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S.E.C. Registration Number

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(Company's Full Name)

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

Adrian S. Arias															(02) 635-6130														
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Contact Person

Company Telephone Number

Dec. 31, 2016

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Month

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FORM TYPE

Month

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Annual Meeting

N / A														
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Secondary License
Type, If Applicable

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Dept. Requiring this Doc.

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Total Amount of Borrowings

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Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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TABLE OF CONTENTS

		Page No.
PART I	BUSINESS AND GENERAL INFORMATION	
Item 1	Business and General Information	4
Item 2	Properties	10
Item 3	Legal Proceedings	11
Item 4	Submission of Matters to a Vote of Security Holders	11
PART II	OPERATIONAL AND FINANCIAL INFORMATION	
Item 5	Market for Registrant’s Common Equity and Related Stockholder Matters	11
Item 6	Management’s Discussion and Analysis or Plan of Operations	14
Item 7	Financial Statements	18
Item 8	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	18
PART III	CONTROL AND COMPENSATION INFORMATION	
Item 9	Directors and Executive Officers of the Registrants	18
Item 10	Executive Compensation	23
Item 11	Security Ownership of Certain Beneficial Owners and Management	25
Item 12	Certain Relationships and Related Transactions	27
PART IV	CORPORATE GOVERNANCE	
Item 13	Corporate Governance	28
PART V	EXHIBITS AND SCHEDULES	
Item 14	Exhibits and Reports on SEC Form 17-C	30
SIGNATURES		31
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES		
INDEX TO EXHIBITS		

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A**

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE

1. For the Fiscal Year ended : **31 December 2016**
2. SEC Identification Number : **14102**
3. BIR Tax Identification Number: **041-000-175-630**
4. Exact name of registrant as specified in its charter: **Anglo Philippine Holdings Corporation**
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code : (SEC Use Only)
7. Address of principal office : **6th Floor Quad Alpha Centrum Building
125 Pioneer Street, Mandaluyong City 1550**
8. Registrant's telephone number, including area code: **(632) 631-5139; (632) 635-6130**
9. Former name, former address, and former fiscal year if changed since last report: **N/A**
10. Securities registered pursuant to Sections 4 and 8 of the RSA:

Title of Each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>Common stock (P1.00 par value)</u>	<u>3,003,302,538 shares</u>
<u>Loans Payable and Long Term Debt</u>	<u>N/A</u>

11. Are any or all of these securities listed in the Philippine Stock Exchange: **YES**
12. Check whether the registrant:
 - a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and Rule 17(a)-1 thereunder and Sections 26 and 141 of the Corporation Code during the preceding 12 months (or for such shorter period that the registrant was required to file such reports).
Yes [X] No []
 - b) has been subject to such filing requirement for the past 90 days.
Yes [X] No []
13. Aggregate market value of the voting stock held by non-affiliates: **P593,900,416.20**
(499,075,980 shares @ P1.19/share as of December 31, 2016)
14. Document incorporated by reference: **2016 Audited Financial Statements**

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business and General Information

(a) Description of Business

(1) Business Development

Anglo Philippine Holdings Corporation (the “Company”) was incorporated in 1958, originally as an oil and mineral exploration company with the corporate name of “*Anglo Philippine Oil Corp.*” In 1996, the Company changed its primary purpose to that of an investments holding firm focused on natural resources, property development and infrastructure, and changed its corporate name to “*Anglo Philippine Holdings Corporation*”. On September 14, 2006, the SEC approved the Company’s Amended Articles of Incorporation extending the life of the Company for another fifty (50) years from June 25, 2008.

On December 18, 2012, the Company acquired 100% ownership of Vulcan Materials Corporation (VMC). VMC was registered with the Philippine SEC on September 12, 1991 and is involved in the exploration and development of mineral and aggregates resources.

On December 21, 2015, the Company acquired 97.59% ownership of Tipo Valley Realty, Inc. (TVRI), a company involved in property development.

Natural Resources

Vulcan Materials Corporation (VMC) (100% owned) posted a net loss of P11.6 million for 2016, compared to a net loss of P9.0 million in 2015.

VMC decided to discontinue its Montalban Quarry operations due to unfavorable operation results as of September 2016. Subsequently, VMC entered into an agreement for the sale of the crushing plant and assignment of VMC’s rights to explore, develop, operate and utilize the Montalban quarry in favor of Solid Integrated Co., Inc. for P20 million, subject to certain conditions. VMC has received a fullpayment of P20 million and is working with SICI for the satisfaction of all conditions.

VMC is involved in the exploration and development of the following mineral and aggregates resources:

MPSA No. 003-90-IX	Loreto, Dinagat Island
MPSA No. 091-97-VI	Batangas City, Batangas
MPSA No. 070-97-IV	Rodriguez, Rizal
APSA No. 000035-III	Subic, Zambales
APSA No. 00001164-I	Bolinao, Pangasinan
APSA No. 000275-II	Gapan, Penaranda & Gen. Tinio, Nueva Ecija
APSA No. 000388-IV	Roxas & San Vicente, Palawan
ISAG No. III-02-08	Morong, Bataan
EPA No. IVB-258B	San Vicente & Taytay, Palawan

On September 26, 2016, SEC approved the incorporation of **Anglo Philippine Power Corporation (APPC)** (100% owned) to spearhead the Company’s foray into the power generation business. APPC is presently evaluating various renewable energy projects for future investment.

For year 2016, **The Philodrill Corporation (OV)** (34.32% owned) registered a consolidated net income of P29.1 million, compared to P114.7 million in 2015, mainly due to depressed oil prices in 2016.

Meanwhile, the Galoc wells continue to produce at an aggregate output of around 4,273 bopd and total production has reached 19.1 million barrels as of March 26, 2017. The drilling rig, Deepsea Metro, has been mobilized from Labuan Malaysia enroute to the Galoc field for the drilling of Galoc 7 and Galoc 7ST wells commencing March 31, 2017.

United Paragon Mining Corporation (UPM) (25.69% owned) UPMC posted a net loss of P57.8 million in 2016, compared to a net loss of P52.5 million in 2015. UPM awaits the grant of a new permit for its Longos area, while other options are also being explored to allow UPMC to exploit the mine on a limited basis.

Atlas Consolidated Mining & Development Corp. (AT) (8.27% owned) posted a consolidated net loss of P879.9 million in 2016, compared to a net loss P814.4 million in 2015.

Of the P879 million loss, P495 million is attributable to a one-time provision for loss on disputed input tax credits, while the underlying net loss balance of P384 million represents a 53% improvement over 2015, mainly due to higher revenues arising from higher volume of copper produced and higher production and price of gold coupled with reduced operating cost. Atlas shareholders approved the plan to refinance Atlas debt obligations last February 2017.

Pending the transfer of its petroleum assets, the Company continues to participate in the following **Oil Exploration** contracts:

Service Contract 6A	Octon, NW Palawan	11.11000 %
Service Contract 14D	Tara, NW Palawan	2.50000 %
Service Contract 41	Sulu Sea	1.67900 %
Service Contract 53	Onshore Mindoro	5.00000 %
SWAN Block	NW Palawan	33.57800 %

In **SC 6A (Octon)**, Philodrill has completed the processing and quantitative interpretation of 600 sq km of seismic data in the northern portion of **SC 6A (Octon)** block to validate a prospective new play horizon.

In **SC 53 (Onshore Mindoro)**, the DOE has approved the 2017 revised work program and budget for Onshore Mindoro last December 2016. Unfortunately, due to the delay in the approval process, the Operator had to release a prior-committed drilling rig to another project and has reset the drilling of the Progreso-2 well to December 2017. If successful, the consortium intends to hasten development of a gas-to-power project to supply the island Mindoro.

Meanwhile, the DOE will reportedly re-bid the **Area 15 (Sulu Sea)** area where Anglo has an option to acquire portion of Philodrill's interest in Area 15 in the event that Philodrill is awarded the contract for Area 15.

In the **SWAN Block**, the consortium awaits PNOC-EC's evaluation of the merits of the offer to swap a portion of the consortium's interest in some blocks in exchange for interests in SC-57 and SC-58, which cover the old SWAN block.

Property Development

Tipo Valley Realty, Inc. (TVRI) (97.59% owned) – TVRI continues to complete the required documentations to obtain a DAR conversion certificate over its properties in Hermosa, Bataan. After obtaining clearance from the Department of Agriculture, TVRI submitted its DAR conversion application last January 2017 and paid the required cash bond, filing fee and inspection cost last March 8, 2017.

For year 2016, TVRI posted a net loss of P4.4 Million, compared to a net loss of P4.0 million for the same period in 2015.

Following the sale of the Company's 15.79% equity in **North Triangle Depot Commercial Corporation (NTDCC)** last December 10, 2014 and February 5, 2015, the Company has entered into a Lease Agreement Assignment of development rights with NTDCC for the lease of the Company's *pro indiviso* shares in the North Avenue Lot Pads and associated Lot Pad Slivers. The lease will be *co-terminus* with the lease of the North Triangle depot with NHA (2047), subject for extension of Development Rights Period.

The Company continues to maintain 15.79% interest in **MRT Development Corp.** which generates revenues from concessionaire rentals and advertising fees in the MRT 3 stations.

Infrastructure

PROJECT INVESTMENTS

The Company continues to maintain 18.6% equity in **MRT Holdings, Inc.**, the indirect majority owner of the Metro Rail Transit Corporation (MRTC). As of end-December 2016, average ridership is about 250,000 passengers per day.

Other Investments

The Company has minority investment in **Brightnote Assets Corporation**, a holding company organized for the purpose of investing in the Calabarzon area.

Filipinas Energy Corporation (FEC) has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's oil and mineral assets.

NO bankruptcy, receivership or similar proceeding has been filed by or against the Company and/or its subsidiary during the last three (3) years.

NO material reclassification, merger, consolidation, or purchase/sale of a significant amount of assets, not in the ordinary course of business, has been undertaken by the Company and/or its subsidiary during the last three (3) years, **EXCEPT** (i) the sale of NTDCC investment on

December 10, 2014 and February 5, 2015 for P1.26 billion; (ii) the acquisition of 97.59% ownership in TVRI on December 21, 2015 for P299,089,000.00; (iii) the reclassification of the Company's AT investment from AFS investment to Investment in Associate effective as of 2015. (iv) the acquisition of additional shares in UPM last December 3, 2015 and May 5-6, 2016 for 3.5 million shares and 3.6 million shares, respectively, thereby increasing the Company's ownership therein from 22.96% to 25.69%.

(2) Business of Issuer

(A) Description of Business

The Company is an investments holding firm focused on, and maintaining investments in, natural resources, property development and infrastructure. The Company also maintains minor investments in diversified pioneer projects with attractive economic returns.

VMC is involved in the exploration and development of mineral and aggregates resources.

TVRI is involved in property development.

APPC intends to get involved in power generation.

FEC is a petroleum and mineral exploration company which has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's petroleum and mineral assets.

- (i) Principal products or services and their markets - The Company, as an investments holding firm, does not generate sales or revenues from the sale of any product or service; rather, the Company generates revenues and income, principally: (a) from its investments by way of dividends received from, and/or equitizable share in the earnings of, investee companies; and, (b) sale of investments or of the securities to which the investment may have been converted, including interest income earned by such securities. By mutual agreement, the Company's investment advisory services with EPL was terminated effective October 31, 2014, after the Company fully paid its loan with EPL.

VMC holds an operating agreement to explore and develop the area covered by MPSA 070-97-IV located in Rodriguez, Rizal and to sell the aggregates products derived and processed therefrom. The principal buyers of VMC's aggregates are various local construction companies.

TVRI is currently in the process of applying to develop about 201 hectares of its land in Hermosa, Bataan, adjacent to the Subic Bay Freeport Zone, into a Special Economic Zone.

- (ii) Percentage of sales or revenues and net income contributed by foreign sales – In 2014, the Company recognized around P88.75 million in retainer fees for services rendered to EPL for which the Company acted as its adviser. This engagement with EPL has been terminated by mutual agreement effective October 31, 2014.

VMC and TVRI do not have foreign sales.

(iii) Distribution methods of the products or services

The Company does not openly distribute nor offer its investment advisory services to other entities except to its former client, EPL.

VMC does not have any distribution method for its products. Various construction companies pick up VMC's aggregates products from its project site in Rodriguez, Rizal.

TVRI has no products or services yet to sell or distribute.

(iv) Status of any new product or service – Not applicable.(v) Competitive business conditions – With its avowed vision/mission of “*Helping Build the Filipino Future*”, the Company focuses its investments in natural resources, property development and infrastructure projects.

The property development sector is enjoying a boom as more development projects are undertaken to satisfy rising demands from overseas Filipino workers (OFWs), new business ventures, and a growing working class who prefers to live and work nearby to avoid severe traffic conditions in Metro Manila. Likewise, the country's stable and improved economic performance continue to contribute significantly to property demand. These factors augur well for TVRI, NTDCC and MRTDC, all of whom are planning to develop, or are in the process of developing, their respective property portfolios. The present environment also bodes well for VMC which supplies basic aggregates materials for real estate development and public works.

The natural resources sector, unfortunately, has been adversely hit by the general downtrend in the prices of petroleum (OV), nickel and copper (AT) and gold (UPM). Nevertheless, the Company remains optimistic that commodity prices will recover and rebound in 2017 and generate attractive returns soon.

The infrastructure sector is in its growth stage as the infrastructure needs of the country far exceed the available supply of funds for various projects. Private sector financing, such as that provided by the Company, will continue to supplement, if not totally supplant, Government funding for infrastructure projects.

The natural resources, infrastructure and property development industries are not confined within any specific geographic area. So far, the Company and its subsidiaries have participated in projects undertaken or to be undertaken in Metro Manila, Luzon, Visayas and Mindanao.

The Company generally participates in natural resources, infrastructure and property development projects as a pure equity holder without involving itself directly in the operations of the venture beyond the level of the board of directors or operating committees.

The Company invests only in projects that yield or would yield a return on investment consistent with the economic thresholds set by the Company which are, in turn, based on accepted investment grade standards set by the international business community.

- (vi) Sources and availability of raw materials – VMC’s main source of aggregates is the Montalban Aggregates Project situated in Rodriguez, Rizal.

TVRI’s business of property development does not require any raw material.

- (vii) Major customers - The Company, VMC and TVRI are not dependent on any major customer. The Company’s revenues and income are dependent on the financial performance of its investee companies, while VMC sells its aggregates products to any buyer meeting its prices. TVRI has not commenced any property development yet pending completion of all necessary permits.
- (viii) Related party transactions – See Note 26 of the Company’s 2016 Audited Financial Statements.
- (ix) Patents, etc. – NONE
- (x) Government approvals - Not applicable.
- (xi) Effect of Government regulations - Existing government regulations do not adversely affect the business of the Company. Probable government regulation, if economically restrictive, may adversely affect the business of the Company and its subsidiary.
- (xii) Research and development activities - The Company did not undertake any research and development activities and did not incur any expenses for such activities during the last three (3) years.

In the ordinary course of business, the projects in which the Company is, or becomes, involved in may incur expenses in commissioning feasibility and/or other similar studies. In cases where a separate entity specific to the project is formed, these expenses form part of project development costs of that entity and are, in turn, carried as part of project investment by the Company. In cases where no separate entity is formed or the proposed project is shelved for various reasons, such expenses are charged as ordinary operating expenses of the Company.

- (xiii) Costs and effects of compliance with environmental laws – Compliance with environmental laws have not, and are not anticipated to, adversely affect the businesses and financial conditions of the Company. Costs of compliance with environmental laws are either charged as ordinary operating expenses or credited as part of project investment by the Company and its subsidiary. The Company did not incur any expenses for such activities during the last three (3) years.

VMC maintains an account with Land Bank of the Philippines for its Mine Rehabilitation Fund (MRF) pursuant to the requirements of the Philippine Mining Act of 1995. The MRF shall be used for the physical and social rehabilitation of areas and communities affected by mining activities and for research in the social, technical and preventive aspects of rehabilitation.

- (xiv) Employees - As of 31 December 2016, the Company has fourteen (14) full-time employees (including officers). On the other hand, VMC has six (6) full time employees (including officers), and all casual employees have been terminated as of August 15, 2016 due to stoppage of operations. TVRI has not engaged any employee yet.

(B) Additional Requirements as to Certain Issues or Issuers

- (i) Debt Issues – Not applicable.
- (ii) Investment Company Securities – Not applicable.
- (iii) Mining and Oil Companies – The Company, in line with its previous primary business purpose now retained as one of its secondary purposes, and VMC are participants in certain petroleum and/or mineral exploration and development ventures. These concession areas are provided in Item 1(a)1 above.

ITEM 2. PROPERTIES

Properties of the Company consist of condominium units and improvements and office equipment located at the principal office of the Company. Properties of subsidiary, VMC, consist of office equipment and crushing plant facilities located in its principal office at SitioTabak, Barangay San Rafael, Rodriguez, Rizal, while properties of TVRI consist of office equipment located in its principal office Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City and about 201 hectares of land located at Bgys. Mabiga and Sacrifice Valley, Hermosa, Bataan. These properties are carried at cost less accumulated depreciation.

The Company does not own any plant, mine or other property. Subsidiary VMC owns a crushing plant facility located at SitioTabak, Barangay San Rafael, Rodriguez, Rizal and exploration and development rights in certain mineral exploration areas covered by Mineral Production Sharing Agreements (MPSA), Applications for Production Sharing Agreements (APSA), exploration permits and industrial sand and gravel (ISAG) permits, while TVRI owns about 201 hectares of land located at Bgys. Mabiga and Sacrifice Valley, Hermosa, Bataan.

As discussed under the heading “*Other Investments*” above, the Company maintains participating interests in certain petroleum and mineral concession areas. To the extent of its Participating Interests in the petroleum and mineral exploration areas, the Company shares co-ownership rights with the other concessionaires over the respective Joint Accounts and Joint Properties pertaining to each concession area which are generally expressed in monetary terms as “Deferred Exploration Costs” in the Company’s books of accounts.

Similarly, subsidiary VMC maintains interests in certain mineral concession areas. To the extent of its participating interests in the mineral concession areas, VMC shares co-ownership rights with the other concessionaires over the respective Joint Accounts and Joint Properties pertaining to each concession area which are generally expressed in monetary terms as “Deferred Exploration Costs” in VMC’s books of accounts which are, in turn, consolidated into the Company’s books of accounts.

Owing to the intermittent nature of petroleum exploration, no permanent physical property, plant or equipment are situated or being maintained in the concession areas as they are brought in only, under lease or charter, whenever there is any exploration activity to be undertaken in the areas.

On the other hand, subsidiary VMC maintains a permanent physical property, plant and equipment in the Montalban Aggregates Project area. Nevertheless, upon completion of the

documentation of sale to SICI, the ownership of the crushing plant and the rights to explore, develop, operate and utilize the Montalban quarry will be assigned to SICI.

ITEM 3. LEGAL PROCEEDINGS

There is no material pending legal proceeding to which the Company or its subsidiary or affiliate is a party, or which any of their property is the subject, except the following:

In April 2013, Bearing Center & Machinery, Inc. (BCMI) filed a collection case against VMC. On October 29, 2013, the court approved the compromise agreement entered into between the parties and VMC fully complied with all its obligations under the compromise agreement as of October 31, 2014.

In 2013, VMC filed a criminal case for qualified theft against Benjamin Villacarta, a former Assistant Manager of Finance and Accounting Department of VMC who converted several checks intended for tax payments into cash for personal gain. The case is currently archived after a hold-departure order was issued by court against Villacarta.

In July 2015, VMC filed a complaint affidavit with the prosecutor's office for qualified theft against Raizel Ann Fortin, a former general accountant of VMC who took for personal gain certain monies intended as payments for various materials sold by VMC to clients. The complaint is pending resolution before the provincial prosecutor of Rizal.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NO matter was submitted to a vote of security holders during the fourth quarter of the fiscal year 2016.

