to other local suppliers. Nontrade payables, accrued expenses and other payables are generally paid within 12 months from balance sheet date.

13. **Short-term Loans Payable**

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Banks:		
Banco de Oro (BDO)	**₱1,270,000,000**	₱800,000,000
Bank of Philippine Islands (BPI)	**1,060,000,000**	1,957,482,750
Security Bank Corporation (SBC)	**1,019,250,000**	446,250,000
China Banking Corporation (CBC)	**1,000,000,000**	100,000,000
Hongkong and Shanghai Banking Corporation Limited (HSBC)	**504,885,490**	307,253,027
Rizal Commercial Banking Corporation (RCBC)	**–**	–
Metropolitan Bank & Trust Co. (MBTC)	**640,000,000**	200,000,000
	₱5,494,135,490	₱3,810,985,777

The Group's outstanding short-term peso-denominated loans from local commercial banks bear interest at rates ranging from 3.00% to 5.24% and 2.67% to 5.50%, in 2014 and 2013, respectively.

Interest expense recognized in the consolidated statements of comprehensive income for the nine months ended September 30, 2014 and 2013 amounted to ₱117,381,451 and ₱33,288,963, respectively.

14. **Long-term Debt**

On May 8, 2013, the Group entered into a credit facility for the ₱2.0 billion syndicated term loan facility with BPI, SBC, CBC, MBTC and RCBC. The purpose of the loan is to finance the Group's capital expenditures related to the construction of the Central Square and other corporate purposes.

The loan carries an interest of a fixed base rate plus an interest spread of 150 basis points per annum or a 5.50% per annum floor rate. The syndicated term loan will mature on February 20, 2020.

Out of the ₱2.0 billion syndicated loan, the Group has already drawn ₱2.0 billion and ₱1.3 billion as of September 30, 2014 and December 31, 2013, respectively. Principal repayments are due quarterly starting August 20, 2014.

The details of the Group's long term debt (net of transaction costs) are as follows:

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
BPI	**₱505,827,047**	₱341,232,918
SBC	**505,827,047**	341,232,918
CBC	**348,944,598**	235,399,400
MBTC	**348,944,597**	235,399,400
RCBC	**192,062,149**	129,565,884
Total	**1,901,605,438**	1,282,830,520
Less current portion	**333,333,333**	108,333,333
Noncurrent portion	**₱1,568,272,105**	₱1,174,497,187

The long-term debts are presented net of unamortized transaction costs. A rollforward analysis of unamortized transaction costs in 2014 and 2013 follows:

	Nine Months Ended September 30 2014 (Unaudited)	Year Ended December 31 2013 (Audited)
Balance at beginning of period	**₱17,169,480**	₱–
Transaction costs recognized during the period	**3,500,000**	19,131,579
Amortization	**(5,608,252)**	(1,962,099)
Balance at end of period	**₱15,061,228**	₱17,169,480

Interest expense relating to long-term debt recognized in the consolidated statements of comprehensive income for the nine months ended September 30, 2014 and 2013 amounted to ₱76,264,185 and ₱12,695,214 respectively.

Loan Covenants
The loan covenants covering the Group's outstanding debts include, among others, maintenance of certain level of current, debt-to-equity and debt-service coverage ratios. As of September 30, 2014 and December 31, 2013 the Group is in compliance with the loan covenants of all their respective outstanding debts.

15. **Cost of Goods Sold**

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Cost of merchandise sold	**₱3,996,867,544**	₱4,024,955,583
Personnel costs (see Note 18)	**138,600,295**	85,757,884
Advertising	**90,325,417**	111,560,106
Royalty fees	**69,058,170**	54,770,582
Travel and transportation	**32,299,789**	26,248,746
Rent (see Notes 20 and 24)	**23,641,425**	19,995,415
Depreciation and amortization (see Notes 10, 11 and 19)	**11,142,057**	9,366,915
Security and safety	**6,856,597**	5,066,288
Utilities	**6,149,553**	6,261,008
Repairs and maintenance	**4,849,929**	4,448,050
Insurance	**1,947,330**	561,034
Outside services	**668,855**	372,597
Supplies and maintenance	**457,398**	331,782
Taxes and licenses	**89,013**	93,067
Others	**8,997,397**	6,925,373
	₱4,391,950,769	₱4,356,714,430

