CR02969-2017

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
   Dec 31, 2016
2. SEC Identification Number
   165539
3. BIR Tax Identification No.
   000-157-237
4. Exact name of issuer as specified in its charter
   CYBER BAY CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   Suite 2402 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City
   Postal Code
   1605
8. Issuer's telephone number, including area code
   (632) 633 9757
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	6,806,878,853
Preferred	6,467,950,603

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (●) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange / 6,160,000 common shares
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

- (selected) Yes
- No

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

- (selected) Yes
- No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

PhP3,449,600,000 (Based on closing market price of PhP0.56 on 29 December 2016.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

- Yes
- (selected) No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

Consolidated and Separate (Parent) Annual Financial Statements for the year ended 31 December 2016

(b) Any information statement filed pursuant to SRC Rule 20

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

Cyber Bay Corporation
CYBR

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2016
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2016	Dec 31, 2015
Current Assets	613,185,000	613,464,000
Total Assets	613,921,000	614,027,000
Current Liabilities	2,119,056,000	2,114,363,000
Total Liabilities	2,119,056,000	2,114,363,000
Retained Earnings/(Deficit)	-11,377,289,000	-11,372,490,000
Stockholders' Equity	-1,505,135,000	-1,500,336,000
Stockholders' Equity - Parent	-1,439,140,000	438,172,000
Book Value per Share	-0.22	-0.22

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2016	Dec 31, 2015
Operating Revenue	-	-
Other Revenue	2,000	4,000
Gross Revenue	2,000	4,000
Operating Expense	1,917,000	2,176,000
Other Expense	2,884,000	271,597,000
Gross Expense	4,801,000	273,773,000
Net Income/(Loss) Before Tax	-4,799,000	-273,769,000
Income Tax Expense	-	-
Net Income/(Loss) After Tax	-4,799,000	-273,769,000
Net Income/(Loss) Attributable to Parent Equity Holder	0	0

Earnings/(Loss) Per Share (Basic)	0	-0.04
Earnings/(Loss) Per Share (Diluted)	0	-0.04

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2016	Dec 31, 2015
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	0.29	0.29
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.29	0.29
Solvency Ratio	**Total Assets / Total Liabilities**	0.29	0.29
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	3.45	3.44
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	-1.41	-1.41
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	-	-
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	-0.41	-0.41
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	-	-
Net Profit Margin	**Net Profit / Sales**	-	-
Return on Assets	**Net Income / Total Assets**	-	-
Return on Equity	**Net Income / Total Stockholders' Equity**	-	-
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	-	-

Other Relevant Information

The Company notes the disclaimer of opinion in its Audited Financial Statements has been part of the Company's Annual Report since 31 December 2008. Despite this, the Securities and Exchange Commission (SEC) has consistently accepted the Company's Annual Report without any notice or advice to the Company that the disclaimer violates the Securities Regulation Code (SRC).

The Company undertakes to provide the Exchange with the SEC's confirmation that the Annual Report does not violate the SRC as soon as it becomes available.

Filed on behalf by:

Name	Cheryl De Leon
Designation	Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **31 December 2016**

2. SEC Identification Number: **165539**

3. BIR Tax Identification No.: **000-157-237-000**

4. Exact name of issuer as specified in its charter: **CYBER BAY CORPORATION**

5. **Mandaluyong City, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

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

7. **Suite 2402 Discovery Center, 25 ADB Avenue**
   Ortigas Center, Pasig City
   Address of principal office
   1605
   Postal Code

8. **(632) 6339757**
   Issuer's telephone number, including area code

9. Former name, former address, and former fiscal year. If changed since last report. **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	Php6,160,000,000.00

*Note: The Total issued and outstanding shares are:

Common	6,806,878,853
Preferred	6,467,950,603

11. Are any or all of these securities listed on a Stock Exchange
    Yes [**X**]   No [ ]

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding (12) months (or for such shorter period that the Company was required to file such reports);
    Yes [**X**]   No [ ]

    (b) has been subject to such filing requirements for the past 90 days.
    Yes [**X**]   No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the Company. Php3,449,600,000.00 (Based on closing market price of Php0.56 on 31 December 2016)

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Company's 2016 Annual Report to Stockholders are incorporated by reference into Parts II and III of this report

THE CORPORATION UNDERTAKES TO PROVIDE WITHOUT CHARGE TO EACH PERSON, ON THE WRITTEN REQUEST OF ANY PERSON, COPY OF CYBER BAY CORPORATION ANNUAL REPORT ON SEC FORM 17-A.