PART II –OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Price of and Dividends on Common Equity and Related Stockholder Matters

(1) Market Information

The Company's shares are listed and traded in the Philippine Stock Exchange. The high and low sale price of the Company's shares for each quarter during the last two (2) fiscal years 2016 and 2015 and the first quarter of the current fiscal year 2017, expressed in Philippine Pesos, are as follows:

	<u>Stock Prices (Php)</u>	
	High	Low
2017– 1st quarter	1.24	1.10
2016 – 1st quarter	1.20	0.82

2 nd quarter	1.62	1.03
3 rd quarter	1.69	1.07
4 th quarter	1.29	0.99

2015 – 1 st quarter	1.64	1.20
2 nd quarter	1.43	1.20
3 rd quarter	1.28	1.00
4 th quarter	1.28	1.00

(2) Holders

As of 31 December 2016, total number of shareholders of record is 3,090 while common shares outstanding were 3,003,302,538 shares. The Company's top 20 Stockholders as of 31 December 2016 are as follows:

<u>Rank</u>	<u>Stockholders</u>	<u>Total Shares</u>	<u>Percentage</u>
1	ALAKOR CORPORATION	1,524,661,961	50.7662%
2	PCD NOMINEE CORPORATION CORPORATION	1,125,183,163	37.4649%
3	NATIONAL BOOK STORE INC.	313,640,759	10.4432%
4	SAN JOSE OIL COMPANY	4,693,332	0.1563%
5	ALYROM PROPERTY HOLDINGS, INC.	2,924,900	0.0974%
6	WESTERN GUARANTY CORPORATION	990,000	0.0330%
7	SANTIAGO TANCHAN III	972,398	0.0324%
8	JALANDONI, JAYME, ADAMS & Co., INC.	964,700	0.0321%
9	CONSTANTINE TANCHAN	881,466	0.0293%
10	MARIANO GO BIAO	850,000	0.0283%
11	S.J. ROXAS & CO., INC. A/C # 2.19.038	850,000	0.0283%
12	JACK F. CONLEY	825,000	0.0275%
13	ANSALDO, GODINEZ & CO, INC.	753,835	0.0251%
14	ANTONIO M. HENARES	660,000	0.0220%
15	TBG MBTC FAO CARLOS EJERCITO	500,000	0.0166%
16	JESUS GARCIA	440,000	0.0147%
17	ANTONIO HENARES &/OR CARMEN HENARES	440,000	0.0147%
18	ALAKOR SECURITIES CORPORATION	400,000	0.0133%
19	FRANCISCO A. NAVARRO	400,000	0.0133%
20	SAN JOSE, ROBERTO V.	373,866	0.0124%

**Of the total 1,125,183,163 shares under the name of PCD Nominee Corp., 464,193,757 shares (15.45%) are under the name of BDO Securities Corp. (BDOSC), and 261,438,032 shares (8.71%) are under the name of Alakor Securities Corporation (ASC).*

**Of the 464,193,757 shares under the name of BDOSC, National Book Store Inc.(NBSI) owns 464,143,757 shares (15.45%) and of the 261,438,032 shares under the name of ASC, Alakor Corporation (AC) owns 105,375,425 shares (3.51%), while NBSI owns 115,949 shares (2.456%).*

(3) Dividends

Cash Dividend	Amount	Declaration Date	Record Date	Payment Date
2016 –CD 14	P0.015/share	November 3, 2016	November 18, 2016	December 15, 2016
2015 –CD 13	P0.02/share	June 01, 2015	June 16, 2015	July 10, 2015
2014 –CD 12	P0.015/share	October 29, 2014	November 12, 2014	December 8, 2014
2013 –CD 11	P0.03/share	October 22, 2013	November 8, 2013	December 4, 2013
2013 –CD 10	P0.03/share	March 19, 2013	April 05, 2013	May3, 2013
2012 –CD 9	P0.02/share	October 19, 2012	Nov. 07, 2012	November 23, 2012
2012 –CD 8	P0.04/share	March 28, 2012	April 16, 2012	May 4, 2012
2011 –CD 7	P0.03/share	September 28, 2011	October 12, 2011	November 08, 2011
2011 –CD 6	P0.05/share	March 25, 2011	April 08, 2011	April 29, 2011
2010 –CD 5	P0.03/share	April 12, 2010	April 30, 2010	May 24, 2010
2009 –CD 4	P0.15/share	April 22, 2009	May 08, 2009	May 29, 2009
2008 - CD 3	P0.05/share	April 25, 2008	May 30, 2008	June 25, 2008
2007 –CD 2	P0.05/share	July 27, 2007	October 15, 2007	November 8, 2007
2007 - CD 1	P0.10/share	April 30, 2007	May 17, 2007	June 8, 2007
Stock Dividend	Rate	Declaration Date	Record Date	Payment Date
2008 - SD 1	10%	Sept. 19, 2008	October 31,2008	Nov. 26, 2008

The Company's ability to declare and pay dividends on common equity is restricted by the availability of retained earnings and cash.

(4) Recent Sales of Unregistered Securities

NO unregistered securities were sold during the past 3 years. All of the Company's issued and outstanding shares of stock are duly registered in accordance with the provisions of the Securities Regulation Code (SRC).

- (a) Securities Sold – Not Applicable; NO securities were sold
- (b) Underwriters and Other Purchases – Not Applicable; NO securities were sold
- (c) Consideration – Not Applicable; NO securities were sold
- (d) Exemption from Registration Claimed – Not Applicable; NO securities were sold.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**(A) Management's Discussion and Analysis or Plan of Operation****(1) Plan of Operation**

To sustain business growth, the Company plans to focus and build on its core investments in natural resources (through investments in OV, UPM, AT and VMC, APPC) and property development (through investment in TVRI and MRTDC). In addition, the Company will continue to take advantage of new business opportunities that may emerge in other investment areas which provide synergies with the Company's investment portfolio.

On the other hand, the Company's subsidiary, VMC, is expanding operations through joint undertakings with other industry stakeholders and pursuing more robust exploration and development efforts in its mineral and aggregates areas.

(B) Owing to the nature of the business of the Company (investment holding), VMC (mineral and aggregates exploration and development), and TVRI (property development), and APPC (power generation), no product research and development is expected to be undertaken in the next twelve (12) months.

(C) The Company does not expect to make any purchase or sale of any plant and/or significant equipment within the next twelve (12) months.

On the other hand, any plant and/or equipment that may be purchased or otherwise acquired by VMC in the next twelve (12) months as part of an upgrading or modernization plan are charged as ordinary expenses of VMC and/or the joint venture, as applicable.

(D) The Company and its subsidiaries, VMC and TVRI do not expect any significant change in the number of its employees in the next twelve (12) months.

The Company and its subsidiaries, VMC and TVRI, will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

The Company's financial statements for the year ended 31 December 2016 reflect foreign exchange gain/losses on the Company's deposits.

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

Financial highlights for the years 2016, 2015 and 2014 are presented below:

	2016 (Consolidated)	2015 (Consolidated)	2014 (Consolidated)
Revenues	197,065,108	509,036,379	799,173,644*
Net income/(loss)	(113,400,211)	280,383,996	517,811,981
Total assets	6,991,514,198	7,032,449,128	6,028,459,075
Total Liabilities	383,874,969	369,676,039	310,468,763
Net worth	6,607,639,229	6,662,773,089	5,717,990,312
Issued & subscribed capital	3,003,302,538	3,003,302,538	3,003,302,538

**Net of Equity in net losses of associates.*

The top key performance indicators of the Company and its majority-owned subsidiary are as follows:

	December 31, 2016 (Consolidated)	December 31, 2015 (Consolidated)	December 31, 2014 (Consolidated)
Current Ratio	1.07:1	1.51:1	3.30:1
<u>Current Assets</u>	<u>388,165,746</u>	<u>527,778,874</u>	<u>960,428,076</u>
Current Liabilities	364,120,765	350,140,112	291,147,785
Assets to Equity Ratio	1.06 : 1	1.05 : 1	1.05 : 1
<u>Total Assets</u>	<u>6,991,514,198</u>	<u>7,032,449,128</u>	<u>6,028,459,075</u>
Stockholders Equity	6,607,639,229	6,662,773,089	5,717,990,312
Debt to Equity Ratio	0.06 : 1	0.06 : 1	0.05 : 1
<u>Total Liabilities</u>	<u>383,874,969</u>	<u>369,676,039</u>	<u>310,468,763</u>
Stockholders Equity	6,607,639,229	6,662,773,089	5,717,990,312
Equity to Debt Ratio	17.21 : 1	18.02 : 1	18.42 : 1
<u>Stockholders Equity</u>	<u>6,607,639,229</u>	<u>6,662,773,089</u>	<u>5,717,990,312</u>
Total Liabilities	383,874,969	369,676,039	310,468,763
Book Value per share	2.20	2.22	1.90
<u>Stockholders Equity</u>	<u>6,607,639,229</u>	<u>6,662,773,089</u>	<u>5,717,990,312</u>
Shares Outstanding	3,003,302,538	3,003,302,538	3,003,302,538
Earnings/(Loss) per share	(0.04)	0.09	0.31
<u>Net Income/(Loss)</u>	<u>(113,400,211)</u>	<u>280,383,996</u>	<u>517,811,981</u>
Average Number of shares outstanding	3,003,302,538	3,003,302,538	1,697,327,875

Current Ratio continue to decreased from 2014 to 2016 due to: i) the decrease in current assets cause by the decrease in cash and cash equivalents as a result of the booking of the convertible loan extended to AT in June 2015, ii) the purchase of additional UPM shares in May 2016, iii) the write off of receivable from Euronote Profits Limited (EPL).

Assets to Equity Ratio remains at 1.05:1 in 2015 and 2014, while slightly increasing to 1.06:1 in 2016 .

Debt-to-Equity Ratio slightly increased from 0.05:1 in 2014 to 0.06:1 in 2015 and 2016. Conversely, Equity-to-Debt Ratio slightly decreased at 18.02:1 in 2015 as compared to 18.42:1 in 2014 due to increase in current liabilities due to arising from the recognition of deferred rental income from NTDCC. Equity-to-Debt Ratio decreased in 2016 due to the decrease in Stockholders Equity due to net loss incurred by the Company in 2016.

Book Value per Share (BVPS) increased in 2015 as compared to 2014 due to the increase in stockholders equity brought about by i) the reversal of the net unrealized loss on AFS financial assets due to reclassification of its investment in AT from AFS financial assets to Investment in associates; and ii) and due to the additional income generated by the Company in 2015. In 2016, BVPS decreased due to the decrease in Stockholders Equity resulting from the due to net loss incurred by the Company in 2016.

Earnings Per Share (EPS) decreased from 0.31 per share in 2014 to 0.09 per share in 2015 due to the decline in net income of the company in 2015. The Company incurred a net loss of P113.4 million in 2016 resulting to a loss per share of P0.043 during the same period.

- (i) There are **NO** known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity.
- (ii) The Company's internal source of liquidity comes, primarily, from revenues generated from operations. The Company's external source of liquidity comes, primarily, from loans/financing obtained from financial institutions and, alternatively, may also come from the collection of its accounts receivables.
- (iii) The Company has **NO** material commitments for capital expenditures but is expected to contribute its equity share in the capital expenditures of its investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing.
- (iv) There are **NO** known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income from continuing operations.
- (v) There are **NO** significant elements of income or loss that did not arise from the Company's operations.
- (vi) There have been **NO** material changes from 2014-2016 in one or more line items of the Company's financial statements, **EXCEPT** as disclosed below:
 - a. Net Revenues decreased from 2014 to 2015 due lower revenue generated by the Company in 2015. On the other hand, the Company posted a net loss of P113.4 in 2016 mainly due i) lower revenue of the Company in 2016, and ii) share in equity net losses of its affiliates.
 - b. Total sales generated by the Company's subsidiary, VMC, is higher in 2015 at P72.27 million compared to P18 million in 2014. In 2016, total sales is lower at

P40.7 million due to the discontinuance Montalban quarry operations as of the 3rd quarter 2016.

- c. Costs and Expenses are higher in 2014 compared to 2015 due to higher interest and other financing charges and general and administrative expenses which include capital gains tax arising from the sale of NTDCC shares. In 2016, Cost and Expenses is higher at P315.3 million as a result of write-off of the Company's receivable from EPL.
 - d. Income Before Income Tax increased in 2014 compared to 2015 due to higher revenues generated by the Company arising from the sale of NTDCC shares. On the other hand, the Company incurred a net loss in 2016, due to lower income generated by the Company during the same period .
 - e. Basic and Diluted Earnings Per Share increased in 2014 compared to 2015 due to the higher Net Income generated by the Company in 2014. The Basic and Diluted Loss per share in 2016 is at P0.03.
 - f. Retained Earnings increased from 2014 to 2015 due to additional net income generated by the Company. On the other hand, Retained Earnings is lower in 2016 due to net loss incurred by the Company during the same period.
 - g. Current Assets decreased from 2014 to 2015 mainly due to the decrease in cash and cash equivalents as a of result of booking of the convertible loan extended to Atlas. Likewise, Current Assets decreased in 2016 due to: i) additional loan extended to Alakor Corporation, and ii) write-off of the Company's receivable from EPL.
 - h. Non-Current Assets increased in 2015 compared to 2014 due to i) investment in property as a result of the company's acquisition of TVRI; ii) reclassification of the Company's investment in AT from AFS Financial Assets to Investment in Associates, thereby recording the Company's investment in AT to its original cost, and, iii) booking of the convertible loan extended to AT. Non-Current Assets increased in 2016 due to i) additional loan extended to Alakor Corporation and ii) purchase of additional UPM shares.
 - i. Current Liabilities increased from 2014 to 2015 due to recognition of Advances from NTDCC arising from shareholders's settlement agreement effective 2015. Current Liabilities increased in 2016 due to booking of deposit from contractor.
 - j. Stockholders' Equity increased from P5.7 billion in 2014 to P6.66 Billion due to i) the reversal of the net unrealized loss on AFS financial assets due to reclassification of its investment in AT from AFS financial assets to Investment in associates; and ii) the additional income generated by the Company in 2015. Stockholders' Equity is lower at P6.6 billion in 2016 due to net loss incurred by the Company during the same period.
- (vii) There have been NO seasonal aspects that had a material effect on the financial condition or results of operations of the Company.
- (viii) There are **NO** events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

- (ix) There are **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.

(2) Interim Periods

No interim financial statements are included in this report.

ITEM 7. FINANCIAL STATEMENTS

Refer to the Audited Financial Statements as of December 31, 2016, 2015, and 2014.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been **NO** changes in, nor disagreements with, accountants on accounting and financial disclosure for fiscal years 2016, 2015 and 2014.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS

(a) Directors, Executive Officers, Promoters and Control Persons

(1) Directors and Executive Officers

(A) Names and Ages of Directors and Executive Officers

<u>Name</u>	<u>Age</u>	<u>Citizenship</u>	<u>Position</u>	<u>Period of Service</u>
Alfredo C. Ramos	73	Filipino	Chairman of the Board	1989 to present
Adrian Paulino S. Ramos	38	Filipino	Director EVP/Treasurer President/COO	2006 to present July 2014 to 2016 Jan 2017 to present
Gerard Anton S. Ramos	42	Filipino	Director EVP-Investments	2011 to present July 2014 to present
Adrian S. Arias	54	Filipino	EVP Asst. Corporate Secretary EVP-Legal and Admin. Director Corporate Secretary	2005 to June 2014 1998 to 2016 July 2014 to present November 2014 to present July 2016 to present
Christopher M. Gotanco	67	Filipino	Director	1987 to present

			President	1988 to 2016
Roberto V. San Jose	75	Filipino	Director Corporate Secretary	1998 to present 1979 to 2016
Francisco A. Navarro	73	Filipino	Director	1984 to present
Presentacion S. Ramos	75	Filipino	Director	1984 to present
Maureen Alexandra S. Ramos-Padilla	44	Filipino	Director	2011 to present
Renato C. Valencia	75	Filipino	Independent Director	2006 to present
Ramoncito Z. Abad	70	Filipino	Independent Director	2007 to present
Iris Marie U. Carpio-Duque	38	Filipino	Asst. Corporate Secretary	July 2014 to present
Deborah S. Acosta-Cajustin	37	Filipino	Asst. Corporate Secretary	July 2014 to present
Gilbert V. Rabago	40	Filipino	Manager, Finance and Accounting Treasurer	July 2014 to present Jan 2017 to present

(B) Positions and offices that each person named above held with the Company

Mr. Alfredo C. Ramos has been a Director since 1975 and the Chairman of the Board since 1989.

Mr. Adrian Paulino S. Ramos has been a Director since 2006 and became Executive Vice President and Treasurer in July 2014. He became the President in January 2017.

Mr. Gerard Anton S. Ramos has been a Director since 2011 and became the Executive Vice President for Investments in July 2014.

Mr. Christopher M. Gotanco has been a Director since 1987 and the President since 1988 up to 2016. He was previously the VP-Finance and Administration.

Atty. Roberto V. San Jose has been the Corporate Secretary from 1979 up to July 2016, and a Director since 1998.

Mr. Francisco A. Navarro has been a Director since 1984.

Ms. Presentacion S. Ramos and Ms. Maureen Alexandra S. Ramos-Padilla have been Directors since 1984 and 2013, respectively.

Atty. Adrian S. Arias was elected Director on November 2015. He was appointed EVP-Legal and Administration in July 2014 and Corporate Secretary since July 2016. He was previously the Executive Vice President and Assistant Corporate Secretary.

(C) Term of Office as Director and Period of Service

The Directors of the Company are elected at the Company's annual stockholders' meeting to hold office until the next succeeding annual meeting and until their successors shall have been elected and qualified. Officers are appointed annually by the Board of Directors at the organizational meeting following the annual stockholders'

meeting, to hold office until the next organizational meeting of the Board of Directors in the following year or until a successor shall have been appointed and qualified, in accordance with Company By-Laws.

(D) Business experience of directors/officers during the past five (5) years

Mr. Alfredo C. Ramos is the Chairman of the Board and Chief Executive Officer of the Company. He serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1962-present), mining (1988-present), oil and gas exploration (1989-present), property development (1991-present), shopping center (1992-present), department store (1993-present), transportation (1996-present) and retail (1999-present), among others.

Mr. Adrian Paulino S. Ramos is a Director and President and COO of the Company. He is the former EVP and Treasurer of the Company. He serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1996-present), investment holdings (2005-present), securities (2005-present), property development and infrastructure (2006-present), mining (2006-present) and bulk water supply (2006-present), among others.

Mr. Gerard Anton S. Ramos is a Director and the Executive Vice President for Investments of the Company. He serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1996-present), securities (1996-present), property development and infrastructure (1996-present), investment holdings (2000-present) and mining (2008-present), among others.

Mr. Christopher M. Gotanco is a Director and former President and COO of the Company. He serves as a director and/or executive officer in companies engaged in oil and gas exploration (1982-present), mining (1993-present), investment holdings (1995-present), transportation (1996-present), property development (1996-present), investment house and financial services (2007-present), among others.

Atty. Adrian S. Arias is a Director of the Company. He is also the Company's Executive Vice President for Legal and Administration and Corporate Secretary. He has been in active corporate law practice for more than twenty (20) years and serves as a director and/or officer of an investment house (2006-present), financial services (2006-present), logistics company (2004-present), services (2006-present), merchandising (2009-present), shared support services (2011-present), and mining (2012-present).

Atty. Roberto V. San Jose is a Director of the Company. He has been in the active practice of law for more than forty five (45) years.

Mr. Francisco A. Navarro is a Director of the Company. He has been involved in the exploration and development groups of various companies involved in oil and gas exploration.

Ms. Presentacion S. Ramos is a Director of the Company. She serves as a director and/or executive officer, and maintains business interests, in companies engaged in the

printing, publication, sale and distribution of books, magazines and other printed media (1975-present), oil and gas exploration (1984-present), department store (1993-present), mining (1993-present) and stock brokerage (1996-present), among others.

Mr. Renato C. Valencia was elected independent director of the Company in December 2006. He serves as director and/or executive officer in companies engaged in banking (1998-present), investment holdings (1998 to present) and education and technology (2003 to present).

Mr. Ramoncito Z. Abad was elected independent director of the Company in March 2007. He is the former president of Philippine National Construction Company (PNCC) (1989-1996) and the former Chairman of the Development Bank of the Philippines (1998-2001). He serves as director and/or executive officer in companies engaged in consumer distribution (1999-present) and construction (2000-present).

Ms. Maureen Alexandra S. Ramos-Padilla is a Director of the Company. She serves as a director and/or executive officer, and maintains business interests in companies engaged in department store, media and music distribution, securities brokerage property development, oil and gas exploration and development (2013-present), among others.

Atty. Iris Marie U. Carpio-Duque is the Assistant Corporate Secretary of the Company. For the past five years, she has served as officer and/or corporate secretary or assistant corporate secretary of various companies involved in mining, investment holding, securities brokering and real estate.

Atty. Deborah S. Acosta-Cajustin is the Assistant Corporate Secretary of the Company. She has been in active corporate and taxation law practice for more than five (5) years and serves as an officer of companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media, investment holding, and securities brokering (2013-present).

(E) Directors with directorship(s) held in reporting companies

The following are the directorships held by the directors of the Company in other reporting companies in the past five (5) years:

<i>Alfredo C. Ramos</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>Vulcan Industrial & Mining Corp.</i>
	<i>Atlas Consolidated Mining & Dev't. Corp</i>	<i>Shang Properties, Inc.</i>
	<i>MRT Holdings, Inc.</i>	<i>The Philodrill Corporation</i>
	<i>MRT Dev't Corp.</i>	<i>United Paragon Mining Corp.</i>
	<i>National Book Store, Inc.</i>	
<i>Christopher M. Gotanco</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>Penta Capital Investment Corp.</i>
	<i>Boulevard Holdings, Inc.</i>	<i>The Philodrill Corporation</i>
	<i>MRT Holdings, Inc.</i>	<i>United Paragon Mining Corp.</i>
	<i>MRT Dev't Corp.</i>	<i>Vulcan Industrial & Mining Corp.</i>
	<i>Penta Capital Finance Corp.</i>	

<i>Presentacion S. Ramos</i>	<i>Alakor Securities Corporation</i>	<i>The Philodrill Corporation</i>
	<i>Anglo Philippine Holdings Corporation</i>	<i>Vulcan Industrial & Mining Corp.</i>
	<i>National Book Store Inc.</i>	
<i>Roberto V. San Jose</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>CP Equities Corporation</i>
	<i>Atlas Resources Management Group</i>	<i>Mabuhay Holdings Corporation</i>
	<i>CP Group of Companies</i>	
<i>Francisco A. Navarro</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>The Philodrill Corporation</i>
	<i>Penta Capital Finance Corp.</i>	<i>Vulcan Industrial & Mining Corp.</i>
	<i>Penta Capital Investment Corp</i>	
<i>Adrian Paulino S. Ramos</i>	<i>Alakor Securities Corporation</i>	<i>The Philodrill Corporation.</i>
	<i>Anglo Philippine Holdings Corporation</i>	<i>United Paragon Mining Corp.</i>
	<i>Aquatlas Inc.</i>	<i>Vulcan Industrial & Mining Corp.</i>
	<i>Atlas Consolidated Mining & Dev't. Corp</i>	<i>Zenith Holdings Corp.</i>
	<i>Carmen Copper Corporation</i>	
<i>Maureen Alexandra S. Ramos-Padilla</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>The Philodrill Corporation</i>
<i>Gerard Anton S. Ramos</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>National Bookstore Inc.</i>
	<i>Atlas Consolidated Mining & Dev't. Corp</i>	<i>United Paragon Mining Corp.</i>
	<i>Carmen Copper Corporation</i>	<i>The Philodrill Corporation</i>
<i>Renato C. Valencia</i>	<i>Anglo Philippine Holdings Corporation (ID)</i>	<i>Metropolitan Bank & Trust Company (ID)</i>
	<i>House of Investments (ID)</i>	<i>Roxas & Company Inc.(RD)</i>
	<i>i- People, Inc. (ID)</i>	<i>Roxas Holdings Inc. (RD, President & CEO)</i>
	<i>Malayan Insurance Co. (RD)</i>	<i>Vulcan Industrial & Mining Corp.(ID)</i>
<i>Ramoncito Z. Abad</i>	<i>Anglo Philippine Holdings Corporation (ID)</i>	<i>Monheim Group of Distributors (RD)</i>
<i>Adrian S. Arias</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>Vulcan Industrial & Mining Corp.</i>
	<i>Penta Capital Finance Corp.</i>	<i>Penta Capital Investment Corp.</i>
<i>*RD – Regular Director</i>	<i>ID – Independent Director</i>	

(2) Significant Employees

Other than the current officers and employees, the Company has not engaged the services of any person who is expected to make significant contributions to the business of the Company.