Cost of merchandise sold:

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Merchandise inventory, beginning	**₱5,898,907,758**	₱5,394,140,577
Net purchases	**5,899,777,075**	4,925,675,402
Cost of merchandise available for sale	**11,798,684,833**	10,319,815,979
Less merchandise inventory, ending	**7,801,817,289**	6,294,860,396
	₱3,996,867,544	₱4,024,955,583

Net purchases include cost of inventory, freight charges, insurance and customs duties.

Cost of merchandise sold represents cost of merchandise inventory sold and the cost that are directly attributable to bringing the goods to its intended location. The cost of inventories recognized under cost of goods sold amounted to ₱3,996,867,544 and ₱4,024,955,583, for the nine months ended September 30, 2014 and 2013, respectively.

16. **Selling and Distribution Expenses**

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Rent (see Notes 20 and 24)	**₱1,183,587,288**	₱1,012,960,863
Personnel costs (see Note 18)	**667,991,946**	634,951,047
Depreciation and amortization (see Notes 10, 11 and 19)	**622,936,378**	396,321,874
Utilities	**383,574,031**	324,709,281
Credit card charges	**175,506,605**	160,244,529
Taxes and licenses	**115,974,795**	105,001,407
Security services	**108,248,093**	98,517,043
Supplies and maintenance	**99,573,271**	118,885,654
Advertising	**62,060,082**	86,699,904
Global marketing contribution fee	**60,700,656**	49,705,868
Repairs and maintenance	**47,672,675**	31,664,680
Delivery and freight charges	**28,917,361**	34,486,098
Travel and transportation	**28,828,394**	30,389,604
Communication	**20,257,775**	17,120,186
Insurance	**18,808,249**	14,562,870
Entertainment, amusement and recreation (EAR)	**7,560,615**	4,904,841
Outside services	**6,314,833**	5,998,973
Professional fees	**4,853,119**	18,027,430
Telegraphic transfer	**2,314,655**	1,842,220
Others	**28,120,620**	32,446,153
	₱3,673,801,441	₱3,179,440,525

17. General and Administrative Expenses

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Personnel costs (see Note 18)	**₱283,251,807**	₱256,784,758
Rent (see Notes 20 and 24)	**77,350,544**	60,793,951
Depreciation and amortization (see Notes 10, 11 and 19)	**69,475,257**	47,931,663
Taxes and licenses	**53,409,882**	27,972,467
Supplies and maintenance	**32,744,995**	20,522,739
Travel and transportation	**24,493,483**	19,026,401
Utilities	**22,910,974**	21,334,008
Advertising	**20,234,567**	31,102,719
Professional fees	**13,671,280**	10,484,147
Repairs and maintenance	**13,280,253**	11,593,281
Security services	**10,057,708**	7,417,436
Outside service	**9,974,634**	5,290,289
Insurance	**9,662,639**	8,471,300
Communication	**8,668,697**	8,098,840
Impairment loss	**8,117,500**	–
EAR	**5,539,100**	5,453,873
Others	**35,529,337**	32,876,861
	₱698,372,657	₱575,154,733

18. Personnel Costs

Personnel costs were charged to operations as follows:

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Salaries, wages and bonuses	**₱897,435,350**	₱776,410,290
Retirement benefit expense	**26,699,515**	24,001,762
Other employee benefits	**165,709,183**	177,081,637
	₱1,089,844,048	₱977,493,689

Personnel expenses were distributed as follows:

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Cost of goods sold (see Note 15)	**₱138,600,295**	₱85,757,884
Selling and distribution (see Note 16)	**667,991,946**	634,951,047
General and administrative (see Note 17)	**283,251,807**	256,784,758
	₱1,089,844,048	₱977,493,689