Written request for a copy of the Annual Report on SEC Form 17-A should be addressed to:

ATTY. CHERYL S. SALDAÑA-DE LEON
Corporate Secretary
Suite 2402 Discovery Center, 25 ADB Avenue
Ortigas Center, Pasig City

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Cyber Bay Corporation (the Company) was organized to undertake real estate development (except real estate subdivision) and reclamation. The Company was incorporated on 06 July 1989, the Company has changed its name from First Lepanto Corporation to Guoco Land (Philippines), Inc. in 1994, to Centennial City Inc. in 1996, and to Cyber Bay Corporation in 2000.

On 30 March 1996, the Company, Central Bay Reclamation and Development Corporation (Central Bay) and certain of shareholders Central Bay's shareholders entered into a Memorandum of Agreement which involved the restructuring of the Company and the consolidation of certain businesses and assets of the Company and Central Bay.

The restructuring of the Company entailed the transfer to Prime Orion Philippines, Inc. (formerly Guoco Holdings Philippines, Inc.) of the Company's investments in the following corporations: Tutuban Properties Inc., Guoco Property Development Inc., Manila Southcoast Development Corporation, Mandaue Resources and Realty Corporation, Luck Hock Venture Holdings, Inc., First Lepanto Ceramic Wares Inc. and First Lepanto Realty Inc. and the settlement of all intercompany liabilities relating to such corporations.

The business consolidation involved the issuance by the Company of 4 billion shares of stock (with par value of Php1.00 per share) to certain Central Bay shareholders in exchange for 4.8 million Central Bay shares of stock (with par value of Php100.00 per share) held by the Central Bay shareholders. Upon completion of the business consolidation, the Company assumed full ownership of Central Bay, including its Joint Venture Agreement (JVA) with the Public Estates Authority (PEA) (now known as the Philippine Reclamation Authority) to reclaim 750 hectares of land along Manila Bay (the Cyber Bay Project) as its new property core holding.

Aside from the aforementioned business consolidation, no other material reclassification, Merger, Consolidation or Purchase has been implemented. However, ten (10) floors of the BA Lepanto Building owned by the Company was the subject of a *Dacion en Pago* arrangement with the Philippine National Bank in 1999.

With the Cyber Bay Project, the Company is afforded a unique flagship waterfront development; at 750 hectares, it was supposed to be a substantial fully integrated township that can spearhead the redevelopment of the Manila Bay in tandem with the government's progressive Bay City Development.

A controversy on the validity of the JVA arose and several investigations and fact-finding committees were created to determine its validity. Finally, on 28 May 1999, the JVA was amended and approved by the Office of the President and the Government Corporate Monitoring and Coordinating Committee.

After having obtained all the government approvals and endorsements under two Administrations (Presidents Fidel Ramos and Joseph Estrada) and pursuant to the Amended JVA, Central Bay conducted a review of all contracts and project plans in preparation for the resumption of the long delayed implementation of the Reclamation Project. Preparations included the re-bidding of the dredging and reclamation contract, which were previously suspended. In addition, Central Bay urgently settled the squatters issue and incurred huge operational expenses in securing the cleared islands within the project site. These expenditures were undertaken by Central Bay in the ordinary course of business pursuant to its JVA/AJVA with respondent and done in utmost good faith.

However, on 09 July 2002, after having invested heavily into the Reclamation Project, including the cash advances given to PRA and the cost for the relocation of informal settlers in the area, not to mention the funds that were injected to run the operations of Central Bay from 1995 to 2002, the Supreme Court promulgated a decision in the case of Chavez v. PEA and Amari Coastal Bay Development Corporation (G.R. No. 133250, July 9, 2002, 384 SCRA 152), permanently enjoining PEA and Central Bay from implementing and declaring the Amended JVA as null and void ab initio. Central Bay's Motion for Reconsideration was denied.