(3) Family Relationships

Mr. Alfredo C. Ramos (Chairman of the Board) is the husband of Ms. Presentacion S. Ramos (Director). Ms. Maureen Alexandra Ramos-Padilla (Director), Mr. Adrian Paulino S. Ramos (President/COO/Director) and Mr. Gerard Anton S. Ramos (Director/EVP-Investments) are the children of Mr. Alfredo C. Ramos and Ms. Presentacion S. Ramos.

There are no other family relationships known to the registrant other than the ones disclosed herein.

(4) Involvement in Certain Legal Proceedings

The Company is not aware of: (1) any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, promoter, or control person of the Company was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior that time; (2) any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses of any director, person nominated to become a director, executive officer, promoter, or control person; (3) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities or banking activities of a director, person nominated to become a director, executive officer, promoter, or control person of the Company; and, (4) judgment against a director, person nominated to become a director, executive officer, promoter, or control person of the Company found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

ITEM 10. EXECUTIVE COMPENSATION

(1) Summary Compensation Table

The aggregate compensation paid to the Company's Chief Executive Officer and other four (4) most highly compensated executive and non-executive officers named below as a group for the two most recently completed fiscal years (2015 and 2016) and estimated to be paid for the ensuing fiscal year (2017) are:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Alfredo C. Ramos	Chairman/CEO				
Christopher M. Gotanco	President (up to Dec. 2016)				
Adrian S. Arias	EVP-Legal and Administration				
Adrian Paulino S. Ramos	EVP/Treasurer (up to December 2016) President/COO (Jan 2017 to present)				

Gerard Anton S. Ramos*

EVP-Investments

	2015	7,689,430	2,792,064
	2016	5,896,910	6,174,745
	2017 (est)	6,486,601	6,972,219
All officers and directors as a group unnamed	2015	8,354,430	4,360,639
	2016	6,611,910	9,095,635
	2016 (est)	7,273,101	10,005,198

(2) Compensation of Directors**(A) Standard Arrangement**

For the most recently completed fiscal year, directors received and will receive a per diem of P5,000.00 per month to defray their expenses in attending board meetings.

(B) Other Arrangements

There are no other arrangements for compensation of directors during the last fiscal year and for the ensuing fiscal year.

(3) Employment Contracts and Termination of Employment and Change-in-Control

(A) The Company maintains standard employment contracts with its executive officers which provide for compensation and benefits, including entitlement to health benefits, representation expenses and company car plan.

(B) Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive more than P2,500,000.00 as a result of their resignation or any other termination of employment, or from a change in control of the Company, or a change in the executive officers' responsibilities following a change in control of the Company.

The Company maintains a retirement plan pursuant to which an eligible employee will receive one month's pay for every year of service for the first 10 years and two month's pay for every year of service beyond the first 10 years. Based on this policy, the retirement pay of some officers of the Company may exceed P2,500,000.00.

(C) There are no warrants or options outstanding in favor of directors and officers of the Company.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**(1) Security Ownership of Certain Record and Beneficial Owners**

As of 31 December 2016, the Company is not aware of anyone who beneficially owns more than 5% of its outstanding stock, except as set forth below:

<u>Title of Class</u>	<u>Name and address of record owner and relationship with Issuer</u>	<u>Name of Beneficial Owner and Relationship with Record Owner</u>	<u>Citizenship</u>	<u>No. of shares held</u>	<u>Percentage Ownership</u>
Common	Alakor Corporation 9 th Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City Stockholder	Alakor Corporation (Direct Ownership)	Filipino	1,524,661,961	50.77%
Common	BDO Securities Corporation 27 Tower 1 Exchange Plaza Ayala Ave., Makati City Stockholder	National Book Store Inc. Client (see Note B)	Filipino	464,143,757**	15.45%
Common	PCD Nominee Corporation Makati Stock Exchange Bldg. 6767 Ayala Avenue, Makati City Stockholder	PCD Participants (see note A)	Filipino/Non Filipino	398,422,187*	13.27%
Common	National Book Store Inc. 4 th Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City Stockholder	National Book Store Inc. (Direct Ownership)	Filipino	313,640,759	10.44%
Common	Alakor Securities Corporation 9 th Floor, Quad Alpha Centrum 125 Pioneer St., Mandaluyong City Stockholder	Alakor Corporation Client (see Note B)	Filipino	105,375,425**	3.51%

*Of the total 1,124,013,976 shares under the name of PCD Nominee Corp., 464,143,757 shares (15.45%) are under the name of BDO Securities Corp. (BDOSC), and 261,448,032 shares (8.71%) are under the name of Alakor Securities Corporation (ASC).

*Of the 464,143,757 shares under the name of BDOSC, National Book Store Inc.(NBSI) owns 464,143,757 shares (15.45%) and of the 261,448,032 shares under the name of ASC, Alakor Corporation (AC) owns 105,375,425 shares (3.51%), while NBSI owns 115,949 shares (0.00%).

Note A: The shares registered under the name of PCD Nominee Corporation (PCD) are beneficially owned by its participants. Based on PCD's books, there are 195 beneficial owners of the Company's voting stock of which BDOSC and ASC are the record owner of more than 5% of the Company's voting securities

Note B: Among the clients of BDOSC and ASC, NBSI and AC are the beneficial owners of more than 5% of the Company's voting securities.

Note C: As a matter of practice, PCD itself does not vote the number of shares registered in its name; instead, PCD issues a general proxy constituting and appointing each of its participants as PCD's proxy to vote for the number of shares owned by such participant in PCD's books as of Record Date.

(2) Security Ownership of Management

As of 31 December 2016, the Company's directors and officers own the following number of shares registered in their respective names:

<u>Title of Class</u>	<u>Name of beneficial owner</u>	<u>Amount and nature of Beneficial ownership</u>		<u>Citizenship</u>	<u>Percent Of Class</u>
		<u>Direct</u>	<u>Indirect</u>		
Common	Alfredo C. Ramos (D/CEO/N)	11,000	49,405,872	Filipino	1.65%
Common	Christopher M. Gotanco (D/O/N)	110	17,830,540	Filipino	0.59%

Common	Adrian Paulino S. Ramos (D/N)	18,000	33,000	Filipino	<0.01%
Common	Gerard Anton S. Ramos (D/N)	1,000	0	Filipino	<0.01%
Common	Adrian S. Arias (O)	1,000	19,000	Filipino	0.00%
Common	Roberto V. San Jose (D/O/N)	373,866	59,386	Filipino	0.01%
Common	Francisco A. Navarro (D/N)	400,000	582	Filipino	0.01%
Common	Presentacion S. Ramos (D/N)	55,000	27,481,665	Filipino	0.92%
Common	Renato C. Valencia (ID/N)	1,100	0	Filipino	<0.01%
Common	Ramoncito Z. Abad (ID/N)	1,100	0	Filipino	<0.01%
Common	Maureen Alexandra S. Ramos-Padilla (D/N)	22,000	873,066	Filipino	0.03%

There are no additional shares of the Company which the above listed directors and officers have the right to acquire beneficial ownership of from options, warrants, conversion privileges, or similar obligations.

(3) Voting Trust Holders of 5% or More

To the extent known to the Company, there is no person holding more than 5% of the Company's securities under a voting trust or similar arrangement.

(4) Changes in Control

To the extent known to the Company, there are no arrangements which may result in a change in control of the Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

(1) Related Transactions

Except as disclosed in Note 26 of the 2016 Audited Financial Statements hereto attached, there had been NO transactions during the last two (2) years to which the Company was or is to be a party in which any director or executive officer of the Company, or nominee for election as a director, or owner of more than 5% of the Company's voting securities, or voting trust holder of 5% or more of any class of the Company's securities, or any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons had or is to have a direct or indirect material interest.

In the ordinary and regular course of business, the Company had or may have transactions with other companies in which some of the foregoing persons may have an interest.

On March 12, 2014, the Board of Directors approved a proposal to undertake a private placement of up to 2,300,000,000 shares in favour of Alakor Corporation and its designated

affiliate(s) to be taken from a proposed increase in capital stock from P2 billion to P4 billion and, if necessary, partly from the existing unissued capital stock of the Company.

Alfredo C. Ramos, Presentacion S. Ramos, Maureen Alexandra S. Ramos-Padilla, Gerard Anton S. Ramos and Adrian Paulino S. Ramos are directors of the Company and of Alakor Corporation. They did not participate in the deliberation and approval of the proposed capital increase and private placement.

The proposed capital increase was submitted and approved by the stockholders at the annual stockholders' meeting on May 20, 2014. A waiver of the requirement to undertake a stock rights offer concurrent with the private placement was also obtained from the minority stockholders at the same meeting.

On June 17, 2014, Alakor Corporation ("Alakor") and its affiliate, National Book Store, Inc. ("NBS") subscribed to 414,700,000 shares and 85,300,000 shares, respectively, at a subscription price of Php1.8516 per share, from the increase in capital stock of the Company as approved by a majority of the stockholders at the meeting held on May 20, 2014.

On September 23, 2014, the amendment to the Company's Articles of Incorporation, was approved by the Securities and Exchange Commission, amending the following articles:

1. Third Article - specifying the place of principal office from "Metro Manila, Philippines," to "Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, 1550, Philippines"; and
2. Sixth Article - increasing the authorized capital stock of the Company from Two Billion Pesos (P2,000,000,000.00) divided into Two Billion (2,000,000,000) shares with a par value of One Peso (P1.00) per share, to Four Billion Pesos (P4,000,000,000.00) divided into Four Billion (4,000,000,000) shares with a par value of One Peso (P1.00) per share.

On October 03, 2014, National Book Store, Inc. ("NBS") subscribed to an additional 228,340,759 shares of the Company at a subscription price of Php1.8516 per share, from the unissued capital stock of the Company.

On October 24, 2014, Alakor Corporation ("Alakor") further subscribed to an additional 1,109,961,961 shares of the Company at a subscription price of Php1.8516 per share from the unissued capital stock of the Corporation.

(2) Not Applicable

(3) Parent of the Company

As of December 31, 2016, Alakor Corporation holds 54.28% of the Company's outstanding capital stock.

(4) Transaction with Promoters

The Company has had no transaction with promoters during the last (5) years.

PART 1V –CORPORATE GOVERNANCE

ITEM 13. CORPORATE GOVERNANCE

- (a) The Company uses the evaluation system established by the SEC in this Memorandum Circular No. 5 series of 2003, including the accompanying Corporate Governance Self Rating Form (CG-SRF) to measure or determine the level of compliance of the Board of Directors and top-level management with the Company's Corporate Governance Manual.
- (b) The Company undertakes as self-evaluation process every semester and any deviation from the Company's corporate Governance Manual is reported to the Management and the Board together with the proposed measures to achieve compliance.
- (c) The Company is in full compliance with the leading practices on good corporate governance as embodied in its Revised Manual on Corporate Governance (July 2014) CG-SRF. The Company, however, is currently revising its Manual on Corporate Governance to comply with global best practices as applicable to the Company.
 - 1. The Company has adopted a Code of Conduct for the Board and its employees, and is being assessed regularly to cope with the dynamics of the business. The Company has existing policies and procedures that can identify and resolve potential conflicts of interest.
 - 2. Employees and officers undergo professional development programs subject to meeting the criteria set by the Company. The Compensation & Remuneration Committee (CRC) is engaged, in the Succession Planning of the Executive officers, including the President. In the latter case, the CRC coordinates closely with the Chairman any and all activities involved in planning for the President's succession.
- (d) The Company shall adopt improvement measures on its corporate governance as the exigencies of its business will require from time to time.

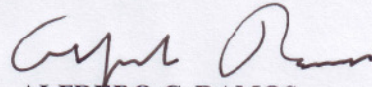
PART V - EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

- | | | |
|----|-------------------------|--|
| A. | Exhibits | see Index to Financial Statement and
Supplementary Schedule |
| B. | Report on SEC Form 17-C | - Already filed with the SEC |

SIGNATURES

Pursuant to the requirement of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mandaluyong on 25 APR 2017.



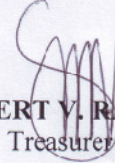
ALFREDO C. RAMOS
Chairman of the Board/CEO



ADRIAN PAULINO S. RAMOS
President/Director/COO



ADRIAN S. ARIAS
EVP-Legal and Admin./
Compliance Officer



GILBERT V. RABAGO
Treasurer

SUBSCRIBED AND SWORN to before me this 25 APR 2017 day of April 2017, affiant exhibited to me his Community Tax Certificates, as follows:

Names	Passport Number/ Government Issued ID	Issue Date/Expiry	Date Place of Issue
Alfredo C. Ramos	E C8370209	Jul 21, 2016/Jul 20, 2021	DFA Manila
Adrian Paulino S. Ramos	EC6344702	Jan 08, 2016/Jan 7, 2021	DFA Manila
Adrian S. Arias	EC0251131	Feb. 08, 2014/Feb. 07, 2019	DFA Manila
Gilbert V. Rabago	PRC 0105874	Valid until 03/24/2020	Manila

Doc No. 788
Page No. 8
Book No. 75
Series of 2017.

ATTY. JOSE B. DULNUAN
NOTARY PUBLIC

FOR THE CITY OF MANDALUYONG
Until December 31, 2017

COMMISSION NO. 458-16

IBP LIFETIME NO. 0995268 / IFUGAO

PTR NO. 69252527, 1-3-17, Cainta, Rizal

ROLL NO. 26304

MCLE COMP. NO. V-0022171, 6-15-16

VALID UNTIL 04-14-2019

D22-AB GIUVENTVILLE II, D.M. GUEVARA ST.

MAUWAY, MANDALUYONG CITY

TEL 532-8858, 5334664

email: jbdulnuan@gmail.com

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE
SEC FORM 17-A
DECEMBER 31, 2016**

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Management's Responsibility for Consolidated Financial Statements

Report of Independent Public Accountant

Consolidated Statements of Financial Position as at December 31, 2016 and 2015

Consolidated Statements of Comprehensive Income for the Years ended
December 31, 2016, 2015 and 2014

Consolidated Statements of Changes in Equity for the Years ended
December 31, 2016, 2015 and 2014

Consolidated Statements of Cash Flows for the Years ended
December 31, 2016, 2015 and 2014

Notes to Consolidated Financial Statements

SUPPLEMENTARY SCHEDULES

Report of Independent Auditors' on Supplementary Schedules

SCHEDULE I Financial Ratios

SCHEDULE II Map of the Relationships of the Company within the Group

SCHEDULE III Schedule of Effective Standards and Interpretations under the PFRS

SCHEDULE IV Reconciliation of Retained Earnings Available for Dividend Declaration

SCHEDULE A. Financial Assets in Equity Securities

SCHEDULE B. Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (other than Related Parties)

SCHEDULE C. Amounts Receivable from Related Parties which are Eliminated during the
Consolidation of Financial Statements

SCHEDULE D. Intangible Assets - Other Assets

SCHEDULE E. Long-Term Debt

SCHEDULE F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

SCHEDULE G. Guarantees of Securities of Other Issuers

SCHEDULE H. Capital Stock

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	4	1	0	2					
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COMPANY NAME

A	N	G	L	O		P	H	I	L	I	P	P	I	N	E		H	O	L	D	I	N	G	S		C	O	R	P
O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S						

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

6	t	h		F	l	o	o	r		Q	u	a	d		A	l	p	h	a		C	e	n	t	r	u	m	,		
B	u	i	l	d	i	n	g	,	1	2	5		P	i	o	n	e	e	r		S	t	r	e	e	t				
M	a	n	d	a	l	u	y	o	n	g		C	i	t	y															

Form Type

A	A	C	F	S
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Department requiring the report

S	E	C
---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

COMPANY INFORMATION

Company's Email Address

info@anglophil.com

Company's Telephone Number

(02) 631-5139

Mobile Number

N/A

No. of Stockholders

3,090

Annual Meeting (Month / Day)

Last Friday of July

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Gilbert V. Rabago

Email Address

info@anglophil.com

Telephone Number/s

(02) 631-5139

Mobile Number

+63 9176217350

CONTACT PERSON's ADDRESS

6th Floor, Quad Alpha Centrum Building, 125 Pioneer Street, Mandaluyong City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.





ANGLO PHILIPPINE HOLDINGS CORPORATION

AN INFRASTRUCTURE AND PROPERTY DEVELOPMENT COMPANY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

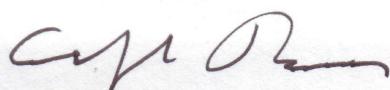
The management of Anglo Philippine Holdings Corporation and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error


In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.


The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

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


ALFREDO C. RAMOS
Chairman of the Board/CEO


ADRIAN PAULINO S. RAMOS
President/Director/COO

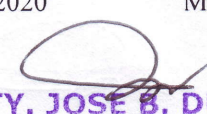

GILBERT V. RABAGO
Treasurer

20 APR 2017

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2017, affiant exhibited to me his Community Tax Certificates, as follows:

Names	Passport Number/ Government Issued ID	Issue Date/Expiry Date	Place of Issue
Alfredo C. Ramos	EC8370209	Jul 21, 2016/Jul 20, 2021	DFA Manila
Adrian Paulino S. Ramos	EC6344702	Jan 08, 2016/Jan 7, 2021	DFA Manila
Gilbert V. Rabago	PRC 0105874	Valid until 03/24/2020	Manila

Doc No. 292
Page No. 59
Book No. 75
Series of 2017.


ATTY. JOSE B. DULNUAN
NOTARY PUBLIC
FOR THE CITY OF MANDALUYONG
Until December 31, 2017
COMMISSION NO. 458-16
IBP LIFETIME NO. 0995268 / IFUGAO
PTR NO. 69252527, 1-3-17, Cainta, Rizal
ROLL NO. 26304
MCLE COMP. NO. V-0022171, 6-15-16
VALID UNTIL 04-14-2019

"Helping Build the Filipino Future" AR GUENTVILLE II, D.M. GUEVARA

6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines

Telephone Nos.: (632) 631-5139 • (632) 635-6130 • Fax No.: (632) 631-3113 • E-mail: info@anglophil.com • Website: www.anglophil.com

e-mail: jboulnuan@gnihub.com

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	4	1	0	2					
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COMPANY NAME

A	N	G	L	O		P	H	I	L	I	P	P	I	N	E		H	O	L	D	I	N	G	S		C	O	R	P
O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S						

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

6	t	h		F	l	o	o	r		Q	u	a	d		A	l	p	h	a		C	e	n	t	r	u	m	,	
B	u	i	l	d	i	n	g	,	1	2	5		P	i	o	n	e	e	r		S	t	r	e	e	t			
M	a	n	d	a	l	u	y	o	n	g		C	i	t	y														

Form Type

A	A	C	F	S
---	---	---	---	---

Department requiring the report

S	E	C
---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

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Mobile Number

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Last Friday of July

Fiscal Year (Month / Day)

12/31

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Anglo Philippine Holdings Corporation and Subsidiaries

Consolidated Financial Statements
December 31, 2016 and 2015
and Years Ended December 31, 2016, 2015
and 2014

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Anglo Philippine Holdings Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Anglo Philippine Holdings Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Deferred Exploration Costs

The carrying values of deferred exploration costs amounted to ₱206.4 million as at December 31, 2016 as disclosed in Note 15 to the consolidated financial statements. PFRSs require the Group to assess the recoverability of its deferred exploration costs when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The ability of the Group to recover its deferred exploration costs depends on the commercial viability of the reserves. We consider this as a key audit matter because of the substantial amount of this account, the level of additions during the year, and the significant management judgment required when performing an impairment review.

Audit Response

We obtained an understanding of the Group's capitalization policy and tested the application of the policy. We obtained management's assessment of the recoverability of these deferred exploration costs and inquired of their plans on operations. We also inspected service contracts and relevant joint operations agreement of each exploration project to determine that the period for which the Group has the right to explore in the specific area has not expired or will not expire within the plan of operation and the Group has rights and obligations under the contracts through their participating interests. We also reviewed the latest management disclosures regarding the status of their service contracts which supports the assessment of management regarding the recoverability of the related deferred exploration costs.

Recoverability of Investments in Associate Companies

The Group's investments in associate companies amounting to ₱5.2 billion represents about 74.5% of the Group's consolidated total assets as at December 31, 2016. The details of these investments are disclosed in Note 11 to the consolidated financial statements. Under PFRSs, the Group assesses at each reporting period whether there is an indication that such investments may be impaired. We consider this matter as significant to our audit in view of the magnitude of the investments' carrying amounts and the share in equity in investments in associate companies, as well as the significant management judgement and estimates applied in determining the recoverable amount of these investments.



Audit Response

We obtained an understanding of management's process in accounting for investments in associate companies. We obtained relevant financial information of the associate companies and recomputed the Group's share in equity in net earnings. For investments with indicators of possible impairment, we obtained management's impairment analysis and gained an understanding of their impairment assessment process and the relevant controls. We discussed the current and projected financial performance of the associate companies with management and assessed whether these were reflected in the Group's own assumptions. We also involved our internal specialist in assessing the Group's methodology and assumptions used in calculating the associate companies' recoverable amount. We reviewed the key inputs such as metal prices by checking it against externally published data. We also recalculated the discount rate used which involves comparison to available third party information and historical performance. Further, we performed sensitivity analyses to understand the impact of possible changes in the key assumptions.

Other Information

Management is responsible for the other information. The other information comprises the information included in SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Eleanore A. Layug.

SYCIP GORRES VELAYO & CO.