19. **Depreciation and Amortization Expense**

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Property and equipment (see Note 10)	**₱701,819,877**	₱452,428,180
Initial master fee (see Note 11)	**1,733,815**	1,192,272
	₱703,553,692	₱453,620,452

Depreciation and amortization were distributed as follows:

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Cost of goods sold (see Note 15)	**₱11,142,057**	₱9,366,915
Selling and distribution (see Note 16)	**622,936,378**	396,321,874
General and administrative (see Note 17)	**69,475,257**	47,931,663
	₱703,553,692	₱453,620,452

20. **Related Party Disclosures**

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. Key management personnel are considered related parties.

The Group, in the normal course of business, entered into the following transactions with related parties:

a. Lease of the Group's store outlet spaces from a related party (see Note 24). Related rent expense amounted to ₱95.3 million and ₱85.3 million, for the nine months ended September 30, 2014 and 2013, respectively;

b. The Group reimburses related parties for its expenses paid by the related parties in behalf of the Group;

c. Sales through the use of related parties' gift certificates. Total value of the related parties' gift certificates used amounted to ₱6.9 million and ₱8.9 million in September 30, 2014 and December 31, 2013, respectively;

d. Short-term noninterest-bearing cash advances to/from related parties; and

e. Compensation of the Company's key management personnel comprised of short-term employee benefits amounting to ₱38.2 million, ₱49.7 million in September 30, 2014 and December 31, 2013, respectively, and post-employment benefits amounting to ₱3.7 million and ₱3.9 million in September 30, 2014 and December 31, 2013, respectively;

As of September 30, 2014 and December 31, 2013, receivables from and payables to related parties are as follows (amounts in thousands):

Related Party	Nature of Transactions	Transactions **Nine months ended September 30 2014**	Transactions Year ended December 31 2013	**Balances as at September 30 2014**	Balances as at December 31 2013
Receivables from related parties					
Affiliates					
Rustan Commercial Corporation (RCC)	Lease and purchase of gift certificates	**₱2,585**	₱8,707	**₱45,252**	₱42,667
Philippine Family Mart CVS,Inc. (PFM)	Various expenses	**1,027**	5,172	**6,199**	5,172
Rustan Marketing Corporation (RMK)	Various expenses	**4,972**	2,531	**7,503**	2,531
Joint venture					
SCRI	Various expenses	**3,481**	1,805	**5,286**	1,805
Associate					
SPI	Various expenses	**266**	180	**446**	180
Others	Various expenses	**(6,015)**	1,965	**–**	6,015
		₱6,316	₱20,360	**₱64,686**	₱58,370
Payables to related parties					
Affiliates					
RMK	Various expenses	**(₱637)**	₱1,588	**₱2,100**	₱2,737
RCC	Various expenses	**(1,394)**	1,394	**–**	1,394
Others	Various expenses	**(142)**	(3,418)	**–**	142
		(₱2,173)	(₱436)	**₱2,100**	₱4,273

Related Party	Nature of Transactions	Transactions **Nine months ended September 30, 2014**	Transactions Year ended December 31, 2013	**Balances as at September 30, 2014**	Balances as at December 31, 2013
Amounts owed by related parties					
Affiliates					
RMK	Advances	**₱–**	(₱83)	**₱20**	₱20
RCC	Advances	**781**	2	**790**	9
PFM	Advances	**4384**	4	**4,387**	3
Joint venture					
SCRI	Advances	**(4,386)**	2,503	**2,565**	6,951
Associate					
SPI	Advances	**–**	–	**1,485**	1,485
Others	Advances	**(200)**	(124)	**–**	200
		₱579	₱2,302	**₱9,247**	₱8,668
Amounts owed to related parties					
Affiliate					
RMK	Advances	**₱6**	₱118	**₱124**	₱118
Associate					
SPI	Advances	**(35)**	35	**–**	35
Others	Advances	**(2)**	(291)	**–**	2
		(₱31)	(₱138)	**₱124**	₱155

Others include advances from stockholders which are noninterest-bearing and have no fixed repayment dates but are due and demandable.