The Supreme Court stated that "Despite the nullity of the Amended JVA, Central Bay is not precluded from recovering from the PEA in the proper proceedings, on a quantum merit basis, whatever Central Bay may have incurred in implementing the Amended JVA, prior to its declaration of nullity.

On 20 November 2009, the Company sent a letter to the PEA (now PRA) for the payment of approximately Php13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by Central Bay computed as of September 2009 pursuant to the Amended JVA.

In a letter dated 8 February 2010, PRA, through its former General Manager and CEO, Andrea D. Domingo, acknowledged that of the claims for reimbursement made by Central Bay, PRA was able to verify the total amount of Php1,004,439,048.45 as the amount due for reimbursement and PRA did not, at that time, find any sufficient basis for the payment of Central Bay's other claims including cost of money, reimbursement of professional and legal fees, interest and bank charges on loan, foreign exchange losses on loans, pre-operating and operating expenses, input tax, and documentary stamp tax. Central Bay then conducted a more thorough internal review of pertinent documents and re-computation of its claims vis-a-vis the findings of PRA.

Thus, on 13 December 2010, Central Bay filed a Petition with the COA to claim for reimbursement with the revised amount due totaling Php11,527,573,684.12 (down from the initial claim of Php13,385,972,469) and not merely Php1,004,439,048.45 as initially determined by the PRA. Considering that PRA has already validated and acknowledged Central Bay's claim for reimbursement in the amount of Php1,004,439,048.45, the only issue submitted to the COA is whether or not the other claims of Central Bay which were initially found by PRA to be without sufficient basis are likewise rightful items for reimbursement in light of recognized government accounting standards.

On 03 February 2014, the Company received a letter from the PRA which states that in addition to the amount verified by your Reclamation Group of Php1,004,439,048.45, the Company is entitled to additional reimbursements in the amount of Php22,592,435.34.

On October 14, 2016, Central Bay and PRA entered into a Compromise Agreement where PRA shall cede to Central Bay parcels of land with value equal to the validated claim of P1.027 billion. In exchange, Central Bay shall waive all other claims subject of the pending petition with the COA and any other claims arising from or in connection with the Amended JVA. The Compromise Agreement shall become effective upon approval of the COA.

On November 11, 2016, Central Bay and PRA filed a Joint Motion for Judgment based on the Compromise Agreement before the COA to seek its approval. The parties are still waiting for COA's decision on the Joint Motion.

With respect to the Company's settlement of its outstanding obligations, the Company secured Stockholders' approval and ratification of the issuance of shares as a result of the conversion of liabilities to equity during as shown below during its annual meeting held on 24 November 2010. As a first step, the Company amended its Articles of Incorporation amending the par value of the unissued preferred shares from Php1.00 to Php0.10, among others. The Commission approved the Amended Articles of Incorporation on 04 May 2011.

The Commission likewise approved the Confirmation of Valuation in relation to the debt to equity conversion on 13 November 2012 as follows:

(a) Conversion of Stockholders' Advances to Equity

The advances which will be converted to 646,878,853 common shares were utilized to finance the reclamation and horizontal development of the Cyber Bay Project.

The 646,878,853 common shares were issued to the following:

One Bacolod Express Holdings, Inc.	364,577,424
Primera Commercio, Holdings, Inc.	167,578,190
Cosco Land Corporation	56,132,206
Guoco Securities (Philippines), Inc.	42,924,628
Prime Orion Philippines, Inc.	15,666,405
Total	646,878,853

(b) Conversion of Bank Loans to Equity

The liabilities which were converted to 6,467,950,603 preferred shares arose from the Company's bank loans to Philippine National Bank (PNB) and Bangkok Bank. The PNB Loan was assigned to Opal Investments Portfolio [SPV-AMC], Inc. and the latter assigned the loan obligation to One Bacolod Express Holdings, Inc. On the other hand, the Bangkok Bank Loan, which is the subject of Civil Case No. 01-1094, was assigned to Allied Enterprise Co., Ltd. and the latter assigned it to New Bond Corporation (NBC). On 22 February 2011, the Company filed a manifestation in Civil Case No. 01-1094 that it has no objection to the substitution of Primera Commercio Holdings, Inc. for NBC as plaintiff in the case. In a Judgment dated 14 September 2011, the trial court approved the parties' Joint Motion for Judgment Based on Compromise that was filed on 26 August 2011.