Eleanore A. Layug

Partner

CPA Certificate No. 0100794

SEC Accreditation No. 1250-A-1 (Group A),

January 7, 2016, valid until January 6, 2019

Tax Identification No. 163-069-453

BIR Accreditation No. 08-001998-97-2015,

January 5, 2015, valid until January 4, 2018

PTR No. 5908708, January 3, 2017, Makati City

April 5, 2017



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱175,811,234	₱228,462,240
Receivables (Note 5)	183,669,404	285,574,535
Financial assets at fair value through profit or loss (FVPL; Note 6)	10,556,420	3,361,620
Inventories (Note 7)	3,636,782	2,957,675
Prepaid expenses and other current assets	14,491,906	7,422,804
Total Current Assets	388,165,746	527,778,874
Noncurrent Assets		
Long-term notes (Note 8)	750,569,613	715,000,000
Available-for-sale financial asset (Note 10)	8,665,703	4,332,953
Investments in associates (Note 11)	5,211,688,844	5,172,376,971
Property and equipment (Note 13)	51,558,073	57,737,032
Investment property (Notes 9 and 14)	305,456,767	304,596,237
Deferred exploration costs (Note 15)	206,353,224	203,130,871
Pension assets (Note 27)	6,956,287	6,552,766
Deferred tax assets - net (Note 28)	8,511,940	218,204
Other noncurrent assets (Note 16)	53,588,001	40,725,220
Total Noncurrent Assets	6,603,348,452	6,504,670,254
TOTAL ASSETS	₱6,991,514,198	₱7,032,449,128
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 17)	₱364,120,765	₱350,058,531
Income tax payable	–	81,581
Total Current Liabilities	364,120,765	350,140,112
Noncurrent Liabilities		
Deposits from customers (Note 17)	5,432,916	5,432,916
Decommissioning liability (Note 19)	14,321,288	14,103,011
Total Noncurrent Liabilities	19,754,204	19,535,927
Total Liabilities	383,874,969	369,676,039

(Forward)



	December 31	
	2016	2015
Equity (Note 20)		
Capital stock - ₱1 par value		
Authorized - 4,000,000,000 shares		
Issued - 3,008,919,508 shares	₱3,008,919,508	₱3,008,919,508
Subscribed - 7,383,030 shares (net of subscriptions receivable of ₱1,367,687)	6,015,343	6,015,343
Additional paid-in capital	1,570,157,056	1,570,157,056
Net unrealized gain on AFS financial assets (Note 10)	245,250	—
Remeasurement gains on defined benefit obligation, net of deferred taxes	1,114,838	2,051,353
Share in other comprehensive income of associates (Note 11)	202,225,376	98,218,227
Retained earnings	1,839,248,015	1,997,591,628
Treasury stock - 13,000,000 shares at ₱2.12 cost per share	(27,566,075)	(27,566,075)
Equity attributable to equity holders of the Parent Company	6,600,359,311	6,655,387,040
Non-controlling interest	7,279,918	7,386,049
Total Equity	6,607,639,229	6,662,773,089
TOTAL LIABILITIES AND EQUITY	₱6,991,514,198	₱7,032,449,128

See accompanying Notes to Consolidated Financial Statements.



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2016	2015	2014
REVENUES			
Sales	₱40,735,955	₱72,270,725	₱18,080,948
Gain on:			
Fair value changes of financial assets at FVPL (Note 6)	494,800	—	16,392,390
Sale of investments (Notes 6 and 11)	—	379,447,677	553,617,677
Other income (Note 21)	155,834,353	57,317,977	145,403,719
	197,065,108	509,036,379	733,494,734
COST AND EXPENSES			
Cost of sales (Note 22)	42,858,065	72,286,430	4,924,246
General and administrative expenses (Note 24)	192,600,634	106,250,009	120,815,514
Equity in net losses of associates (Note 11)	78,379,530	40,592,683	—
Interest and other finance charges (Note 23)	1,433,156	5,636,904	179,975,171
Losses on:			
Fair value changes of financial assets at FVPL (Note 6)	—	118,140	—
Realized fair value changes of AFS financial assets (Note 10)	—	—	1,209,000
Others (Note 23)	—	—	12,856,837
	315,271,385	224,884,166	319,780,768
INCOME (LOSS) BEFORE INCOME TAX	(118,206,277)	284,152,213	413,713,966
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)			
Current	3,086,307	798,274	6,248,756
Deferred	(7,892,373)	2,969,943	(44,667,861)
	(4,806,066)	3,768,217	(38,419,105)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(113,400,211)	280,383,996	452,133,071
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS (Note 12)	—	—	65,678,910
NET INCOME (LOSS)	(₱113,400,211)	₱280,383,996	₱517,811,981
Total net income (loss) attributable to:			
Equity holders of the Parent Company	(₱113,294,080)	₱280,383,996	₱517,811,981
Non-controlling interest	(106,131)	—	—
	(₱113,400,211)	₱280,383,996	₱517,811,981

(Forward)



	Years Ended December 31		
	2016	2015	2014
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item that will be reclassified to profit or loss in subsequent periods:</i>			
Share in other comprehensive income (loss) of associate (Note 11)	₱104,007,149	₱136,922,265	(₱38,704,038)
Net unrealized gain (loss) on AFS financial assets (Note 10)	245,250	(1,068,901,038)	(645,906,970)
Effect of reclassification of AFS financial assets to investment in associates	—	1,355,246,720	—
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement losses on retirement benefit, net of deferred tax	(936,515)	(80,967)	(1,088,994)
	103,315,884	423,186,980	(685,700,002)
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱10,084,327)	₱703,570,976	(₱167,888,021)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company	(₱9,978,196)	₱703,570,976	(₱167,888,021)
Non-controlling interest	(106,131)	—	—
	(₱10,084,327)	₱703,570,976	(₱167,888,021)
Basic and Diluted Earnings (Loss) Per Share (Note 29)	(₱0.04)	₱0.09	₱0.31
Basic and Diluted Earnings (Loss) Per Share From Continuing Operations (Note 29)	(₱0.04)	₱0.09	₱0.27

See accompanying Notes to Consolidated Financial Statements.



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Attributable to equity holders of the Parent Company										Total	Non-controlling interest	Total
	Capital Stock (Note 20)				Additional Paid-in Capital (Note 20)	Net Unrealized Gain (Loss) on AFS Financial Assets (Note 10)	Remeasurement Gains (Losses) on Defined Benefit Obligation (Note 27)	Share in Other Comprehensive Income (Loss) of an Associates (Note 11)	Retained Earnings	Treasury Stock (Note 20)			
	Issued	Subscribed	Subscriptions Receivable	Subscribed - net									
Balances at December 31, 2013	₱1,170,616,788	₱7,383,030	(₱1,367,688)	₱6,015,342	₱4,658,460	₱359,561,288	₱3,221,314	₱—	₱1,304,511,235	(₱27,566,075)	₱2,821,018,352	₱—	₱2,821,018,352
Net income	—	—	—	—	—	—	—	—	517,811,981	—	517,811,981	—	517,811,981
Other comprehensive loss	—	—	—	—	—	(645,906,970)	(1,088,994)	(38,704,038)	—	—	(685,700,002)	—	(685,700,002)
Total comprehensive income	—	—	—	—	—	(645,906,970)	(1,088,994)	(38,704,038)	517,811,981	—	(167,888,021)	—	(167,888,021)
Issuance of capital stock	728,340,759	1,109,961,961	(293,891,802)	816,070,159	1,565,498,596	—	—	—	—	—	3,109,909,514	—	3,109,909,514
Cash dividends (Note 20)	—	—	—	—	—	—	—	—	(45,049,533)	—	(45,049,533)	—	(45,049,533)
Balances at December 31, 2014	1,898,957,547	1,117,344,991	(295,259,490)	822,085,501	1,570,157,056	(286,345,682)	2,132,320	(38,704,038)	1,777,273,683	(27,566,075)	5,717,990,312	—	5,717,990,312
Net income	—	—	—	—	—	—	—	—	280,383,996	—	280,383,996	—	280,383,996
Other comprehensive income	—	—	—	—	—	286,345,682	(80,967)	136,922,265	—	—	423,186,980	—	423,186,980
Total comprehensive income	—	—	—	—	—	286,345,682	(80,967)	136,922,265	280,383,996	—	703,570,976	—	703,570,976
Issuance of capital stock	1,109,961,961	(1,109,961,961)	293,891,803	(816,070,158)	—	—	—	—	—	—	293,891,803	—	293,891,803
Cash dividends (Note 20)	—	—	—	—	—	—	—	—	(60,066,051)	—	(60,066,051)	—	(60,066,051)
Acquisition of a subsidiary (Note 9)	—	—	—	—	—	—	—	—	—	—	—	7,386,049	7,386,049
Balances at December 31, 2015	3,008,919,508	7,383,030	(1,367,687)	6,015,343	1,570,157,056	—	2,051,353	98,218,227	1,997,591,628	(27,566,075)	6,655,387,040	7,386,049	6,662,773,089
Net income	—	—	—	—	—	—	—	—	(113,294,080)	—	(113,294,080)	(106,131)	(113,400,211)
Other comprehensive income	—	—	—	—	—	245,250	(936,515)	104,007,149	—	—	103,315,884	—	103,315,884
Total comprehensive income	—	—	—	—	—	245,250	(936,515)	104,007,149	(113,294,080)	—	(9,978,196)	(106,131)	(10,084,327)
Cash dividends (Note 20)	—	—	—	—	—	—	—	—	(45,049,533)	—	(45,049,533)	—	(45,049,533)
Balances at December 31, 2016	₱3,008,919,508	₱7,383,030	(₱1,367,687)	₱6,015,343	₱1,570,157,056	₱245,250	₱1,114,838	₱202,225,376	₱1,839,248,015	(₱27,566,075)	₱6,600,359,311	₱7,279,918	₱6,607,639,229

See accompanying Notes to Consolidated Financial Statements.



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax from continuing operations	(P118,206,277)	P284,152,213	P413,713,966
Income before income tax from discontinued operations	—	—	65,678,910
Total income (loss) before income tax	(118,206,277)	284,152,213	479,392,876
Adjustments for:			
Losses (gains) on:			
Fair value changes of financial assets at FVPL (Note 6)	(494,800)	118,140	(16,392,390)
Sale of investment (Notes 6 and 11)	—	(379,447,677)	(553,617,677)
Sale of equipment (Note 13)	—	(120,000)	(400,000)
Realized fair value changes of AFS financial assets (Note 10)	—	—	1,209,000
Write-off of receivables (Note 5)	124,300,000	—	—
Equity in net loss (earnings) of associates (Note 11)	78,379,530	40,592,683	(84,057,965)
Interest income (Note 21)	(34,353,575)	(23,758,396)	(755,592)
Unrealized foreign exchange losses (gains)	(9,210,325)	(9,452,837)	1,333,675
Depreciation, depletion and amortization (Note 13)	6,217,450	9,894,417	2,366,331
Movement in net pension asset (Notes 25 and 27)	(1,337,093)	350,164	1,037,271
Dividend income (Note 21)	(311,674)	—	(37,124,814)
Interest and other finance charges (Note 23)	1,433,156	5,636,904	179,975,171
Provision for impairment losses (Note 10)	—	—	11,523,162
Other income	—	(6,812,011)	—
Operating income (loss) before working capital changes	46,416,392	(78,846,400)	(15,510,952)
Decrease (increase) in:			
Receivables	(13,516,945)	(142,273,601)	68,604,890
Financial assets at FVPL	—	(3,479,760)	—
Inventories	(679,107)	(1,957,030)	(1,000,645)
Prepaid expenses and other current assets	(10,155,409)	(1,430,560)	(5,563,869)
Increase (decrease) in accounts payable and accrued expenses	13,853,808	115,666,704	(40,208,948)
Cash generated from (used in) operations	35,918,739	(112,320,647)	6,320,476
Interest received	31,721,345	21,558,365	244,416
Dividends received	16,771,746	25,712,608	126,661,582
Income taxes paid	(81,581)	(630,993)	(10,702,049)
Net cash flows from (used in) operating activities	84,330,249	(65,680,667)	122,524,425
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans to related parties (Note 8)	(35,569,613)	(715,000,000)	—
Additions to:			
Investments in associates (Note 11)	(30,144,326)	(26,342,138)	(1,651,426,680)
Financial assets at FVPL (Note 6)	(6,700,000)	—	—
AFS financial assets (Note 10)	(4,087,500)	—	—
Property and equipment (Note 13)	(38,491)	(3,071,406)	(154,763)
Deferred exploration costs (Note 15)	(3,222,353)	(1,517,404)	(9,979,257)
Investment property (Note 14)	(860,530)	—	—
Decrease (increase) in other noncurrent assets	(12,862,781)	2,687,018	(653,627)
Cash acquired on acquisition of subsidiary (Note 9)	—	311,607	—
Redemption of investments in associates (Note 11)	—	—	31,580,000
Proceeds from sale of:			
Investments in associates (Note 11)	—	523,079,898	738,264,941
Property and equipment	—	120,000	400,000
Net cash flows used in investing activities	(93,485,594)	(219,732,425)	(891,969,386)

(Forward)



	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loans	₱-	(₱100,000,000)	(₱1,626,243,217)
Dividends (Note 20)	(44,841,107)	(58,359,294)	(35,612,992)
Interest (Note 23)	(1,214,879)	(5,421,955)	(24,548,524)
Proceeds from issuance of capital stock	-	-	3,109,909,514
Net cash flows from (used in) financing activities	(46,055,986)	(163,781,249)	1,423,504,781
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(55,211,331)	(449,194,341)	654,059,820
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,560,325	2,749,837	(1,333,675)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	228,462,240	674,906,744	22,180,599
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱175,811,234	₱228,462,240	₱674,906,744

See accompanying Notes to Consolidated Financial Statements.



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General Information and Authorization for Issue of the Consolidated Financial Statements

Anglo Philippine Holdings Corporation

Anglo Philippine Holdings Corporation (the Parent Company, APHC) was registered with the Philippine Securities and Exchange Commission (SEC) on June 25, 1958 originally as an oil and mineral exploration company with the corporate name of “Anglo Philippine Oil Corp.” In 1996, the Parent Company changed its primary purpose to that of an investments holding firm focused on natural resources-based companies, infrastructure and property development. On September 14, 2006, the SEC approved the Company’s amended Articles of Incorporation extending the life of the Parent Company for another fifty (50) years from June 25, 2008. The Parent Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on the Philippine Stock Exchange (PSE).

The registered office address of the Parent Company is 6th Floor, Quad Alpha Centrum Building, 125 Pioneer Street, Mandaluyong City.

Authorization for Issue of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016, were authorized for issue by the Board of Directors (BOD) on April 5, 2017.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at FVPL and AFS financial assets, which are carried at fair value. The consolidated financial statements are presented in Philippine peso, which is the Company’s functional and presentation currency under the Philippine Financial Reporting Standards (PFRSs). All values are rounded off to the nearest peso, except when otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements of the Group have been prepared in compliance with PFRSs.

Basis for Consolidation

The Group is considered to have control over 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;
- 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 the subsidiary begins when the Group obtains control, and continues to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements 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 are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI), even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-company balances and transactions, including income, expenses, unrealized gains and losses and dividends, are eliminated in full. Profits and losses resulting from intra-company transactions that are recognized in assets and liabilities are eliminated in full.

A change in the ownership interest of a subsidiary, without a change 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;
- 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; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income or OCI to profit or loss or retained earnings, as appropriate.

The consolidated financial statements include the accounts of the Parent Company and the subsidiaries listed below:

Company	Principal Activities	Percentage of Ownership	
		2016	2015
Vulcan Materials Corporation (VMC)	Mining exploration and sale of aggregates	100	100
Tipo Valley Realty, Inc. (TVRI)	Real estate holding and development	97.59*	97.59*

*On December 22, 2015 the Parent Company acquired 97.59% of interest in TVRI through the acquisition of 2,260,353 shares (see Note 9). As at April 5, 2017, TVRI has not yet started its commercial operations.



Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) and improvements to PFRS which were effective beginning January 1, 2016. Adoption of these pronouncements did not have a significant impact on the Group's financial position or performance unless otherwise stated.

- Amendments to PFRS 10, PFRS 12 and PAS 28, *Investment Entities: Applying the Consolidation Exception*
- Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Disclosure Initiative*
- Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27, *Equity Method in Separate Financial Statements*
- Annual Improvements to PFRSs 2012 - 2014 Cycle
 - Amendment to PFRS 5, *Changes in Methods of Disposal*
 - Amendment to PFRS 7, *Servicing Contracts*
 - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
 - Amendment to PAS 19, *Discount Rate: Regional Market Issue*
 - Amendment to PAS 34, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the applicable standards, interpretations, amendments and improvements when these become effective.

Effective beginning on or after January 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)

These amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*

The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.



Application of amendments will result in additional disclosures in the 2017 consolidated financial statements of the Group.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted. The Group is currently assessing the impact of adopting the amendments to the standard.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

The Group is assessing the potential effect of the amendments on its consolidated financial statements.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.



The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Group is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effective date.

- PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9.

The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting and on the amount of its credit losses. The Group is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.



- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

This interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the consolidated financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their consolidated financial statements, particularly on the risk exposure to residual value.

Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15.

When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Group is currently assessing the impact of adopting PFRS 16.



Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

These amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Summary of Significant Accounting Policies

Presentation of Financial Statements

The Group has elected to present all items of recognized income and expense in single consolidated statement of comprehensive income.

Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid deposits that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Financial Instruments

Date of Recognition

Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date (i.e., the date that the Group commits to purchase or sell the asset).

Initial Recognition and Measurement of Financial Instruments

The Group determines the classification of financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every end of the reporting period.

Financial instruments are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of all financial instruments, except for financial instruments measured at FVPL.

Financial Assets

Financial assets are classified in the following categories: financial assets at FVPL, loans and receivables, AFS financial assets, held-to-maturity (HTM) investment, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the purpose for which the financial assets were acquired and whether they are quoted in an active market.



The Group's financial assets are in the nature of loans and receivables, financial assets at FVPL and AFS financial assets. As at December 31, 2016 and 2015, the Group has no financial assets classified as HTM investments.

Financial Liabilities

Financial liabilities are classified into financial liabilities at FVPL and other financial liabilities, as appropriate.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

The Group's financial liabilities are in the nature of other financial liabilities. As at December 31, 2016 and 2015, the Group has no financial liabilities at FVPL.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 - Quoted (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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each end of the reporting period.



For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 31.

“Day 1” Difference

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (Day 1 difference) in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated statement of comprehensive income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference amount.

Subsequent Measurement

The subsequent measurement of financial instruments depends on their classification as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets at FVPL or designated as AFS financial asset. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in the “Interest income” account in the consolidated statement of comprehensive income. Any losses arising from impairment are recognized in “General and administrative expenses” in the consolidated statement of comprehensive income.

Loans and receivables are classified as current assets when they are expected to be realized within twelve (12) months after the end of the reporting period or within the normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

As at December 31, 2016 and 2015, the Group’s loans and receivables include cash and cash equivalents, receivables, long-term note, and mine rehabilitation fund (MRF) under “Other noncurrent assets” (see Notes 4, 5, 8 and 16).

Financial Assets at FVPL

Financial assets at FVPL include financial assets held for trading purposes and financial assets designated upon initial recognition as at FVPL.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses are recognized in consolidated statement of comprehensive income. Interest and dividend income or expense is recognized in the consolidated statement of comprehensive income, according to the terms of the contract, or when the right to the payment has been established. Interest earned on holding financial assets at FVPL is reported as interest



income using the EIR. Dividends earned on holding financial assets at FVPL are recognized in the consolidated statement of comprehensive income when the right of payment has been established.

Financial assets may be designated as at FVPL by management on initial recognition when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

The Group's investments held for trading are classified as financial assets at FVPL as at December 31, 2016 and 2015 (see Note 6).

AFS Financial Assets

AFS financial assets are those non derivative financial assets designated as such or are not classified as at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value, with unrealized gains or losses arising from the changes in fair values of AFS financial assets are reported as "Net unrealized valuation gain (loss) on AFS financial assets" in the OCI. When the investment is disposed of or determined to be impaired, the cumulative gains or losses previously recognized in OCI is recognized as income or loss in the consolidated statement of comprehensive income. Dividends earned on holding AFS financial assets are recognized when the right of payment has been established. The losses arising from impairment of such financial assets are recognized as provision for impairment losses in the consolidated statement of comprehensive income.

The fair value of AFS financial assets that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business on the reporting period. AFS financial assets whose fair value cannot be reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, are carried at cost.

The Group's AFS financial assets are presented as noncurrent assets in the consolidated statements of financial position. As at December 31, 2016 and 2015, the Group's AFS financial assets include unquoted equity shares (see Note 10).

Other Financial Liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations and borrowings. Issued financial instruments or their components, which are not classified as at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another



financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. The EIR amortization is included in the “Interest and other finance charges” in the consolidated statement of comprehensive income.

Other financial liabilities are classified as current liabilities when they are expected to be settled within twelve (12) months from the end of the reporting period or the Group does not have an unconditional right to defer settlement for at least twelve (12) months from the end of the reporting period. Otherwise, they are classified as noncurrent liabilities.

As at December 31, 2016 and 2015, the Group’s other financial liabilities include accounts payable and accrued expenses (excluding statutory payables) (see Notes 17).

Impairment of Financial Assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial asset is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has or have occurred after initial recognition of the asset (an incurred “loss event”) and that loss has an impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated.

Objective evidence includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that borrower will enter bankruptcy or other financial reorganization.

Loans and Receivables

For loans and receivables, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.



If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is recognized in the consolidated statement of comprehensive income. Interest income continues to be recognized based on the reduced amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Receivables, together with the associated allowance accounts, are written-off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income by adjusting the allowance account.

AFS Financial Assets Carried at Cost

If there is objective evidence that an impairment loss in unquoted equity instrument for AFS financial assets carried at cost, such as unquoted equity instruments that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Objective evidence of impairment includes, but is not limited to, significant financial difficulty of the issuer or obligor and it becoming probable that the borrower will enter bankruptcy or other financial reorganization.

AFS Financial Assets Carried at Fair Value

For AFS financial assets, the Group assesses at each end of reporting period whether there is objective evidence that an AFS financial asset is impaired.

In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in OCI) is removed from OCI and recognized in the consolidated statement of comprehensive income. Impairment losses on equity investments are not reversed through the consolidated statement of comprehensive income. While increases in fair value after impairment are recognized directly in OCI under equity.

Derecognition of Financial Instruments

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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



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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. In such case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Group's consolidated statement of comprehensive income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). Cost is determined by the monthly moving average production cost during the year for finished goods and raw materials and supplies. The NRV of finished goods is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. For raw materials and supplies, the Company expects to realize or consume the assets within twelve (12) months after the end of the reporting period. NRV of raw materials and supplies is the current replacement cost.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets include prepaid insurance, deposit and tax credit from overpayment of income tax which can be utilized as payment for income taxes in the next taxable year. These are considered as current assets since the Group expects to realize or consume these assets within twelve (12) months after the end of the reporting period.