RCC and RMK are controlled by certain key management personnel of the Group.

SCRI and SPI are joint venture and associate, respectively, of the Group.

The above related party balances as of September 30, 2014 and December 31, 2013 are unsecured, on demand and noninterest-bearing.

21. **Earnings Per Share (EPS)**

The following tables reflect the net income and share data used in the basic/dilutive EPS computations:

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Net income	**₱673,588,843**	₱451,244,387
Divided by weighted average number of common shares	**2,283,829,567**	2,073,412,900
	₱0.29	₱0.22

EPS is calculated using the consolidated net income divided by the weighted average number of shares, wherein the 19,171,629 additional shares issued in 2014 to effect and fund the group reorganization were recognized as if these shares were issued at the beginning of the earliest period presented.

There were no potential dilutive common shares for the nine months ended September 30, 2014 and 2013.

22. **Risk Management Objectives and Policies**

The principal financial instruments of the Group are cash and cash equivalents and short-term and long-term loans. The main purpose of these financial instruments is to anticipate future fund requirements of the Group. The Group has various other financial assets and liabilities such as trade and other receivables, trade and other payables, short-term loan payable and long-term debt, amounts owed to/by related parties and security deposits and construction bonds which arise directly from its operations.

The main risks arising from the financial instruments of the Group are credit risk, foreign currency risk and liquidity risk. The Group's management reviews and approves policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments. The magnitudes of these risks that have arisen over the year are discussed below.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with recognized, creditworthy third parties, mostly with credit card companies. Trade receivables from third parties are monitored on an on-going basis with the result that the exposure of the Group to bad debts is not significant. There is no allowance for impairment of receivables since the Group expects to fully realize its receivables from its debtors. With respect to credit risk from other financial assets of the Group, which is mainly comprised of cash in banks, short-term investments, amounts owed by related parties, trade and other receivables and security deposits, the exposure of the Group to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

There is no significant concentration of credit risk in the Group.

The aging analyses of financial assets that are past due but not impaired are as follows:

September 30, 2014

	Total	Neither past due nor impaired	Past due but not impaired <30 days	30 - 60 days	60 - 90 days	> 90 days	Impaired
Cash in banks and short-term investments	**₱557,525,759**	₱557,525,759	₱–	₱–	₱–	₱–	₱–
Trade and other receivables							
Trade receivables	**94,786,222**	94,786,222	–	–	–	–	–
Nontrade receivables	**89,309,242**	89,309,242	–	–	–	–	–
Receivables from related parties	**64,686,067**	64,686,067	–	–	–	–	–
Advances to officers and employees	**74,827,030**	22,698,587	–	52,128,443	–	–	–
Other receivables	**41,593,652**	41,593,652	–	–	–	–	–
Amounts owed by related parties	**9,246,630**	9,246,630	–	–	–	–	–
Current portion of security deposits (presented under "Prepayments and other current assets")	**88,192,625**	88,192,625	–	–	–	–	–
Security deposits and construction bonds	**692,576,671**	270,952,026	–	–	–	421,624,645	–
Total	**₱1,712,743,898**	**₱1,238,990,810**	**₱–**	**₱52,128,443**	**₱–**	**₱421,624,645**	**₱–**

December 31, 2013

	Total	Neither past due nor impaired	Past due but not impaired <30 days	30 - 60 days	60 - 90 days	> 90 days	Impaired
Cash in banks	₱1,106,320,065	₱1,106,320,065	₱–	₱–	₱–	₱–	₱–
Trade and other receivables							
Trade receivables	232,753,039	232,753,039	–	–	–	–	–
Nontrade receivables	42,026,741	42,026,741	–	–	–	–	–
Receivables from related parties	58,369,947	58,369,947	–	–	–	–	–
Advances to officers and employees	63,076,399	59,776,481	329,992	494,988	824,980	1,649,958	–
Other receivables	103,071,412	72,052,675	7,298,942	661,499	1,273,156	21,785,140	–
Amounts owed by related parties	8,668,359	8,668,359	–	–	–	–	–
Prepayments and other current assets							
Current portion of security deposits	78,148,750	78,148,750	–	–	–	–	–
Derivative assets	2,644,762	2,644,762	–	–	–	–	–
Security deposits and construction bonds	565,049,456	556,724,012	–	–	1,378,957	6,946,487	–
Total	₱2,260,128,930	₱2,217,484,831	₱7,628,934	₱1,156,487	₱3,477,093	₱30,381,585	₱–