Investments in Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investments in associates are accounted



for using the equity method. Under the equity method, the investments in associates are carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate.

The consolidated statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on the Group's investment in associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to the consolidated statement of comprehensive income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Quarry development costs are amortized on a units-of-production (UOP) basis over the economically recoverable reserves of the quarry concerned. The unit of account for aggregates is cubic meter in loose volume (LCM).

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortized on a UOP basis whereby the denominator is the proven and probable reserves and the portion of resources expected to be extracted economically. The estimated fair value of the mineral



resources that are not considered to be probable of economic extraction at the time of the acquisition is not subject to amortization, until the resource becomes probable of economic extraction in the future and is recognized in “Deferred exploration costs” account in the consolidated statement of financial position

Depreciation and amortization of other items of property and equipment is computed using the straight-line method over the estimated useful lives of the asset as follows:

Category	Number of Years
Condominium units and improvements	20
Machinery and equipment	10 - 15
Transportation equipment	3 - 5
Furniture, fixtures and office equipment	2 - 5

The estimated recoverable reserves, assets residual values, useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Property and equipment also include the estimated costs of rehabilitating the Group’s Montalban Aggregates Project, for which the Group is liable. These costs are amortized using the UOP method based on the estimated recoverable mine reserves until the Group actually incurs these costs in the future.

When property and equipment are retired or otherwise disposed of, both the cost and related accumulated depletion, depreciation, amortization and any impairment in value are removed from the accounts, and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

Investment Properties

Investment properties pertain to the Group’s investment in parcels of land and related improvements that are measured initially at cost, including transaction costs. Expenditures for the development and improvement of land are capitalized as part of the cost of the land. The carrying amounts include the costs of replacing part of an existing investment property at the time those costs are incurred if the recognition criteria are met, and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, these are carried at cost less any impairment in the books of the Group.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income in the period of derecognition.

Transfers are made to or from investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidence by commencement of an owner-occupation or commencement of development with a view to sale.



Under the cost model, transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Deferred Exploration Costs

Oil and gas exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with exploration are capitalized under “Deferred exploration costs” account. The Group’s deferred exploration costs are specifically identified of each Service Contract (SC)/Geophysical Survey, Exploration Contract (GSEC) area and quarrying area. All oil exploration costs relating to each SC/GSEC are deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in the consolidated statement of comprehensive income when incurred.

If no potentially commercial hydrocarbons are discovered or mineral reserve, the deferred exploration costs are written off through the consolidated statement of comprehensive income. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried under deferred exploration costs account while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as deferred exploration costs.

At the completion of the exploration phase, if technical feasibility is demonstrated and commercial reserves are discovered, then, following the decision to continue into the development phase, the deferred exploration costs relating to the SC/GSEC, where oil and gas in commercial quantities are discovered, is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to property and equipment in the consolidated statement of financial position.

Deferred exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the consolidated statement of comprehensive income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

The recoverability of deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

Other Noncurrent Assets

Input Value-Added Tax (VAT)

Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations.



Input VAT on capitalized assets subject to amortization and any excess which (1) may be utilized against output VAT, if any, beyond twelve (12) months from the end of the reporting period or (2) are being claimed for refund or as tax credits with the Court of Tax Appeals which are presented as noncurrent assets in the consolidated statement of financial position. Input VAT is stated at its estimated NRV.

The amount of VAT recoverable from the taxation authority is included as part of “Other noncurrent assets” in the consolidated statement of financial position.

Advances for Future Land Acquisitions

Advances for future land acquisitions represent the advances to the land owners plus transaction costs. These are carried at undiscounted amounts.

Leasehold Rights

Leasehold rights pertains to an interest in real property held under rental agreement by which the owner gives the Group the right to occupy or use the property for a period of time. This is amortized over the life of the contract.

Impairment of Nonfinancial Assets

Investments in Associates

The Group determines at each end of the reporting period whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment being the difference between the recoverable amount of the investment and the carrying value and recognizes the amount in the consolidated statement of comprehensive income.

An assessment is made at the end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognized impairment loss is reverse only if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the investments is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the assets in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

Deferred Exploration Costs

An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the deferred exploration costs may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined. Deferred exploration costs are reassessed on a regular basis and these costs are carried forward provided that at least one of the following conditions is met:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.



Property and Equipment, Investment Properties, Prepaid Expenses and Other Current and Noncurrent Assets

The Group assesses at each reporting period whether there is an indication that a nonfinancial asset may be impaired when events or changes in circumstances indicate that the carrying value of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. As asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the parent company statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

As assessment is made at each end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax amount that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as "Interest and other finance charges" in the consolidated statement of comprehensive income.

Decommissioning Liability

The Group records the present value of estimated costs of legal and constructive obligations required to restore quarry site in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.



The obligation generally arises when the asset is installed or the ground/environment is disturbed at the quarry site. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related assets to the extent that it was incurred as a result of the development/construction of the quarry. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in the statement of comprehensive income. Additional disturbances or changes in rehabilitation costs are recognized as additions or charges to the corresponding assets and decommissioning liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in the consolidated statement of comprehensive income as extraction progresses.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of comprehensive income.

For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of comprehensive income.

Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when receipt of reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement.

Other Comprehensive Income

OCI comprises items of income and expense (including items previously presented under the statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS.

Capital Stock and Additional Paid-in Capital

The Parent Company has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock or options are shown in equity as a deduction, net of tax, from the proceeds. Amount of contribution in excess of par value is accounted for as an additional paid-in capital.

Treasury Stock

Treasury stock is recorded at cost and is presented as a deduction from equity. Any consideration paid or received in connection with treasury stock is recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (1) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares are issued, and (2) retained earnings. When shares are sold, the treasury stock account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

Transaction costs incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to the issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.



Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend declarations, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Dividend distribution to the Parent Company's stockholders is recognized as a liability and deducted from retained earnings when they are approved by the Parent Company's BOD. Dividends for the year that are approved after the end of the reporting period are dealt with as an event after the end of the reporting period.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized.

Sale of Aggregates

Sale of aggregates is recognized when the goods are delivered to and accepted by the customer.

Dividend Income

Dividend income is recognized when the shareholder's right to receive payment is established.

Interest Income

Income is recognized as the interest accrues (using the EIR that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Other Income

Income is recognized in the consolidated statement of comprehensive income as they are earned.

Costs and Expenses Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. General and administrative expenses are generally recognized when the services are used or the expenses arise while interest and other finance charges are accrued in the appropriate period.

Earnings Per Share (EPS)

Basic EPS is computed based on the weighted average number of shares outstanding and subscribed for each respective period with retroactive adjustments for stock dividends declared, if any. When shares are dilutive, the unexercised portion of stock options is included as stock equivalents in computing diluted earnings per share.

Diluted EPS amounts are calculated by dividing the net income by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares, excluding treasury shares.

Since the Group has no potential dilutive common shares, basic and diluted earnings per share are stated at the same amount.



Business Segment

For management purposes, the Group is organized into two (2) major operating segments (mining and non-mining business) according to the nature of the products and the services provided with each segment representing a strategic business unit that offers different products and serves different markets. The entities are the basis upon which the Group report its primary segment information. Financial information on business segments is presented in Note 32.

Retirement Benefits Plan

The Group has a defined retirement benefit plan which requires contributions to be made to a separately administered fund. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as "Personnel cost" under general and administrative expenses in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest expense or interest income classified under "Interest and other finance charges" or "Interest income" in the consolidated statement of comprehensive income.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods. These are retained in OCI until full settlement of the obligation. Re-measurements recognized in OCI after the initial adoption of Revised PAS 19 are closed to retained earnings.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).



If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The income tax rates and income tax laws used to compute the amount are those that have been enacted or substantively enacted as at the end of the reporting period.

Deferred Tax

Deferred tax is provided using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in foreign subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in foreign subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred tax asset to be recovered.



Deferred tax assets and liabilities are measured at the income tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on income tax rates (and income tax laws) that have been enacted or substantively enacted at each end of the reporting period.

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

Foreign Currency Transactions

The consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing as at the date of the initial transactions. All differences are taken to "Foreign exchange gains (losses) - net" in the consolidated statement of comprehensive income.

Contingencies

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

Events After the Reporting Period

Post year-end events that provide additional information on the Group's financial position at the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The Group's consolidated financial statements prepared in accordance with PFRS requires management to make judgments, estimates and assumptions that affect amounts reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.



Determining Distinction Between Investment Property and Owner-Occupied Property

The Group determines whether a property is classified as investment property or owner-occupied property:

- Investment property comprises land which is not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily for capital appreciation.
- Owner-occupied property is property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

Estimating Allowance for Impairment Losses on Receivables

The Group assesses at each end of the reporting period whether there is any objective evidence that receivables are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the affiliated companies and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on age and status of the financial asset, as well as historical loss experience. Allowance for impairment loss is provided when management believes that the receivable balance cannot be collected or realized after exhausting all efforts and courses of action.

In addition to specific allowance against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the Group's assessment of the accounts since their inception. The Group's assessments take into consideration factors such as any deterioration in country risk and industry, as well as identified structural weaknesses or deterioration in cash flows.

No provision for impairment loss on receivables was recognized in 2016 and 2015. The receivables are carried at ₦183.7 million and ₦285.6 million as at December 31, 2016 and 2015, respectively (see Note 5).

Estimating Impairment on Investments in Associates

PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the fair value of investment in an associate, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such asset, requires the Group to make estimates and assumptions that can materially affect its financial statements. Future events could cause the Group to conclude that the investment is impaired. Any resulting impairment loss could have a material adverse impact on the consolidated statement of financial position and consolidated statement of comprehensive income.

Investments in associates amounted to ₦5,211.7 million and ₦5,172.4 million as at December 31, 2016 and 2015, respectively, with no provision for impairment losses recognized in 2016 and 2015 (see Note 11).



Estimating Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the noncurrent assets. There is no change in the estimated useful lives of the property and equipment in 2016 and 2015.

There were no changes in the estimated useful lives of the Group's property and equipment. The aggregate net book values of property and equipment amounted to ₱51.6 million and ₱57.7 million as at December 31, 2016 and 2015, respectively. The balance of the accumulated depreciation of property and equipment amounted to ₱125.8 million and ₱119.5 million as at December 31, 2016 and 2015, respectively (see Note 13).

Estimating Impairment of Property and Equipment and Investment Properties

The Group assesses impairment on property and equipment and investment properties whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs. For impairment loss on specific assets, the recoverable amount represents the net selling price.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

No impairment losses were recognized for property and equipment in 2016 and 2015. As at December 31, 2016 and 2015, the aggregate net book values of property and equipment amounted to ₱51.6 million and ₱57.7 million, respectively (see Note 13).

The aggregate net book value of investment properties amounted to ₱305.5 million and ₱304.6 million as at December 31, 2016 and 2015, respectively (see Note 14).



Assessing Recoverability of Deferred Exploration Costs

The Group assesses impairment on deferred exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Until the Group has sufficient data to determine technical feasibility and commercial viability, deferred exploration costs need not be assessed for impairment. Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:

- The period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The carrying value of deferred exploration costs amounted to ₱206.4 million and ₱203.1 million as at December 31, 2016 and 2015, respectively. No allowance for impairment losses on deferred exploration costs was recognized by the Group in 2016 and 2015 (see Note 15).

Estimating Proved Oil Reserves

The Group estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the Production-Sharing Agreements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

All proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved reserves will be subject to future revision once additional information becomes available. As those fields are further developed, new information may lead to revisions.

For the period ended December 31, 2016 and 2015, there has been no significant change in estimated recoverable reserves for the exploration areas situated in Northwest Palawan, Sulu Sea and Mindoro to which the Group has participation.

Estimating Aggregate Reserves

The Group assesses its estimate of aggregate reserves on an annual basis. The Group's estimated reserves are based on the estimates of the Group's geologists. Annually, an inventory of the remaining reserves is derived by subtracting the annual production, which is reported to the Mines and Geosciences Bureau. The estimated mineral reserves were 1.30 million LCM and 1.41 million LCM as at December 31, 2016 and 2015.



Assessing Recoverability of Deferred Tax Assets

The Group reviews the carrying amounts of deferred tax assets at each end of the reporting period and reduces the amounts to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The Group has recognized deferred tax assets amounting to ₱11.7 million and ₱5.0 million as at December 31, 2016 and 2015, respectively (see Note 28).

The Group did not recognize deferred tax assets on deductible temporary differences and carry-forward benefits of minimum corporate income tax (MCIT) and net operating loss carry-over (NOLCO) since management believes that it is not probable that sufficient future taxable profit will be available against which the benefits can be utilized (see Note 28).

Estimating Retirement Benefits Expense (Income)

The determination of the Group's obligation and cost for retirement is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. These assumptions are described in Note 21 to the parent company financial statements. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's retirement obligations.

As at December 31, 2016 and 2015, the net retirement benefit plan asset amounted to ₱7.0 million and ₱6.6 million, respectively. Net retirement benefit expense for the years ended December 31, 2016 and 2015 amounted to ₱0.4 million (see Note 27).

Estimating the Decommissioning Liability

The Group has a legal obligation to decommission the quarry site located at Montalban, Rizal relating to its Montalban Project Aggregates at the end of its useful life in accordance with the Environmental Compliance Certificate issued by the Department of Environment and Natural Resources. The Group recognizes the present value of the obligation to decommission the quarry site and capitalizes the present value of this cost as part of the balance of the related property and equipment, which are being depreciated and amortized on a UOP basis.

Cost estimates expressed at current price levels at the date of the estimate are discounted using a rate of interest of 1.55% per annum in 2016 and 2015 to take into account the timing of payments. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with charges being recognized as accretion expense.

Changes in the decommissioning liability that result from a change in the current best estimate of cash flows required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognized as the related asset and the periodic unwinding of the discount on the liability is recognized in the consolidated statements of comprehensive income as it occurs.

While the Group has made its best estimate in establishing the decommissioning provision because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning activities, the ultimate provision requirements could either increase or decrease significantly from the Group's current estimates.



Decommissioning liability amounted to ₱14.3 million and ₱14.1 million as at December 31, 2016 and 2015, respectively (see Note 19).

4. Cash and Cash Equivalents

	2016	2015
Cash on hand and with banks	₱18,051,662	₱15,384,868
Short-term deposits	157,759,572	213,077,372
	₱175,811,234	₱228,462,240

Cash with banks earn interest at their respective bank deposit rates. Short-term deposits are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

In 2016, 2015 and 2014, interest income from cash with banks and short-term deposits, net of final tax, amounted to ₱3.4 million, ₱7.6 million, and ₱0.7 million, respectively (see Note 23).

The Group has United States dollar (US\$)-denominated cash with banks and short-term deposits amounting to US\$.9 million and US\$1.0 million, as at December 31, 2016 and 2015, respectively (see Note 30).

5. Receivables

	2016	2015
Trade	₱15,921,190	₱15,444,055
Advances to MRT Dev't. Corp. (MRTDC; Note 17)	166,806,965	159,590,613
Accrued management fees (Note 21)	—	117,650,000
Advances to related parties (Note 26)	6,347,743	3,486,615
Others	11,673,567	6,483,313
	200,749,465	302,654,596
Less allowance for impairment losses	17,080,061	17,080,061
	₱183,669,404	₱285,574,535

Trade receivables are noninterest-bearing and generally have a thirty (30) day term.

Others include interest receivable from the Group's short-term deposits and advances to officers and employees.

The receivables of the Group consist of individually significant accounts that were subjected to specific impairment approach. Others that were not individually significant for which no specific impairment were subjected to collective assessment. Based on the assessment done, the Group have not recognized additional provision for impairment losses in 2016, as shown below:

	2016	2015
Trade:		
Balances at beginning of year	₱15,444,055	₱15,444,055
Provision (Note 24)	—	—
Balances at end of year	15,444,055	15,444,055

(Forward)



	2016	2015
Others:		
Balances at beginning of year	₱1,636,006	₱1,636,006
Provision (Note 24)	—	—
Balances at end of year	1,636,006	1,636,006
	₱17,080,061	₱17,080,061

In 2016, accrued management fees receivables was written-off by the Company. This resulted to loss on write-off of receivable amounting to ₱124.3 million recorded under General and Administrative expense of the consolidated statements of comprehensive income.

6. Financial Assets at FVPL

This account consists of investments in shares of stock of Shang Properties, Inc. and Pilipinas Shell Petroleum Corporation amounting to ₱10.6 million and ₱3.4 million as at December 31, 2016 and 2015, respectively.

In 2016 and 2014, the Group recognized gain on fair value changes of financial assets at FVPL amounting to ₱0.5 million and ₱16.4 million, respectively. In 2015, the Group recognized loss on fair value changes of financial assets at FVPL amounting to ₱0.1 million.

7. Inventories

As at December 31, 2016 and 2015, inventories at cost consist of:

	2016	2015
At cost		
Finished goods	₱3,546,579	₱2,019,212
Raw materials	90,203	938,463
	₱3,636,782	₱2,957,675

Raw materials and supplies consist of blue rocks being processed to become aggregates.

Finished goods are aggregates produced upon processing the raw materials which is classified into S1, 3/4 and 3/8.

No allowance for inventory losses was provided as at December 31, 2016 and 2015.

8. Long-term Note

Convertible Note

On June 9, 2015, the Parent Company entered into a loan agreement with ACMDC amounting to ₱700.0 million, which bear a fixed interest rate of 4.0%, payable semi-annually in arrears. The loan will mature on June 9, 2018. The loan contains multiple embedded derivatives such as conversion, call and put options. The conversion option pertains to the right of the Parent Company to convert the loan into common shares of ACMDC at the conversion price of ₱8.29 per share at any time beginning July 21, 2015 until June 2, 2018. The call option pertains to the right of ACMDC to early redeem the loan, in whole but not in part, on or after December 9, 2016



subject to the conditions stated in the loan agreement. On the other hand, the put option pertains to the right of the Parent Company to require ACMDC to redeem all or some of the loan at their prepayment amount on the date fixed for prepayment beginning June 9, 2016. As at December 31, 2016, all outstanding embedded derivatives are not material to the Group. Interest earned from this note in 2016 and 2015 amounted to ₱28.7 million and ₱15.7 million, respectively.

Fixed-interest Note

On October 29, 2015, the Group signed a loan facility with Alakor Corporation (Alakor) for a total commitment of ₱60.0 million. The loan shall earn 4.25% fixed interest per annum for a term of two (2) years. The first drawdown, amounting to ₱15.0 million, was made on the same date. In 2016, additional ₱35.6 million drawdown was made. Interest income earned in 2016 and 2015 amounted to ₱1.9 million and ₱0.1 million, respectively.

9. Business Combination

Acquisition of Tipo Valley Realty, Inc. (TVRI)

On December 15, 2015, the BOD of the Parent Company approved the acquisition of about 2.3 million shares or 97.59% of the outstanding capital stock of TVRI at a purchase price of ₱130.59 per share or a total of ₱299.1 million. TVRI is an unlisted company based within the Subic Bay Freeport Zone whose primary purpose is to acquire and develop, sell, or lease real estate of all kinds. The Group intends to develop the TVRI properties as part of its property development initiatives. The sale was completed on December 22, 2015.

The transaction was accounted for as an asset acquisition. The amounts recognized as at December 22, 2015 for each major class of TVRI's identifiable assets and liabilities follow:

	Fair Value Recognized on Acquisition
Assets:	
Cash	₱311,607
Advances to a contractor	600,000
Investment property	215,504,848
Advances for future land acquisitions	36,831,604
Leasehold rights - net of amortization	800,928
Input VAT	305,754
	254,354,741
Liabilities:	
Accounts payable and accrued expenses	611,670
Advances from related parties	36,359,411
	36,971,081
<u>Net asset acquired</u>	<u>₱217,383,660</u>

NCI have been measured at its proportionate share of the fair value of the net identifiable assets acquired and liabilities assumed.

The excess of the Group's cost of investment in TVRI over the underlying net assets at the date of acquisition amounting to ₱89.1 million was allocated to the "Investment property" account in the consolidated statement of financial position.



From the date of acquisition, TVRI contributed nil to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations for the Group would have been ₱509.0 million and income before tax from continuing operations for the Group would have been ₱280.4 million.

The Group issued 1,109,961,961 ordinary shares to the seller as consideration for the 97.59% interest in TVRI. The seller's outstanding subscription receivable was credited to signify the full payment of the shares subscribed (see Note 20). The fair value of the acquiree was calculated with reference to an appraisal report undertaken by the Group. Transaction costs were paid by the seller.

10. AFS Financial Assets

	2016	2015
Equity securities:		
Unquoted	₱15,856,115	₱15,856,115
Quoted	4,332,750	—
	20,188,865	15,856,115
Less allowance for impairment losses on unquoted shares	11,523,162	11,523,162
	₱8,665,703	₱4,332,953

Movements in the AFS financial assets as at December 31, 2016 and 2015 are as follows:

	2016	2015
Balances at beginning of year	₱4,332,953	₱1,776,923,774
Additions	4,087,500	29,383,731
Disposals	—	(22,571,720)
Reclassification to investment in associate	—	(710,501,794)
Movements recognized in equity:		
Changes in fair value of AFS financial assets	245,250	(1,068,901,038)
Balances at end of year	₱8,665,703	₱4,332,953

Movements in the net unrealized gain on AFS financial assets in 2016 and 2015 are as follows:

	2016	2015
Balances at beginning of year	₱—	(₱286,345,682)
Changes in fair value of AFS financial assets	245,250	(1,068,901,038)
Reclassification of AFS investment to investment in associate (Note 8)	—	1,355,246,720
Balances at end of year	₱245,250	₱—

Quoted AFS financial assets pertain to investments in preferred shares of a local public company, San Miguel Corp. that was purchased on March 16, 2016. The fair value of the quoted instruments is based on the exit market price as at December 31, 2016.

Unquoted AFS financial assets pertain to investments in private local companies and have no fixed maturity date or coupon rate. Unquoted investments have been carried at cost less impairment since fair value of these AFS financial assets cannot be reliably determined as they have no available bid price.



On December 18, 2015, the Company, TPC, Alakor Corporation (Alakor), and National Book Store, Inc. (NBS) [collectively, the Ramos Group] individually executed an Undertaking in favor of the others to vote their shares in ACMDC in all matters affecting their rights as shareholders effective January 1, 2015. The Collective Undertaking triggered the reclassification of the Company's investment in ACMDC from AFS financial assets to investment in associate due to the Company gaining significant influence over ACMDC.

No impairment loss was recognized in 2016 and 2015 on the Company's quoted equity instruments.

11. Investments in Associates

	2016	2015
Acquisition cost:		
Balances at beginning of year	₱5,230,124,378	₱3,138,033,726
Additions during the year	30,144,326	2,092,090,652
Balances at end of year	5,260,268,704	5,230,124,378
Accumulated equity in net earnings:		
Balances at beginning of year	(155,965,634)	(89,660,343)
Equity in net loss during the year	(78,379,530)	(40,592,683)
Dividends received	(16,460,072)	(25,712,608)
Balances at end of year	(250,805,236)	(155,965,634)
Accumulated equity share in OCI:		
Balances at beginning of year	98,218,227	(38,704,038)
Equity share in other comprehensive income during the year	104,007,149	136,922,265
Balances at end of year	202,225,376	98,218,227
	₱5,211,688,844	₱5,172,376,971

The carrying values of investments in associates are as follows:

	Percentage of Ownership		Amount	
	2016	2015	2016	2015
TPC	34.32%	34.32%	₱2,575,817,651	₱2,567,647,636
ACMDC	8.36%	8.36%	2,084,345,739	2,068,473,129
UPMC	25.69%	24.30%	551,525,454	536,256,206
			₱5,211,688,844	₱5,172,376,971

Investment in ACMDC

On December 18, 2015, the Parent Company, TPC, Alakor and NBS individually executed an Undertaking in favor of the others to vote their shares in ACMDC in all matters affecting their rights as shareholders effective January 1, 2015. The Collective Undertaking aims to consolidate their voting rights to enable the Ramos Group to maintain its significant representation in the BOD of ACMDC.

The Collective Undertaking triggered the reclassification of the Parent Company's 8.36% investment in ACMDC shares from AFS financial assets to investment in associate due to the Parent Company gaining significant influence over ACMDC. The combined interest of the parties to the Collective Undertaking represents 31.48% interest in ACMDC.



The cost of the investment amounted to ₱2,068.7 million. The amount of changes in fair value of ACDMC accumulated in equity derecognized from other comprehensive income amounted to ₱1,355.2 million (see Note 10).

Investment in TPC

TPC is primarily engaged in petroleum and mineral exploration and development. TPC became an associate on July 11, 2014, with the additional purchase of 43,061,809,706 shares by way of a special block sale, at a price of ₱0.03738 per share, increasing the interest of the Company over TPC from 11.87% to 34.32% or a total of 65,840,287,728 shares gaining significant influence over TPC. The 22,778,478,022 shares previously owned were initially classified as follows:

Classification	Number of shares	Percentage
Financial assets at FVPL	3,278,478,022	1.71%
AFS financial assets	19,500,000,000	10.16%
Total	22,778,478,022	11.87%

The shares of TPC classified as financial assets at FVPL and AFS financial assets were considered in accounting for the cost of its investment in associate. Since financial assets at FVPL and AFS financial assets have been measured at fair value, there is no further change to its carrying value as at July 11, 2014 amounting to ₱131.1 million and ₱780.0 million, respectively, when reclassifying it to investment in associate at the time the Group gained significant influence over TPC. The amount of changes in fair value of TPC accumulated in equity is reclassified to profit or loss on July 11, 2014 amounting to ₱1.2 million (see Notes 6 and 10).

On September 2, 2013, the Group acquired a total of 19,500,000,000 additional shares of TPC by way of a special block sale, at ₱0.04 per share or an aggregate price of ₱780.0 million, plus incidental costs of ₱1.2 million. As at December 31, 2013, the Group has 10.16% interest in TPC that was classified as AFS financial assets. On July 11, 2014, the Company increased its ownership interest in TPC, gaining significant influence over TPC. The shares previously classified as financial assets at FVPL and AFS financial assets were considered in accounting for the cost of its investment in associate (see Notes 6 and 10).

Investment in UPMC

UPMC's main business is the exploration, development, exploitation, recovery and sale of gold. UPMC became an associate on August 1, 2008, with the conversion of the Group's receivable from UPMC to the latter's common shares.

On December 17, 2014, the Group bought a total of 3.0 billion shares of UPMC by way of regular cross transaction at a price equivalent to ₱0.012 per share, with related transaction cost amounting to ₱0.1 million. This increase the Group's interest in UPMC from 21.81% to 22.96%.

On December 3, 2015, the Group purchased additional 3.5 billion shares at the closing price of ₱0.0075 per share. This increase the Group's interest from 22.96% to 24.30%.

On May 5 and 6, 2016, the Group purchased additional 3.6 billion shares at a closing price of ₱0.0083 per share. This increase the Group's interest from 24.30% to 25.69%.

Investment in NTDCC

NTDCC owns and operates the Triangle North of Manila (TriNoma) Commercial Center which is built adjacent to the Metro Rail Transit (MRT) Depot. The development rights over the 8.3-hectare portion of the MRT Depot were acquired from MRT Development Corp. in 2002.



On December 10, 2014, the Group partially sold its 539,249 common shares and 2,265,507 redeemable preferred shares of NTDCC to Ayala Land, Inc. (ALI), representing 9.24% ownership for a consideration of ₱738.3 million, resulting to a gain of ₱553.6 million (see Note 12).

The sale of the remaining 382,072 common shares and 1,605,169 redeemable preferred shares representing 6.55% ownership in NTDCC was consummated on February 5, 2015. Consideration received amounted to ₱523.1 million, resulting to a gain of ₱379.4 million (see Note 12).

The summarized financial information of the associates as at and for the years ended December 31, 2016 and 2015 are as follows (in thousands):

	2016			2015		
	Total Assets	Total Liabilities	Net Income (Loss)	Total Assets	Total Liabilities	Net Income (Loss)
ACMDC	₱73,899,134	₱37,229,042	(₱879,496)	₱70,846,552	₱34,366,324	(₱814,439)
TPC	3,630,377	64,838,163	29,119	3,615,444	73,988	114,710
UPMC	1,114,135	1,000,717	(57,794)	1,120,938	949,618	(52,487)

12. Assets Held for Sale

On December 2, 2014, the BOD authorized the sale of NTDCC shares. On December 10, 2014, the Company partially sold its 539,249 common shares and 2,265,507 redeemable preferred shares of NTDCC to ALI, representing 9.24% ownership. As at December 31, 2014, the remaining 382,072 common shares and 1,605,169 redeemable preferred shares of NTDCC representing 6.55% was classified as discontinued operations and asset held for sale amounting to ₱143.6 million. The NTDCC shares met the criteria of an asset to be classified as held for sale as at December 31, 2014 for the following reasons: (1) the NTDCC shares were available for immediate sale and can be sold to a potential buyer in its current condition; (2) the BOD has approved the plan to sell the NTDCC shares and (3) the NTDCC shares were subsequently sold to ALI on February 5, 2015. Thus, we adjusted the comparative consolidated statements of comprehensive income for the years ended December 31, 2014 and 2013 to present the equity in net income of NTDCC shares as discontinued operations amounting to ₱65.7 million and ₱62.9 million, respectively.

The sale of the remaining 382,072 common shares and 1,605,169 redeemable preferred shares representing 6.55% ownership in NTDCC was consummated on February 5, 2015. Consideration received amounted to ₱523.1 million, resulting to a gain of ₱379.4 million.



13. Property and Equipment

	2016					Total
	Quarry Development Costs	Condominium Units and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	
Cost:						
Balances at beginning of year	₱94,665,468	₱22,091,617	₱55,103,561	₱2,924,455	₱2,497,888	₱177,282,989
Additions	—	—	—	—	38,491	38,491
Balances at end of year	94,665,468	22,091,617	55,103,561	2,924,455	2,536,379	177,321,480
Accumulated depreciation, depletion and amortization:						
Balances at beginning of year	51,656,851	10,160,948	55,103,561	339,009	2,285,588	119,545,957
Depreciation, depletion and amortization (Notes 22 and 24)	4,469,773	1,105,211	—	518,272	124,194	6,217,450
Balances at end of year	56,126,624	11,266,159	55,103,561	857,281	2,409,782	125,763,407
Net book values	₱38,538,844	₱10,825,458	₱—	₱2,067,174	₱126,597	₱51,558,073

	2015					Total
	Quarry Development Costs	Condominium Units and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	
Cost:						
Balances at beginning of year	₱94,665,468	₱22,091,617	₱55,103,561	₱601,241	₱2,229,696	₱174,761,583
Additions	—	—	—	2,873,214	198,192	3,071,406
Disposals	—	—	—	(550,000)	—	(550,000)
Balances at end of year	94,665,468	22,091,617	55,103,561	2,924,455	2,497,888	177,282,989
Accumulated depreciation, depletion and amortization:						
Balances at beginning of year	44,387,737	9,055,738	54,131,703	577,087	2,049,275	110,201,540
Depreciation, depletion and amortization (Notes 22 and 24)	7,269,114	1,105,210	971,858	311,922	236,313	9,894,417
Disposals	—	—	—	(550,000)	—	(550,000)
Balances at end of year	51,656,851	10,160,948	55,103,561	339,009	2,285,588	119,545,957
Net book values	₱43,008,617	₱11,930,669	₱—	₱2,585,446	₱212,300	₱57,737,032



14. Investment Properties

The movements in the land account are as follow:

	2016	2015
Cost:		
Beginning balance	₱304,596,237	₱-
Additions	860,530	304,596,237
Ending Balance	₱305,456,767	₱304,596,237

Purchases of parcels of land are brokered by H. George Feliciano & Associates. Payments for the acquisitions are initially recorded from these real estate brokers as advances for future land acquisitions presented under “Other noncurrent assets” in the consolidated statements of financial position (see Note 16). Subsequently, when the land titles are transferred to TVRI, the total amount relating to the purchase is reclassified to the Investment properties account.

In 2015, TVRI received full compensation for the value of land expropriated for use in various government projects. The 19 parcels of land in Balanga, Bataan with a total land area of 10,218 square meters (sq. m.) was covered by the Subic-Clark-Tarlac Expressway project. In relation to this, TVRI entered into a Deed of Absolute Sale with the Bases Conversion and Development Authority with a total selling price of ₱1,826,850 for which TVRI paid ₱322,290 capital gains tax. Two (2) parcels of land in Hermosa, Bataan with a total land area of 60,000 sq. m. were expropriated under the Comprehensive Agrarian Reform Program in which TVRI received ₱1,011,628 as valuation compensation from the Land Bank of the Philippines.

No gain or loss related to the sale of land was recognized in 2016 and 2015.

15. Deferred Exploration Costs

The Group is a participant in certain SC and GSEC with the Philippine Government, through the Department of Energy (DOE), for the exploration, development and exploitation of the contract areas situated in Northwest Palawan, Sulu Sea and Mindoro Island.

The aforementioned SC and GSEC, which provide for minimum work expenditure obligations and the drilling of a specified number of wells, are covered by operating agreements which set forth the participating interests, rights, and obligations of the participants to the contracts. The deferred exploration costs represent the Group’s share in the jointly controlled assets of the aforementioned SCs and GSECs. The full recovery of the deferred exploration costs incurred in connection with the Group’s participation in the exploration of the contract areas is dependent upon the discovery of mineral resources from the respective contract areas and the success of the future development.



The percentage of participation and the balances of the deferred exploration costs as of December 31 are as follows:

	2016		2015	
	Percentage of Participation	Amount	Percentage of Participation	Amount
Parent Company				
SC 6 (Offshore Northwest Palawan)				
Block A (Ocon)	11.11	₱59,224,694	11.11	₱56,082,221
Saddle Rock Prospect	11.11	7,325,361	11.11	7,325,361
Esperanza Prospect	11.11	823,118	11.11	823,118
SC 41 (Sulu Sea)	1.68	48,266,249	1.68	48,266,249
SC 53 (Onshore Mindoro)	5.00	31,430,961	5.00	31,351,081
SC 14 (Northwest Palawan, Tara Block)	2.50	4,194,784	2.50	4,194,784
SWAN Block (Northwest Palawan)				
SC 39 (Busuanga/Calauit)	33.58	15,891,445	33.58	15,891,445
GSEC 86 (Northwest Malampaya)	33.58	10,345,190	33.58	10,345,190
GSEC 83 (North Calamian Project)	33.58	533,923	33.58	533,923
VMC				
Comet Nickel-Chromite, Bataan and Batangas Aggregates Project		28,317,499		28,317,499
		₱206,353,224		₱203,130,871

Parent Company

SC No. 6A (Ocon)

Block operator Pitkin Petroleum Limited commissioned geophysical contractor Seabird Exploration to undertake bathymetric survey and 3D seismic data acquisition over the northern portion of SC 6A using the seismic vessel M/V Voyager Explorer. The 3D seismic survey was completed in November 2013. A total of 508 sq km of full fold 3D and 48.5 line-km of 2D data were acquired without any major problems and within budget. Data processing commenced on November 22, 2013 at Fairfield's Ho Chi Minh Processing Center and completed in April 2014.

During a partners meeting in August 2014, Pitkin announced their decision to withdraw from their farming agreement and consequently from the SC 6A consortium and the Service Contract by the end of December 2014. Pitkin cited as reason their company strategy to focus resources on their other projects. With Pitkin's decision to withdraw, TPC regained majority ownership and the operatorship of the block by year-end. Effective January 1, 2015, TPC was designated block operator, in lieu of Pitkin who withdrew from the SC and returned its interest back to the consortium members. As a consequence, the Group's participating interest on the block increased from 3.33% to 11.11%.

For 2015, the new operator, TPC, continued the works done by Pitkin to mature prospects to drillable status. Detailed mapping and seismic interpretation work showed significant improvement in data quality vis-à-vis the 1997 3D volume. To resolve uncertainties in the quality and distribution of the primary target reservoir, quantitative interpretation (QI) work, involving the re-processing of 3D data to broadband quality and seismic inversion of the reprocessed data set, has been approved as the 2016 work program for the block.

TPC has completed the reprocessing, and is now pursuing the quantitative interpretation, of 600 sq. km of seismic data in the northern portion of SC6A (Ocon) block to validate a prospective new play horizon.



SC No. 14 (Retention Block, Tara and Libro)

EDSL Consultants have undertaken and completed an integrity test program for the Libro-1, Pandan-1 and Tara South-1 wells. They have likewise prepared and completed design concept and costing for the plugging and abandonment of these wells, with the actual works now programmed to be undertaken during the summer months of 2014.

In 2013, the Company reported the consortium's intention to turn over the control and ownership of the now idle Pandan and Libro platforms to the Philippine Government through the DOE. These facilities can still be used by the Philippine Navy as forward outposts in the West Philippine Sea area.

SC No. 41 (Sulu Sea)

In early 2012, TPC executed a Joint Application and Participation Agreement with Philex Petroleum Corporation to jointly participate in the bidding for Area 15 under the PECR 4. Area 15 covers the old SC 41 block previously operated by Tap Oil Limited. TPC as the lead party prepared the bid application documents which it then submitted to the DOE on May 30, 2012. While results for some of the areas offered under the PECR4 were already announced, the DOE has yet to release the results for Area 15.

A new bidding round, the 5th PECR, was launched by DOE in May 2014. Nine new petroleum areas were offered for bidding which, unfortunately, did not include the Area 15 - Sulu Sea block offered under PECR4. TPC, Philex and the Parent Company, the latter having signed an earlier agreement with TPC for the transfer of a portion of its interest in the joint bid, would have likely participated in the PECR5 bidding if Area 15 was again offered.

The exclusion of the Sulu Sea block as one of the areas on offer under PECR5 was a decision of DOE as the area is within the contemplated regions proposed to be covered by the Bangsamoro Basic Law.

The DOE will reportedly rebid the area. Anglo has an option to acquire a portion of TPC's interest in the event that TPC is awarded a contract for Area 15.

SC NO. 53 (Onshore Mindoro)

In May 2012, Block Operator Pitkin Petroleum completed the reprocessing of the 200 line-kilometers onshore seismic data acquired in 2010.

A gradiometry survey was also carried out in April and May 2012, with about 9,700 line-kilometers of data acquired by contractor Bell Geospace (UK). The same contractor acquired LIDAR (Light Detection and Ranging Survey) data which provided an accurate topographic imagery of the surface. Parallel to the geophysical activities, Pitkin started preparations for the drilling of the Progreso 2 well and sent out tenders for the various services and equipment required for the drilling campaign.

The operator has also initiated consultation with local services providers and did ocular inspection of ports of entry and access facilities for various equipment to be brought in. They have likewise initiated meetings with local and provincial government units to gain approval for the various planned geophysical and drilling activities.



The Onshore Mindoro Consortium, during a Technical Committee Meeting held in April 2014, agreed to drill another well, Progreso-3, back-to-back with Progreso-2 subject to agreement on the final well locations. Interpretation of the re-processed data later in the year provided support on new locations for the proposed wells, the drilling of which is now seen to materialize in the first half of 2015. By the end of 2014, the consortium was waiting for partner RMA Limited (RMA) to approve the new well locations and drilling budget requirement.

Unfortunately, due to (1) RMA's failure to give timely approval of the proposed well locations leading to its eventual disengagement from the block; and (2) the assignment by operator Pitkin of its interests in the block to Philex Petroleum, the proposed drilling were not undertaken in 2015. The remaining consortium members are now preparing the work program for 2016.

The DOE has approved the consortium's revised work program and budget and drilling of the Progreso-2 well is scheduled within the first quarter of 2017. If successful, the consortium intends to hasten development of a gas-to-power project to supply the island of Mindoro. The DOE has likewise approved the acquisition of Pitkin Petroleum's interest in SC53 by Mindoro-Palawan Oil & Gas, Inc. (MPOGI).

SWAN BLOCK (Deepwater Northwest Palawan)

The consortium continues to work on a possible swap of participating interest in some of their blocks in exchange for interest in Service Contract No. 57 and 58 of PNOC-EC, which now cover the old SWAN Block.

PNOC-EC had agreed in principle to the proposal and asked and have been granted ample time to conduct due diligence to evaluate the merits of the proposed interest swap.

Thereafter, however, Executive Order No. 556 was issued limiting PNOC-EC's ability to transact through the normal farm-in/farm-out process in acquiring or disposing of interests in any SC. The parties are hopeful of having EO 556 amended to give PNOC-EC more latitude in dealing with SCs.

VMC

Comet Nickel-Chromite Project

The Group and Comet signed a Memorandum of Agreement (MOA) on December 4, 2007, to process, occupy, use and control explore, develop, conduct mining, mine, process and market any product from the MPSA 003-90-X area which was registered with the DENR-Region VI at Surigao City on January 22, 2008.

On March 25, 2010, the Mines and Geoscience Bureau (MGB) responded to Comet's concern, regarding the application for renewal of the MPSA in subject, stating that the same was already approved through a letter dated November 20, 2009. However, Comet responded through a letter to MGB on April 7, 2010 objecting to the further evaluation and eventual approval of the MPSA. Management believes that the future outcome is favorable to the Group.

Bataan Aggregates Project

The Bataan Aggregates Project is located in Barangay Nagbalayong, Municipality of Morong, Bataan. The Aggregates Project Sharing Agreement No. 000328-III was filed on January 8, 2001 with an area of 138.0397 hectares while the ISAG Permit No. III-02-08 with an area of 12.8 hectares was granted on December 17, 2008.



Batangas Aggregates Project

The Batangas Aggregates Project is located in Barangay San Miguel, Batangas City, Batangas. It is covered by MPSA No. 091-97-IV granted on November 20, 1997 with an area of 332.3980 hectares.

The recovery of these deferred exploration costs incurred in connection with the Group's participation in the acquisition and mineral exploration activities depends upon the discovery of commercial quantities or the success of exploration activities and future development of the corresponding mining properties.

16. Other Noncurrent Assets

	2016	2015
Advances for future land acquisitions (Note 14)	₱50,547,269	₱36,831,604
Advance royalties	14,336,742	14,336,742
MRF	1,064,563	1,064,563
Input VAT	333,102	977,049
Advances to suppliers	892,769	956,191
Others	750,298	959,235
	67,924,743	55,125,384
Less allowance for impairment losses	14,336,742	14,400,164
	₱53,588,001	₱40,725,220

The allowance for impairment losses is composed of the following:

	2016	2015
Advance royalties	₱14,336,742	₱14,336,742
Others	—	63,422
	₱14,336,742	₱14,400,164

Advance royalties pertains to advances made to Comet Mining Exploration Corporation and Asencio Pinzon Aggregates Corporation (APAC), owner of the mining rights on Loreto, Dinagat and Rodriguez, Rizal, respectively. The Group conducts exploration activities on those locations. It also includes advances made to Vinc Vita Mining Corporation (VVMC) pertaining to the acknowledgment of the Group to develop and exploit the area in Bolinao, Pangasinan upon securing the necessary application and exploration permit by VVMC.

VMC maintains an account with Land Bank of the Philippines for its MRF pursuant to the requirements of Republic Act No. 7942, otherwise known as "The Philippine Mining Act of 1995". The MRF shall be used for the physical and social rehabilitation of areas and communities affected by mining activities and for research in the social, technical and preventive aspects of rehabilitation.

Advances to suppliers are non-financial assets arising mainly from advanced payments made by the Group to its suppliers before goods or services have been received or rendered. These are classified as current since these are expected to be offset against future short-term billings and are recognized in the books at amounts initially paid.



17. Accounts Payable and Accrued Expenses and Deposits from Customers

	2016	2015
Current:		
Trade	₱165,401,998	₱164,391,004
Due to NTDCC (Note 26)	47,036,514	50,636,515
Deposits from:		
MPIC	89,399,792	89,419,081
Contractor	20,000,000	—
Customers	9,958,478	9,474,728
Dividends payable (Note 20)	11,351,724	11,143,298
Payable to regulatory agencies	5,022,029	3,581,552
Others	15,950,230	21,412,353
	364,120,765	350,058,531
Noncurrent:		
Deposits from customers	5,432,916	5,432,916
	₱369,553,681	₱355,491,447

Trade payables are noninterest-bearing and generally settled within thirty (30) days. Trade payables relate to payables to suppliers and relate to transactions in the ordinary course of business.