Capital Management

The primary objective of the Group is to maintain a strong credit rating and healthy capital ratios to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it based on changes in economic and business conditions. To maintain or adjust the capital structure, the Group may consider paying dividends to stockholders, returning capital to stockholders, or issuing new shares of stocks. No major changes were made on the objectives, policies, or processes during the nine months ended September 30, 2014 and year ended December 31, 2013. Capital includes equity as shown in the consolidated balance sheet.

As disclosed in Note 14, the Group is required by their creditors to maintain a debt-to-equity ratio and debt-service coverage ratio. The Group, thus, monitors capital on the basis of debt-to-equity ratio which is calculated as total liabilities divided by total equity. The Company includes within debt all interest-bearing short-term and long-term liabilities. These externally imposed capital requirements have been complied with as of September 30, 2014.

23. **Fair Value of Financial Instruments**

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments:

	September 30, 2014 (Unaudited)		December 31, 2013 (Audited)	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Assets				
Loans and receivables				
Cash and cash equivalents	**₱580,778,576**	**₱580,778,576**	₱1,134,749,837	₱1,134,749,837
Trade and other receivables	**365,202,213**	**365,202,213**	499,297,538	499,297,538
Amounts owed by related parties	**9,246,630**	**9,246,630**	8,668,359	8,668,359
Current portion of security deposits	**88,192,625**	**88,192,625**	78,148,750	78,148,750
Security deposits and construction bonds	**692,576,671**	**682,947,521**	565,049,456	556,920,007
Financial asset at FVPL				
Derivative asset	**–**	**–**	2,644,762	2,644,762
Total	**₱1,735,996,715**	**₱1,726,367,565**	₱2,288,558,702	₱2,280,429,253
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	**₱3,533,002,556**	**₱3,533,002,556**	₱3,480,621,479	₱3,480,621,479
Amounts owed to related parties	**124,095**	**124,095**	155,236	155,236
Short-term loans payable	**5,494,135,490**	**5,494,135,490**	3,810,985,777	3,919,319,110
Long-term debt	**1,901,605,438**	**1,885,928,870**	1,282,830,520	1,435,976,445
Total	**₱10,928,867,579**	**₱10,913,191,011**	₱8,574,600,012	₱8,836,079,270

** Excluding statutory liabilities*

The following method and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, trade and other receivables, amounts owed by/to related parties, trade and other payables and short-term loans

The carrying values of cash and cash equivalents, trade and other receivables, amounts owed by/to related parties, trade and other payables and short-term loans approximate their fair values due to the short-term maturity of these financial instruments.

Derivative asset

Fair value is based on quotes provided by counterparty banks.

Security deposits and construction bonds

The fair values of security deposits are based on the discounted value of future cash flows using the applicable market interest rates. Discount rates ranging from 1.31% to 5.12% and 4.28% to 7.79%, were used in calculating the fair value of the Group's refundable deposits as of September 30, 2014 and December 31, 2013, respectively.

Long-term debt

The fair value of long-term debt is based on the discounted value of future cash flows using the applicable market interest rates. Discount rates ranging from 3.22% to 5.68% were used in calculating the fair value of the Group's long-term debt as of September 30, 2014.

Fair Value Hierarchy

The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Below is the list of financial assets carried at and/or disclosed at fair value that are classified using a fair value hierarchy:

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Disclosed at fair value				
Security deposits and construction bonds	₱–	₱682,947,521	₱–	**₱682,947,521**
Long-term debt	–	(1,885,928,870)	–	**(1,885,928,870)**
Total	**₱–**	**(₱1,202,981,349)**	**₱–**	**(₱1,202,981,349)**

	2013			
	Level 1	Level 2	Level 3	Total
Carried at fair value				
Derivative asset*	₱–	₱2,644,762	₱–	₱2,644,762
Disclosed at fair value				
Security deposits and construction bonds	–	556,920,007	–	556,920,007
Long-term debt	–	(1,435,976,445)	–	(1,435,976,445)
Total	₱–	(₱876,411,676)	₱–	(₱876,411,676)

**Presented as part of "Prepayments and other current assets"*

As at September 30, 2014 and December 31, 2013 the Group does not have financial instruments with fair values determined using inputs that are classified under Level 1 and 3.

For the nine months ended September 30, 2014 and years ended December 31, 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

24. Contracts and Commitments

Leases

The Group leases its office space and certain store outlets used in its operations for lease terms ranging from two to three years. Rental payments on certain outlets are based on a fixed basic monthly rate plus a certain percentage of gross sales, while other store outlets and office spaces are based on fixed monthly rates. Rentals charged to operations amounted to ₱1,284,579,257 and ₱1,093,750,229, for the nine months ended September 30, 2014 and 2013, respectively (see Notes 15, 16 and 17).

The Group has paid security deposits for the store outlets and office spaces with carrying amounts of ₱780.8 million and ₱643.2 million as of September 30, 2014 and December 31, 2013, respectively, which are refundable upon complete turnover of the leased area. The present value of these deposits was computed using the discount rates prevailing at the inception date of the lease, ranging from 1.70% to 9.36%. Interest income recognized from these security deposits amounted to ₱3.9 million and ₱4.7 million, for the nine months ended September 30, 2014 and 2013, respectively.

25. Segment Reporting

The Group has determined that it is operating as one operating segment. Based on management's assessment, no part or component of the business of the Group meets the qualifications of an operating segment as defined by PFRS 8.

The Company's store operations is its only income generating activity and such is the measure used by the chief operating decision maker in allocating resources.

The Company derives its primary income from the sales of merchandise to external customers and is the only basis for segment reporting purposes. Sales are reported on an entity-wide basis. These information are measured using the same accounting policies and estimates as the Group's consolidated financial statements.

The table below sets out revenue from external customers by category for the nine months ended September 30, 2014 and 2013:

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Net Sales		
Luxury and Bridge	**₱2,208**	₱1,995
Casual	**1,563**	1,485
Fast Fashion	**3,602**	2,886
Footwear, Accessories and Luggage	**1,410**	1,227
Other	**1,260**	1,096
	₱10,043	₱8,689

The Group's customers are located in the Philippines and Guam, with bulk of the revenues being contributed by local customers. Following shows the revenue contribution by geographical areas.

	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Philippines	**₱9,928**	₱8,578
Guam	**115**	111
	₱10,043	₱8,689

26. Events After the Financial Reporting Period

On November, 7, 2014, the Company listed its shares on the Philippine Stock Exchange. The Company sold 695,701,530 primary shares at an offer price of ₱7.50 per share while the selling shareholders sold 168,523,973 secondary shares at the offer price of ₱7.50 per share. On November 18, 2014 the selling shareholders sold an additional 129,633,826 over-allotment shares at the offer price of ₱7.50 per share.

27. Equity

a. Common Shares

The Company's authorized and issued capital stock as of September 30, 2014 and December 31, 2013 follows:

	Number of Shares	
	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Authorized capital stock, ₱1 par value in 2014 and ₱100 in 2013	**5,000,000,000**	2,000,000
Issued capital stock:		
Balance at beginning of year	**2,000,000**	250,000
Issued during the period	**19,171,629**	1,750,000
Balance before stock split	**21,171,629**	2,000,000
Effect of stock split*	**2,095,991,271**	–
Balance after stock split	**2,117,162,900**	2,000,000
Issued during the period	**500,000,000**	–
Balance at end of year	**2,617,162,900**	2,000,000