Deposit pertains to advances received from Metro Pacific Investments Corporation (MPIC) in relation to the potential acquisition by MPIC of the shares owned by the Company in Metro Rail Transit Holdings, Inc. (MRTHI), subject to the completion of certain closing requirements. Deposits from customers classified as current pertains to a deposit made by Laura Trading (HK) Limited Group (LTLC) amounting to \$0.2 million as agreed in the exclusive marketing agreement entered by LTLC and the Group. Per marketing agreement, the former agreed to pay the latter \$200,000 for the future extracted mines related to the Group's Comet Project.

Deposit from customer classified as noncurrent pertains to a deposit received from Angat Rockbase Concrete Aggregates, Inc. (ARCAI). On August 8, 2008, VMC and ARCAI entered into a MOA wherein VMC warrants the delivery of approximately 2,000-2,200 LCM per day of blasted materials to ARCAI at the agreed price equivalent to VMC's prevailing material cost plus ₱20 per LCM. ARCAI also agreed to pay ₱20.0 million as contribution to the costs incurred by VMC and to develop the quarry and cost to prepare the area to be designated for use by ARCAI. The amount is payable as follows:

- ₱5.0 million front end signing of contract; and
- ₱15.0 million to be build-in the cost of raw materials and amortized over three years at the committed volume of 600,000 LCM per annum or ₱8.33 per LCM.

On July 24, 2012, VMC and ARCAI signed a MOA extending the term of the original agreement by another five years from the original expiration date. For and in consideration of the renewal, ARCAI agreed to pay VMC ₱1.5 million upon signing to pay for the historical development cost on the last year of the extended agreement.

Dividends payable pertains to unpaid cash dividends declared by the Parent Company to its stockholders.



Payable to regulatory agencies include withholding taxes and other government contributions related to employees of the Group. These are normally remitted within ten (10) days from the close of each month.

Other payables include operating expenses that are payable as at end of reporting period.

18. Significant Agreements

Funding and Repayment Agreement

On December 17, 2014, the Parent Company and other MRTDC shareholders, MRTDC and NTDCC executed a “Funding and Repayment Agreement” wherein the MRTDC shareholders agree to repay NTDCC, for the account of MRTDC, their respective pro rata share in the Total Depot Development Rights Payments (DRP) Advances (the Pre-2006 DRP Payables and the Residual Depot DRP, including 15% interest rate accrued on such DRP payables).

Commencing on January 1, 2015, the MRTDC Shareholders (except Fil Estate Properties, Inc. and Metro Global Holdings Corporation) shall effect the repayment of their respective pro rata share in the Total Depot DRP Payables, through a set-off against their respective share in the commercial center royalties/rental to be received from NTDCC.

Set off shall be effective as of the beginning of every calendar month, commencing January 30, 2015 and shall result in the settlement of the portion of the Total DRP Payables to the extent of the amount of the commercial center royalties then the balance will fall due to the relevant MRTDC Shareholders.

DRP due to NTDCC included under “Accounts Payable and Accrued Expenses” account amounted to ₱160.02 million and ₱154.65 as at December 31, 2016 and 2015, respectively while due from MRTDC included under “Receivable” account amounted to ₱166.81 million and 159.6 million as at December 31, 2016 and 2015, respectively.

Assignment of Development Rights

In accordance with the agreement entered by MRTDC and its shareholders, MRTDC assigns to its shareholders the following:

- Development rights over the 4,933 square meter North Avenue Lot Pad B; and
- Development rights over the 9,401 square meter North Avenue Lot Pad A.

As a consideration, the shareholders agree and undertake to become liable for the following obligations:

- To remit Development rights payment over their respective shares in Lot Pad Areas
- To remit payments accruing in respect of Development rights over their respective shares in Lot Pad Areas.

On January 29, 2016, the Parent Company entered into an agreement with NTDCC for the assignment of development rights over an aggregate of 1,964.20 square meters undivided portions of the North Avenue Lot Pad A and North Avenue Lot Pad B of the Trinoma Commercial Complex. As a consideration, NTDCC paid ₱107.1 million, exclusive of VAT (see Note 21). The agreement shall be effective until August 8, 2047, subject to the extension of the Development Rights Period.



19. Decommissioning Liability

	2016	2015
Balances at beginning of year	₱14,103,011	₱13,888,062
Accretion of interest	218,277	214,949
Balances at end of year	₱14,321,288	₱14,103,011

The Company makes provision for the future cost of rehabilitating the quarry site on a discounted basis. This was based on technical estimates of probable costs, which may be incurred by VMC in rehabilitating the quarry site in Montalban, Rizal relating to its Montalban Aggregates Project from 2012 up to 2023, discounted at the rate of 1.55% per annum in 2016 and 2015. These provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes, are reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the quarry cease to produce at economically viable rates. This, in turn, will depend upon future aggregates prices, which are inherently uncertain.

20. Equity

Capital Stock

The movements in capital stock of the Company are as follows:

	2016		2015	
	Shares	Par value	Shares	Par value
Issued and outstanding:				
At beginning of year	3,008,919,508	₱3,008,919,508	1,898,957,547	₱1,898,957,547
Issuance	—	—	1,109,961,961	1,109,961,961
At end of year	3,008,919,508	₱3,008,919,508	3,008,919,508	₱3,008,919,508
Subscribed:				
At beginning of year	7,383,030	₱7,383,030	1,117,344,991	₱1,117,344,991
Subscription during the year	—	—	—	—
Issuance during the year	—	—	(1,109,961,961)	(1,109,961,961)
At end of year	7,383,030	7,383,030	7,383,030	7,383,030
Less subscriptions receivable:				
At beginning of year	(1,367,687)	(1,367,687)	(295,259,490)	(295,259,490)
Subscription during the year	—	—	—	—
Payment during the year	—	—	293,891,803	293,891,803
At end of year	(1,367,687)	(1,367,687)	(1,367,687)	(1,367,687)
	6,015,343	₱6,015,343	6,015,343	₱6,015,343

The par value of the shares of stock is ₱1.



Below is the Company's track record of registration of securities under the Securities Regulation Code of the SEC:

Date of Registration (SEC Approval)	Description	Number of shares registered	Par value per share	Total amount
June 25, 1958	Initial capital	50,000,000	₱0.01	₱500,000
November 5, 1958	Increase in authorized capital stock	1,000,000,000	0.01	10,000,000
		1,050,000,000		10,500,000
February 26, 1970	Increase in authorized capital stock	1,000,000,000	0.01	10,000,000
		2,050,000,000		20,500,000
March 22, 1979	Increase in authorized capital stock	8,000,000,000	0.01	80,000,000
		10,050,000,000		100,500,000
September 14, 1990	Increase in authorized capital stock	19,950,000,000	0.01	199,500,000
		30,000,000,000		300,000,000
March 13, 1996	Change of par value from ₱0.01 to ₱1.00	300,000,000	1.00	300,000,000
March 13, 1996	Increase in authorized capital stock	1,700,000,000	1.00	1,700,000,000
		2,000,000,000		2,000,000,000
September 23, 2014	Increase in authorized capital stock	2,000,000,000	1.00	2,000,000,000
		4,000,000,000		4,000,000,000

On March 12, 2014, the Company's BOD resolved to increase the authorized capital stock from 2 billion to 4 billion common stock with par value of ₱1 per share. On September 23, 2014, the SEC approved the increase in authorized capital stock. The shares issued from the increase in authorized capital stock were still in the process of being listed in the PSE as at March 24, 2015.

Treasury Stock

In 2007, the BOD approved to reacquire shares totalling 13 million common shares, which were reacquired in 2008 and were stated at acquisition cost amounting to ₱27.6 million.

Retained Earnings

Dividends

Details of the Group's dividend declaration follow:

	2016	2015	2014	2013
Date of declaration	November 15	June 1	October 29	October 22
Dividend per share	₱0.015	₱0.02	₱0.015	₱0.03
Total dividends	₱45.0 million	₱60.0 million	₱45.0 million	₱34.9 million
Date of record	November 18	June 16	November 12	November 8
Date of payment	December 15	July 10	December 8	December 4



21. Other Income

	2016	2015	2014
Income from assignment of development rights (Note 18)	₱107,595,097	₱–	₱–
Interest income (Note 23)	34,353,575	23,758,396	755,592
Foreign exchange gains - net	9,206,425	9,972,837	–
Management fees	–	–	88,750,000
Dividend income	311,674	–	37,124,814
Equity in net income of associates (Note 11)	–	–	18,379,055
Other income	4,367,582	23,586,744	394,258
	₱155,834,353	₱57,317,977	₱145,403,719

Management Fees

The Group signed an agreement with EPL whereby the Group provides general administration and risk management services to the latter for the efficient management and supervision of EPL's Philippine investment operations. In consideration for such services, the Group is paid a monthly management fee for a period of 3.5 years from July 2007 to December 2010, subject to renewal thereafter as may be mutually agreed upon by the parties.

In 2011, the Group renewed its contract with EPL for another 5 years from January 1, 2011 to December 31, 2015. The service fee increased from \$150,000 per month to \$200,000 per month effective July 1, 2011. On October 31, 2014, the service agreement was terminated by the Group and EPL.

Dividend Income

Dividend income amounting to ₱0.31 million, nil and ₱37.1 million in 2016, 2015 and 2014, respectively, pertains to dividends received from SMC, TPC, ACMDC and SPI.

22. Cost of Sales

Breakdown of cost of sales for 2016, 2015, and 2014 is as follows:

	2016	2015	2014
Hauling and crushing consumables	₱13,767,639	₱33,407,817	₱2,004,210
Rental	10,857,621	8,663,165	–
Depreciation (Note 13)	4,402,628	8,122,348	1,008,630
Communication, light and water	3,085,299	5,414,720	696,734
Personnel costs (Note 25)	3,040,635	5,190,386	487,419
Royalties	2,347,144	4,279,500	–
Fuel and oil	2,331,875	4,190,477	970,883
Outside services	1,048,115	1,572,618	–
Plant dues	219,491	128,702	469,677
Net change in inventory account	(679,106)	(1,957,030)	(1,000,645)
Others	2,436,724	3,273,727	287,338
	₱42,858,065	₱72,286,430	₱4,924,246



Rental pertains to lease of heavy equipment such as bulldozer, backhoe and loaders for use in the crushing plant and quarrying of the aggregates.

23. Interest Income, Expense and Other Finance Charges

The breakdown of interest income on bank deposits and receivables follows:

	2016	2015	2014
Cash in banks	₱3,372,051	₱7,554,096	₱708,095
Due from related parties (Note 26)	30,577,218	15,822,674	–
Retirement benefits plan asset	404,306	381,626	47,497
	₱34,353,575	₱23,758,396	₱755,592

Interest and other finance charges consist of:

	2016	2015	2014
Interest on tax deficiency assessment	₱1,204,441	₱4,476,954	₱–
Interest expense	218,277	911,111	28,841,054
Amortization of discount on long- term debt	–	224,394	151,126,084
Bank charges and others	10,438	24,445	8,033
	₱1,433,156	₱5,636,904	₱179,975,171

Other Expenses

	2016	2015	2014
Provision for impairment losses of investments (Note 10)	₱–	₱–	₱11,523,162
Foreign exchange losses - net	–	–	1,333,675
	₱–	₱–	₱12,856,837

24. General and Administrative Expenses

	2016	2015	2014
Loss on write-off of receivable (Note 5)	₱124,300,000	₱–	₱–
Taxes and licenses	11,374,962	66,873,143	84,964,126
Personnel costs (Note 25)	26,379,836	21,447,571	17,953,594
Entertainment, amusement and representation	6,882,751	6,824,286	607,402
Outside services	7,022,277	4,708,928	2,475,668
Depreciation (Note 13)	1,814,822	1,772,069	1,357,701
Communication, light and water	1,146,048	938,193	2,932,875
Transportation and travel	846,996	857,775	310,883
Membership fees	838,887	722,742	285,550

(Forward)



	2016	2015	2014
Insurance	₱514,565	₱586,201	₱872,895
Office supplies	597,053	518,230	204,596
Repairs and maintenance	108,299	265,203	1,400,836
Government fees	—	—	4,040,510
Provision for impairment losses (Notes 5 and 16)	—	—	323,001
Others	10,774,138	735,668	3,085,877
	₱192,600,634	₱106,250,009	₱120,815,514

Taxes and licenses comprise of documentary stamps, capital gains tax, other taxes, license and fees and deficiency tax payments to Bureau of Internal Revenue (BIR).

Government fees pertain to the payment made by the Parent Company to SEC in relation to its application for the increase in authorized capital stock.

25. Personnel Costs

	2016	2015	2014
Salaries and wages	₱24,945,272	₱19,372,354	₱14,334,252
Current service cost (Note 27)	405,773	350,164	1,037,271
Other employee benefits	4,069,426	6,915,439	3,069,490
	₱29,420,471	₱26,637,957	₱18,441,013

Other employee benefits are composed of various benefits given to employees that are individually immaterial.

26. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors or its stockholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Category	Year	Receipts (Payments)	Outstanding balances		Terms	Conditions
			Due from related parties (Note 5)	Due to a related party (Note 17)		
Entities under common control:						
Alakor	2016	(₱138,871)	₱—	₱17,835,036	8% interest	Unsecured
	2015	₱138,871	₱138,872	₱17,835,036	8% interest	Unsecured
VIMC	2016	(3,600,000)	—	29,201,478	Noninterest- bearing	Unsecured
	2015	685,919	—	32,801,479		
Associate:						
UPMC	2016	3,000,000	6,347,743	—	Noninterest- bearing	Unsecured
	2015	—	3,347,743	—		
	2016		₱6,347,743	₱47,036,514		
	2015		₱3,486,615	₱50,636,515		



- a. Alakor, and VIMC are entities under common control of an individual stockholder.
- b. The outstanding balances of due from related parties are not impaired as at December 31, 2016 and 2015.
- c. The Parent Company's retirement fund is managed by Sun Life Financial Plans, Inc. The fair value of the retirement fund amounted to ₱22.6 million and ₱21.7 million as at December 31, 2016 and 2015, respectively. The retirement fund consists of 100% insurance in 2016 and 2015 (see Note 27).
- d. Compensation of key management personnel is as follows:

	2016	2015	2014
Short-term employee benefits	₱15,916,944	₱12,560,094	₱8,913,587
Post-employment benefits	—	—	—
	₱15,916,944	₱12,560,094	₱8,913,587

27. Pension Benefits Costs

The Parent Company has a funded, non-contributory defined pension plan covering all its regular employees. The retirement benefit plan obligation is determined using the projected unit credit method. There was no plan of termination or curtailment for the years ended December 31, 2016 and 2015.

The following tables summarize the funded status and the amounts recognized in the consolidated statements of financial position, the components of net retirement benefit expense (income) recognized in consolidated statements of comprehensive income and the changes in the present value of the defined benefit obligation and the fair value of plan assets.

Changes in defined benefit liability and fair value of plan assets in 2016 are as follows:

	Defined Benefit Liability	Fair Value of Plan Asset	Effect of the Asset Ceiling	Net Defined Benefit Liability (Asset)
At January 1	₱9,412,638	(₱21,705,602)	₱5,740,198	(₱6,552,766)
Current service cost	405,773	—	—	405,773
Net interest (Note 23)	580,760	(1,339,236)	354,170	(404,306)
Pension cost (benefit) charged to profit or loss	986,533	(1,339,236)	354,170	1,467
Benefits paid	(1,742,867)	—	—	(1,742,867)
Remeasurement loss on plan assets (excluding amount included in net interest)	—	396,056	—	396,056
Remeasurement loss - change in the effect of the asset ceiling	—	—	(553,851)	(553,851)
Actuarial changes arising from changes in financial assumptions	384,911	—	—	384,911
Actuarial changes arising from experience adjustments	1,110,763	—	—	1,110,763
Pension cost (benefit) charged to other comprehensive income	1,495,674	396,056	(553,851)	1,337,879
At December 31	₱10,151,978	(₱22,648,782)	₱5,540,517	(₱6,956,287)



Changes in defined benefit liability and fair value of plan assets in 2015 are as follows:

	Defined Benefit Liability	Fair Value of Plan Asset	Effect of the Asset Ceiling	Net Defined Benefit Liability (Asset)
At January 1	₱7,760,533	(₱20,798,619)	₱6,401,114	(₱6,636,972)
Current service cost	350,164	—	—	350,164
Net interest (Note 23)	446,231	(1,195,921)	368,064	(381,626)
Pension cost (benefit) charged to profit or loss	796,395	(1,195,921)	368,064	(31,462)
Remeasurement loss on plan assets (excluding amount included in net interest)	—	288,938	—	288,938
Remeasurement loss - change in the effect of the asset ceiling	—	—	(1,028,980)	(1,028,980)
Actuarial changes arising from changes in financial assumptions	(527,672)	—	—	(527,672)
Actuarial changes arising from experience adjustments	1,383,382	—	—	1,383,382
Pension cost (benefit) charged to other comprehensive income	855,710	288,938	(1,028,980)	115,668
At December 31	₱9,412,638	(₱21,705,602)	₱5,740,198	(₱6,552,766)

The assets of the Plan are being held by Sun Life Financial Plans, Inc. The investing decisions of the Plan are made by certain officers of the Parent Company duly authorized by the BOD.

The Plan is composed of 100% insurance as at December 31, 2016 and 2015.

The principal assumptions used to determine retirement benefit plan obligation are as follows:

	2016	2015
Discount rates	5.86%	6.17%
Wage and salary increases	5.00%	5.00%
Average expected future service years of active plan members	20.1	18.8

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	2016	2015
Discount rates	+100 basis points	(₱1,178,477)	(₱1,121,679)
	-100 basis points	1,377,364	1,318,716
Salary increase rate	+100 basis points	1,278,950	1,231,358
	-100 basis points	(1,122,412)	(1,073,579)

The Parent Company does not expect to contribute to the defined benefit pension plan in 2016.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2016	2015
One (1) year to five (5) years	₱890,635	₱—
Six (6) years and up	7,681,678	6,948,268
Total expected payments	₱8,572,313	₱6,948,268



The average duration of the defined retirement benefits liability as at December 31, 2016 and 2015 is 14.5 years and 15.2 years, respectively.

28. Income Taxes

The provision for current income tax in 2016 and 2015 represents MCIT for the Parent Company. The provision for 2014 represents regular corporate income tax for the Parent.

The reconciliation of income tax computed at statutory tax rate to provision for (benefit from) income tax follows:

	2016	2015	2014
Income tax at statutory rate	(P35,461,883)	P85,245,664	P143,817,863
Additions to (reductions in) income tax resulting from:			
Equity in net losses (earnings) of associates	23,513,859	12,177,805	(25,217,390)
Nondeductible expenses	4,850,502	20,198,991	21,085,345
Change in unrecognized deferred tax assets	3,545,012	2,210,847	4,257,832
Interest income subjected to final tax and others	(1,011,615)	(2,266,229)	(222,291)
Fair value changes of financial assets at FVPL	(148,440)	35,442	(4,917,717)
Income subjected to capital gains tax and transfer tax	—	(113,834,303)	(166,085,303)
Dividend income subject to zero-rated income tax	(93,502)	—	(11,137,444)
	(P4,806,067)	P3,768,217	(P38,419,105)

The components of the Group's net deferred tax assets are as follows:

	2016	2015
Deferred tax assets:		
Unamortized past service cost	P2,050,127	P3,397,281
NOLCO	5,815,886	905,909
MCIT	3,803,000	716,693
	11,669,013	5,019,883
Deferred tax liabilities:		
Unrealized foreign exchange gains	1,593,049	2,835,851
Retirement benefit plan asset	1,086,238	1,086,678
Re-measurement gains on defined benefit obligation recognized as OCI	477,786	879,150
	3,157,073	4,801,679
	P8,511,940	P218,204



As at December 31, 2016 and 2015, the Group did not recognize deferred tax assets on the following deductible temporary differences and carry forward benefits of MCIT and NOLCO since management believes that it is not probable that sufficient taxable profit will be available against which the benefits can be utilized:

	2016	2015
Deductible temporary differences on:		
NOLCO	₱23,695,748	₱12,561,728
Decommissioning liability, net of the corresponding asset	2,006,476	2,006,476
Allowance for impairment losses on:		
Investment	11,523,162	11,523,162
Receivables	323,001	323,001
Unwinding of discount	433,226	214,949
MCIT	81,581	81,581
Unrealized Foreign Exchange Loss	464,411	—

Movements in NOLCO are as follows:

	2016	2015
Balances at beginning of year	₱15,581,426	₱—
Additions	27,500,608	15,581,426
Balances at end of year	₱43,082,034	₱15,581,426

The Group's NOLCO and MCIT that can be claimed as a deduction from sufficient future taxable income follows:

Year Incurred	Year of Expiration	NOLCO	MCIT
2015	2018	₱15,581,426	₱798,274
2016	2019	27,500,608	3,086,307
Total		₱43,082,034	₱3,884,581

29. Basic and Diluted EPS

Basic earnings per share is calculated by dividing the net income for the year attributable to equity holders of the Parent Company divided by the weighted average number of common shares outstanding during the year (adjusted for any stock dividends).

Basic and diluted earnings per share are computed as follows:

	2016	2015	2014
Net income from continuing operations	(₱113,400,211)	₱280,383,996	₱452,133,071
Net income from discontinued operations	—	—	65,678,910
Total net income	(₱113,400,211)	₱280,383,996	₱517,811,981
Weighted average number of common shares	3,003,302,538	3,003,302,538	1,697,327,875
Basic and diluted earnings (loss) per share	(₱0.04)	₱0.09	₱0.31



Basic and diluted earnings (loss) per share from continuing operations:

	2016	2015	2014
Net income (loss) from continuing operations	(P113,400,211)	P280,383,996	P452,133,071
Weighted average number of common shares	3,003,302,538	3,003,302,538	1,697,327,875
Basic and diluted earnings (loss) per share	(P0.04)	P0.09	P0.27

The resulting per share amounts are the same for both basic and diluted earnings per share in 2016, 2015 and 2014 since the Company does not have any debt or equity securities that will potentially cause an earnings per share dilution.