**Philippine SEC approved application of the Company for a stock split on August 29, 2014. As a result, par value of the Company's common shares changed from ₱100 per share to ₱1 per share.*

	Capital Stock	
	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Issued capital stock:		
Balance at beginning of year	**₱200,000,000**	₱25,000,000
Issued during the period	**2,417,162,900**	175,000,000
Balance at end of year	**₱2,617,162,900**	₱200,000,000

28. Seasonality of operations

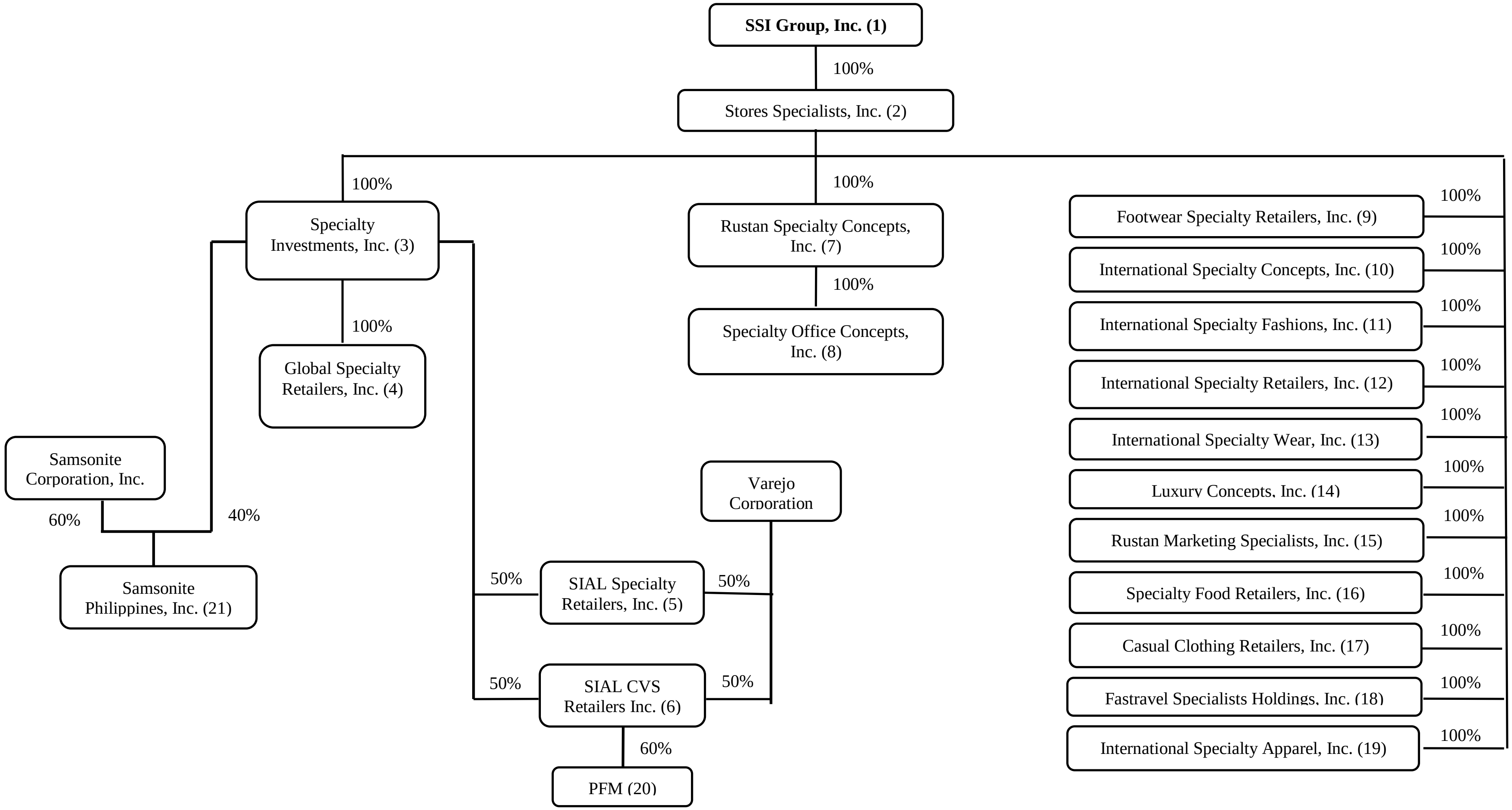
The Group experiences seasonal fluctuations in its operations. The Group's sales typically peak during the fourth quarter of the year due to the increased sales attributable to the Christmas and New Year Holidays. The second quarter of the year is also a peak season as it coincides with summer break and back to school shopping, among others.

Attachments – Supplementary Schedules

Schedule I

SSI GROUP, INC.
(Formerly Casual Clothing Specialists, Inc.)

MAP SHOWING RELATIONSHIPS BETWEEN AND AMONG THE GROUP, AND ITS SUBSIDIARIES
SEPTEMBER 30, 2014



Schedule II

SSI GROUP, INC.
(Formerly Casual Clothing Specialists, Inc.)

SUPPLEMENTARY SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS
SEPTEMBER 30, 2014

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 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			✓
	Amendment to PFRS 1: Meaning of 'Effective PFRSs'*		✓	
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendment to PFRS 2: Definition of Vesting Condition*			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements*			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to 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			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segment's Assets to the Entity's Assets*		✓	
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*			✓
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of September 30, 2014**		**Adopted**	**Not Adopted**	**Not Applicable**
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables*		✓	
	Amendment to PFRS 13: Portfolio Exception*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation*		✓	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS19: Defined Benefit Plans - Employee Contributions*		✓	
PAS 20	Accounting for Government Grants and Disclosure of			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
	Government Assistance			
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of September 30, 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			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40 and PFRS 3: Classifying property as investment property or owner-occupied property.*			✓
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 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of September 30, 2014**		**Adopted**	**Not Adopted**	**Not Applicable**
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*	✓		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for Construction of Real Estate*			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓
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.			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2014		Adopted	Not Adopted	Not Applicable
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

**These standards, interpretations and amendments to existing standards became effective subsequent to September 30, 2014. The Company did not early adopt these standards, interpretations and amendments.*

Schedule III

SSI GROUP, INC.
(Formerly Casual Clothing Specialists, Inc.)

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
SEPTEMBER 30, 2014

Unappropriated Retained Earnings, as adjusted, beginning		**₱748,658**
Net income during the period closed to Retained Earnings	**47,002,174**	
Less: Other realized gains related to accretion of income from security deposits	868,849	
Net income actually earned during the period		**46,133,325**
Retained earnings available for dividend declaration		**₱46,881,983**

Schedule IV

SSI GROUP, INC.
(Formerly Casual Clothing Specialists, Inc.)

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratios	Formula	Sept. 30, 2014	Dec. 31, 2013	Sept. 30, 2013
(i) Current Ratio	Current Assets/Current Liabilities	0.99	1.03	
(ii) Debt/Equity Ratio	Bank Debts/ Total Equity	1.94	1.84	
(iii) Net Debt/Equity Ratio	Bank Debts-Cash & Equivalents/Total Equity	1.78	1.43	
(iii) Asset to Equity Ratio	Total Assets/Total Equity	3.97	4.29	
(iv) Interest Cover Ratio	EBITDA/Interest Expense	10.58		24.54
(v) Profitability Ratios				
GP Margin	Gross Profit/Revenues	56.3%		49.9%
Net Profit Margin	Net Income/Revenues	6.7%		5.2%
EBITDA Margin	EBITDA/Revenues	20.4%		13.0%
Return on Assets	Net Income/Total Assets	4.4%		3.8%
Return on Equity	Net Income/Total Equity	17.6%		18.5%

*EBITDA = Operating income before working capital changes

SIGNATURES

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

Registrant: **SSI Group, Inc.**

By:

ROSSELLINA J. ESCOTO
Authorized Signatory
Vice President of Finance
SSI Group, Inc.

Date: December 4, 2014