30. Financial Risk Management and Capital Management

The Group's main financial instruments are cash and cash equivalents, AFS financial assets and long-term debt. The main purpose of these financial instruments is to raise funds and maintain continuity of funding and financial flexibility for the Group. The Group has various other financial assets and liabilities such as receivables, financial assets at FVPL, accounts payable and accrued expenses which arise directly from its operations and investing activities.

The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to credit risk, liquidity risk, foreign currency risk and equity price risk from the use of its financial instruments. The Board reviews and approves the policies for managing each of these risks and they are summarized below.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's cash and cash equivalents, receivables and AFS financial assets.

The Group ensures that its financial assets are considered high grade by transacting only with top banks in the Philippines and maintaining good relationships with related parties, key employees and debtors who are highly reputable and with good credit standing.

With respect to credit risk arising from cash and cash equivalents, trade and other receivables and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Since the Group trades only with recognized third parties, there is no requirement for collateral.



The tables below summarize the aging analyses of the Group's financial assets as at December 31, 2016 and 2015.

2016	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		Less than 30 days	30 to 180 days	More than 180 days		
Cash and cash equivalents						
Cash with banks	₱18,001,662	₱—	₱—	₱—	₱—	₱18,001,662
Short-term cash deposits	157,759,572	—	—	—	—	157,759,572
Receivables						
Trade	—	—	—	477,135	15,444,055	15,921,190
Due from related parties	6,347,743	—	—	—	—	6,347,743
Others	169,065,169	—	—	7,779,357	1,636,006	178,480,532
AFS financial assets						
Unquoted equity instruments	4,332,953	—	—	—	11,523,162	15,856,115
Quoted equity instruments	4,332,750	—	—	—	—	4,332,750
Long-term debt	750,569,613	—	—	—	—	750,569,613
	₱359,839,849	₱—	₱—	₱8,256,492	₱28,603,223	₱1,147,269,177

2015	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		Less than 30 days	30 to 180 days	More than 180 days		
Cash and cash equivalents						
Cash with banks	₱15,290,968	₱—	₱—	₱—	₱—	₱15,290,968
Short-term cash deposits	213,077,372	—	—	—	—	213,077,372
Receivables						
Trade	—	—	—	—	15,444,055	15,444,055
Accrued management fee	—	—	—	117,650,000	—	117,650,000
Due from related parties	3,486,615	—	—	—	—	3,486,615
Others	162,012,185	—	11,875	2,413,860	1,636,006	166,073,926
AFS financial assets						
Unquoted equity securities	4,332,953	—	—	—	11,523,162	15,856,115
Long-term debt	715,000,000	—	—	—	—	715,000,000
	₱1,113,200,093	₱—	₱11,875	₱120,063,860	₱28,603,223	₱1,261,879,051

The credit quality of financial assets is managed by the Group using credit ratings and is classified into three (3): High grade, which has no history of default; Standard grade, which pertains to accounts with history of one (1) or two (2) defaults; and Substandard grade, which pertains to accounts with history of at least three (3) payment defaults or no repayment dates.

The Company has assessed the credit quality of the following financial assets:

- Cash and cash equivalents are classified as high grade since these are deposited with reputable banks.
- Receivables are classified standard grade since these are receivables from related parties which were transacted on an arm's length basis taking into account the related parties' financial standing and ability to pay. Other than the receivable which was written off in 2011, there was no history of default on the outstanding receivables as at December 31, 2016 and 2015.
- Financial assets at FVPL and quoted AFS financial assets in equity instrument are investments that can be traded and from companies with good financial capacity, making the investment secured and realizable. Management assesses the quality of these assets as high grade.
- Unquoted AFS financial assets are assessed as standard grade since these belongs to companies which have good financial conditions and operate in an industry which has potential growth. The unquoted AFS financial asset with allowance for impairment pertains to the investment of the Group to a project that did not materialize.

The Group's maximum exposure to credit risk is equal to the aggregate carrying amount of its financial assets.



Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

The Group's financial assets used for liquidity management are its cash and cash equivalents, financial assets at FVPL, receivables and AFS financial assets.

As at December 31, 2016 and 2015, the Group's cash and cash equivalents may be withdrawn anytime, while its financial assets at FVPL and AFS financial assets are traded in the stock exchange and may be converted to cash by selling them during the normal trading hours on any business day.

The following tables show the maturity profiles of the Group's financial liabilities as well as undiscounted cash flows from financial assets used for liquidity management:

	2016					Total
	Less than 6 months	6 to 11 months	1 to 2 years	More than 2 years	Impaired	
<i>Financial assets</i>						
Cash and cash equivalents	₱ 175,811,234	₱—	₱—	₱—	₱—	₱175,811,234
Receivables	167,284,100	10,037,561	6,347,743	—	17,080,061	200,749,465
AFS financial assets*	—	4,332,750	—	4,332,953	11,523,162	20,188,865
Long-term note	—	—	50,569,613	700,000,000	—	750,569,613
	343,095,334	14,370,311	56,917,356	704,332,953	28,603,223	1,147,319,177
<i>Financial liability</i>						
Accounts payable and accrued expenses**	165,401,998	31,351,724	47,036,514	120,741,415	—	364,531,651
	₱177,693,336	(₱16,981,413)	₱9,880,842	₱583,591,538	₱28,603,223	₱782,787,526

*Based on expected date of disposal.

**Excluding payable to regulatory agencies

	2015					Total
	Less than 6 months	6 to 11 months	1 to 2 years	More than 2 years	Impaired	
<i>Financial assets</i>						
Cash and cash equivalents	₱228,368,340	₱—	₱—	₱—	₱—	₱228,368,340
Receivables	165,498,800	11,875	120,063,860	—	17,080,061	302,654,596
AFS financial assets*	—	—	—	4,332,953	11,523,162	15,856,115
Long-term note	—	—	15,000,000	700,000,000	—	715,000,000
	393,867,140	11,875	135,063,860	704,332,953	28,603,223	1,261,879,051
<i>Financial liability</i>						
Accounts payable and accrued expenses**	175,785,902	21,412,353	50,636,515	104,326,725	—	352,161,495
	₱218,081,238	(₱21,400,478)	₱84,427,345	₱600,006,228	₱28,603,223	₱909,717,556

*Based on expected date of disposal.

**Excluding payable to regulatory agencies



Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and other market variables which will adversely affect the Group's total comprehensive income or value of its financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters. The exposures to specific market risks are as follows:

Foreign Exchange Risk

The Group uses the Philippine peso as its functional currency and is therefore exposed to foreign exchange movements, primarily in US\$ currency. The Group follows a policy to manage its foreign exchange risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-peso currencies.

Information on the Group's \$-denominated monetary assets and liabilities and their ₱ equivalent are as follows:

	2016		2015	
	US\$	₱	US\$	₱
Financial assets:				
Cash and cash equivalents	US\$905,715	₱45,032,150	US\$992,457	₱46,705,026
Foreign currency-denominated assets	US\$905,715	₱45,032,150	US\$3,492,457	₱164,355,026

As at December 31, 2016 and 2015, the exchange rate of the Philippine peso to the US\$ is 49.72 and 47.06, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in Philippine ₱/US\$, with all other variables held constant, of the Group's income before income tax.

There is no other impact on the Group's equity other than those affecting the consolidated statements of comprehensive income.

	Change in ₱/US\$ exchange rate	
	US\$ strengthens by 5%	US\$ weakens by 5%
Increase (decrease) in income before income tax and in equity		
2016	₱2,251,608	(₱2,251,608)
2015	8,217,751	(8,217,751)
2014	19,286,867	(19,286,867)

Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of the listed shares. The equity price risk exposure arises from the Group's investment in financial assets at FVPL and quoted AFS financial assets.



The effects on equity and income before income tax, (as a result of a change in the fair value of AFS financial assets and financial assets at FVPL, respectively, at December 31, 2016, 2015 and 2014 due to a reasonably possible change in bid market prices, with all other variables held constant), are as follows:

Financial Assets at FVPL

	Change in fair market value	
	Increase in market indices by 5%	Decrease in market indices by 5%
Increase (decrease) in income before income tax and in equity		
2016	₱527,821	(₱527,821)
2015	168,081	(168,081)
2014	—	—

AFS Financial Assets

	Change in fair market value	
	Increase in market indices by 5%	Decrease in market indices by 5%
Increase (decrease) in other comprehensive income and in equity		
2016	₱216,638	(₱216,638)
2015	—	—
2014	4,915,031	(4,915,031)

The impact on the Group's equity already excludes the impact on transactions affecting the consolidated statements of comprehensive income.

31. Fair Value Measurement

Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash and Cash Equivalents, Receivables and Accounts Payable and Accrued Expenses

The carrying amount of cash and cash equivalents, receivables and accounts payable and accrued expenses approximate their fair values due to their short-term maturities.

Financial Assets at FVPL and AFS Financial Assets

The fair values of publicly traded instruments and similar investments are determined based on quoted closing market prices at the end of the reporting period. For unquoted AFS equity securities for which no reliable basis of fair value measurement is available, these are carried at cost, less impairment loss. The carrying amount of financial assets at FVPL and AFS financial assets approximate their fair values at the end of the reporting period.



Investment Properties

The fair value of investment properties is determined using the Sales Comparison Approach. In this approach, the value of the land was based on the sales of similar or substitute properties, related market data and listings of comparable property within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. This comparison was premised on the factors as property location, desirability, accessibility, neighborhood, utility, size and the time elements involved.

	Valuation technique	Significant unobservable inputs	Range (weighted average)
Investments properties	Sales Comparison Approach	Estimated price per square meter Land area square meter	₱147 2,013,698

Based upon analysis of the prevailing land usage in the neighborhood and the properties itself, a mix of residential, commercial and agricultural utility would represent the highest and best use of the property.

The valuation was performed by an independent professionally qualified appraisers. The latest valuation was made on September 30, 2015.

Fair Value Hierarchy

	2016		
	Level 1	Level 2	Level 3
Financial assets measured at fair value			
AFS financial assets - quoted equity securities	₱4,332,750	₱—	₱—

In 2016, the Company's quoted equity securities classified as AFS financial assets is composed of preferred shares to San Miguel Corp.

For the years ended December 31, 2016 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of the Level 3 measurements.

32. Segment Reporting

The primary segment reporting format is determined to be the business segments since the Group is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit. The mining segment is engaged in exploration and mining operations. Meanwhile, the non-mining segment is engaged in realty or acts as holding company.



The Group's operating business segments remain to be neither organized nor managed by geographical segment.

2016

	Mining	Non-Mining	Total	Eliminations	Consolidated
Segment revenue					
From external customers	₱42,313,579	₱171,211,601	₱213,525,180	₱16,460,072	₱197,065,108
From intersegment sales/services	—	—	—	—	—
	₱42,313,579	₱171,211,601	₱213,525,180	₱16,460,072	₱197,065,108
Segment results					
Income (Loss) before income tax	(₱11,558,107)	(₱11,808,568)	(₱23,366,675)	(₱94,839,602)	(₱118,206,277)
Benefit from income tax	—	(4,806,066)	(4,806,066)	—	(4,806,066)
Net Income (Loss)	(₱11,558,107)	(₱7,002,502)	(₱18,560,609)	(₱94,839,602)	(₱113,400,211)
Assets					
Segment assets	₱76,099,841	₱1,442,571,192	₱1,518,671,033	(₱44,302,446)	₱1,474,368,587
Investments	—	5,776,909,001	5,776,909,001	(259,763,390)	5,517,145,611
Liabilities					
Segment liabilities	97,294,614	330,882,801	428,177,415	(44,302,446)	383,874,969
Other segment information					
Depreciation, depletion and amortization	367,902	1,630,871	1,998,773	—	1,998,773
Finance charges	218,277	1,214,879	1,433,156	—	1,433,156

2015

	Mining	Non-Mining	Total	Eliminations	Consolidated
Segment revenue					
From external customers	₱76,365,672	₱432,670,707	₱509,036,379	₱—	₱509,036,379
From intersegment sales/services	—	—	—	—	—
	₱76,365,672	₱432,670,707	₱509,036,379	₱—	₱509,036,379
Segment results					
Income (Loss) before income tax	(₱8,940,568)	₱293,092,781	₱284,152,213	₱—	₱284,152,213
Benefit from income tax	—	—	—	—	—
Net Income (Loss)	(₱8,940,568)	₱293,092,781	₱284,152,213	₱—	₱284,152,213
Assets					
Segment assets	₱79,697,044	₱1,715,169,713	₱1,794,866,757	(₱60,872,447)	₱1,855,739,204
Investments	—	5,476,984,843	5,476,984,843	300,274,919	5,176,709,924
Liabilities					
Segment liabilities	89,333,710	308,561,271	397,894,981	28,218,942	369,676,039
Other segment information					
Depreciation, depletion and amortization	8,497,284	1,381,268	9,878,552	—	9,878,552
Finance charges	224,394	5,412,510	5,636,904	—	5,636,904

The consolidated revenue in the above tables includes the non-mining revenue, which consist of management fees, which are presented as other income in the consolidated statement of comprehensive income since these are not significant.



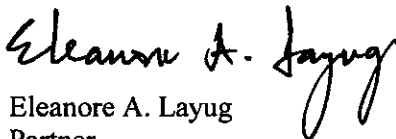
INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Anglo Philippine Holdings Corporation
6th Floor, Quad Alpha Centrum Building
125 Pioneer Street, Mandaluyong City

We have examined the consolidated financial statements of Anglo Philippine Holdings Corporation and Subsidiaries (the Group) for the year ended December 31, 2016, on which we have rendered the attached report dated April 5, 2017.

In compliance with Securities Regulation Code Rule 68, As Amended (2011), we are stating that the said Group has two thousand seven hundred fifty five (2,755) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.



Eleanore A. Layug
Partner

CPA Certificate No. 0100794

SEC Accreditation No. 1250-A-1 (Group A),
January 7, 2016, valid until January 6, 2019

Tax Identification No. 163-069-453

BIR Accreditation No. 08-001998-97-2015,
January 5, 2015, valid until January 4, 2018
PTR No. 5908708, January 3, 2017, Makati City

April 5, 2017



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE

The Stockholders and the Board of Directors
Anglo Philippine Holdings Corporation
6th Floor, Quad Alpha Centrum Building
125 Pioneer Street, Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Anglo Philippine Holdings Corporation and Subsidiaries (the Group) as at December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016 included in this SEC Form 17-A, and have issued our report thereon dated April 5, 2017. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Parent Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Eleanore A. Layug

Eleanore A. Layug
Partner

CPA Certificate No. 0100794

SEC Accreditation No. 1250-A-1 (Group A),

January 7, 2016, valid until January 6, 2019

Tax Identification No. 163-069-453

BIR Accreditation No. 08-001998-97-2015,

January 5, 2015, valid until January 4, 2018

PTR No. 5908708, January 3, 2017, Makati City

April 5, 2017



**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES**

**SEC FORM 17-A
DECEMBER 31, 2016**

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Management's Responsibility for Consolidated Financial Statements

Report of Independent Auditors

Consolidated Statements of Financial Position as at December 31, 2015 and 2014

Consolidated Statements of Comprehensive Income for the Years Ended
December 31, 2015, 2014 and 2013

Consolidated Statements of Changes in Equity for the Years Ended
December 31, 2015, 2014 and 2013

Consolidated Statements of Cash Flows for the Years Ended
December 31, 2015, 2014 and 2013

Notes to Consolidated Financial Statements

SUPPLEMENTARY SCHEDULES

Report of Independent Auditors on Supplementary Schedules

SCHEDULE I Financial Ratios

SCHEDULE II Map of the Relationships of the Companies within the Group

SCHEDULE III Schedule of Effective Standards and Interpretations under the PFRS

SCHEDULE IV Reconciliation of Retained Earnings Available for Dividend Declaration

SCHEDULE A. Financial Assets in Equity Securities

SCHEDULE B. Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (other than Related Parties)

SCHEDULE C. Amounts Receivable from Related Parties which are Eliminated during the
Consolidation of Financial Statements

SCHEDULE D. Intangible Assets - Other Assets

SCHEDULE E. Long-Term Debt

SCHEDULE F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

SCHEDULE G. Guarantees of Securities of Other Issuers

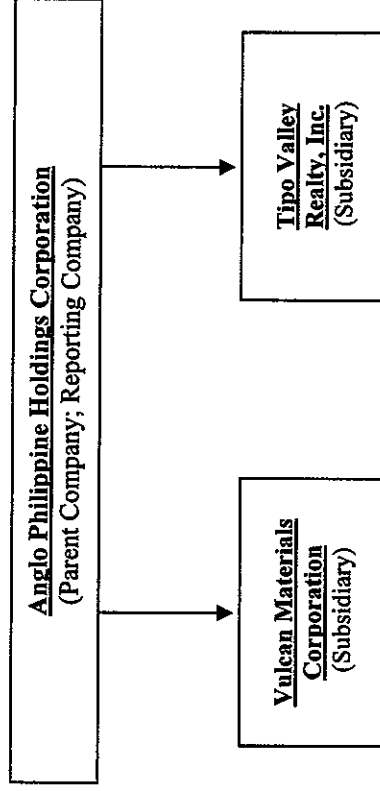
SCHEDULE H. Capital Stock

SCHEDULE I
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2016

	2016	2015
<u>Profitability Ratios:</u>		
Return on assets	(1.62%)	3.99%
Return on equity	(1.72%)	4.21%
Gross profit margin	-%	-%
Net profit margin	57.54%	55.08%
<u>Liquidity and Solvency Ratios:</u>		
Current ratio	1.07:1	1.51:1
Quick ratio	1.02:1	1.48:1
Solvency ratio	0.29:1	0.79:1
<u>Financial Leverage Ratios:</u>		
Asset to equity ratio	1.06:1	1.06:1
Debt ratio	0.05:1	0.05:1
Debt to equity ratio	0.06:1	0.06:1
Interest coverage ratio	81.48	49.41



SCHEDULE II
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2016



SCHEDULE III
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE OF EFFECTIVE STANDARDS AND
INTERPRETATIONS UNDER THE PFRS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2016

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] and Philippine Interpretations Committee (PIC) Q&As effective as at December 31, 2016:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		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			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
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	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	No Adopted	No/ Applicable
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	✓		
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	✓		
PFRS 13	Fair Value Measurement	✓		
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	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	No Adopted	No Applicable
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	✓		
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	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
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	✓		
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			✓
PAS 41	Agriculture			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
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			✓
	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 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			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
IFRIC 21	Levies			✓
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-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓



SCHEDULE IV
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
PURSUANT TO SEC RULE 68, AS AMENDED AND
SEC MEMORANDUM CIRCULAR NO. 11
December 31, 2016

Unappropriated Retained earnings as of December 31, 2015, as reflected in audited financial statements	₱2,164,379,846
Amount of recognized deferred tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized	(5,019,883)
Fair value adjustment (mark-to-market gains)	118,140
Dividend declarations	(60,066,051)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	2,099,412,052
Add: Net income actually earned/realized during the period	
Net loss during the period closed to Retained Earnings	(₱2,598,728)
Less: Non-actual/unrealized income net of tax	
Equity in net income of associate/joint venture	—
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	—
Unrealized actuarial gain	1,114,838
Fair value adjustment (mark-to-market gains)	494,800
Fair value adjustment of investment property resulting to gain	—
Adjustment due to deviation from PFRS/GAAP – gain	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	—
Subtotal	1,609,638
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	—
Adjustment due to deviation from PFRS/GAAP - loss	—
Loss on fair value adjustment of investment property (after tax)	—
Subtotal	—
Net loss actually earned during the period	(4,208,366)
Add (Less):	
Dividend declarations during the period	(45,049,533)
Appropriations of retained earnings	—
Reversals of appropriations	—
Effects of prior period adjustments	—
Treasury shares	(27,566,075)
Subtotal	(72,615,608)
Unappropriated Retained Earnings, as adjusted, ending	₱2,022,588,078



SCHEDULE A

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
FINANCIAL ASSETS IN EQUITY SECURITIES
DECEMBER 31, 2016**

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balances sheet (figures in thousands)	Income received and accrued
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NOT APPLICABLE



SCHEDULE B

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
DECEMBER 31, 2016**

Name and designation of debtor	Balance at beginning period	Additions	Amounts collected / settlements	Amounts written-off	Current	Not current	Balance at end period
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NOT APPLICABLE



SCHEDULE C

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2016

Name and designation of debtor	Balance at beginning period	Additions	Amounts collected/ settlements	Amounts written-off	Current	Not current	Balance at end period
Vulcan Materials Corp.	₱9,694,568	₱-	(₱2,324,806)	₱-	₱7,369,762	₱-	₱7,369,762
Tipo Valley Realty, Inc.	18,524,374	18,408,310	-	-	36,932,684	-	36,932,684



SCHEDULE D

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2016**

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
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NOT APPLICABLE



SCHEDULE E

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
LONG-TERM DEBT
DECEMBER 31, 2016
(Amounts in Thousands)

Title of Issue and type of obligation	Amount shown under the caption		Amount shown under the caption	
	Amount authorized by: Indenture	“Current Portion of long-term borrowings” in related balance sheet	“Long-term borrowings- net of current portion” in related balance sheet	

NOT APPLICABLE



SCHEDULE F

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2016**

Name of Related Party	Balance at beginning of period	Balance at end of period
NOT APPLICABLE		



SCHEDULE G

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2016**

Name of issuing entity of securities guaranteed by the Parent Company for which this statement is filed	Title of issue of each class of		Amount owed by person for which statement is filed	Nature of guarantee
	securities guaranteed	Total amount guaranteed and outstanding		

NOT APPLICABLE



SCHEDULE H

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
CAPITAL STOCK
DECEMBER 31, 2016

Company's authorized share capital is ₱4 billion divided into 4 billion shares at ₱1.00 par value. As at December 31, 2016, total shares issued and outstanding is 3,003,302,538 held by 3,090 shareholders, and treasury shares is 13,000,000 shares.

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for option, warrants, conversions and other rights		Principal/ Substantial Stockholders	No of shares held by		Banks	Others
			Officers	Directors and		Government	Government		
Common Stock	4,000,000,000	3,016,302,538*	71,841,053	2,481,276,651	1,320	450,183,514	—	—	—

*Including 13,000,000 shares in Treasury Stock