The 6,467,950,603 preferred shares were issued to the following:

One Bacolod Express Holdings, Inc.	1,609,359,778
Primera Commercio, Holdings, Inc.	4,858,590,825
Total	6,467,950,603

The Company continues to implement measures to reduce its operational expenses and, through the efforts of its outsourced service provider, consolidate all the records pertaining to the claim for reimbursement from the PRA.

Amount Spent on Development Activities

The amount spent on development activities during the last three (3) fiscal years and its percentage to revenues are as follows: (*Amounts in Thousands*)

As of	**Amount**	**Total Revenue for the Period**	**% to Revenues**
Dec. 31, 2016	Php 0.0	Php 0	0.0%
Dec. 31, 2015	0.0	0	0.0%
Dec. 31, 2014	0.0	0	0.0%

As of December 31, 2016, the Company has no employees and has outsourced its reportorial and compliance requirements to GSE Management Services, Inc. So far, the Company has no plans to hire employees in the ensuing twelve months.

As of the moment there are no major risks that the company and its subsidiary are involved in. The Company is currently discussing with PRA the details of its claims pursuant to the Amended JVA and the Supreme Court Decision.

Item 2. Properties

Cyber Bay Project

The Company's Cyber Bay Project encompasses 750 hectares involving the reclamation and development of an integrated and comprehensive urban township that is envisioned to be a 21st century metropolis. The reclamation project is located Southwest of Manila along Manila-Cavite Coastal Road, within the cities of Parañaque, Las Piñas and the municipality of Bacoor, Cavite. This project has been shelved due to the Supreme Court decision nullifying the JVA with the PRA.

In 1999, Cyber Bay settled part of its loans with the Philippine National Bank with a *Dacion en Pago* of its 10 Floors in the BA Lepanto Building, located along Paseo de Roxas, Makati City.

The Company has no other property holdings.

Transactions with and/or dependence on Related Parties

The Company's transaction with stockholders i.e. Italian-Thai (BVI) Development Co., Ltd., Prime Orion Philippines, Inc., and other stockholders consists mainly of non-interest bearing advances which were uses to finance the initial phase of the Cyber Bay Project.

The Company obtains cash advances from a shareholder to support its day-to-day operations. These advances are payable on demand. As at December 31, 2016, the Company have yet to decide what option to take to settle the outstanding payable.

Item 3. Legal Proceedings

1. *Cyber Bay Corporation vs. Island Country Telecommunications, Inc. at the Regional Trial Court of Makati City, Branch 58, instituted on June 20, 2001*

   The Company owned three (3) floors of the BA Lepanto Building in Makati City. Island Country Telecommunications, Inc. (ICTI) was engaged in the operation of paging services. In 1996, ICTI leased the floors owned by the Company. ICTI failed to pay its rental obligation to the Company despite demands.

   In a Decision dated 22 February 2008, the Regional Trial Court (RTC) of Makati, Branch 143 ruled in favor of the Company and ordered ICTI to pay the Company the following amounts:

   a. Php 8,589,518.24 as arrears from the rented premises, i.e. 8^{th}, 9^{th}, and 14^{th} floors with interest at 12% per annum from 25 September 2000 until the sum is fully paid;
   b. Php 1,895,162.50 as rental for the 8^{th} and 9^{th} floors minus the security deposit or a total of Php 418,412.25 with interest at 12% per annum from 25 September 2000 until fully paid; and,
   c. Costs of suit and Php 200,000.00 for attorney's fees.

   From said Decision, ICTI filed its Notice of Appeal. In a Decision dated 29 September 2009, the Court of Appeals denied ICTI's appeal. The Decision of the RTC was affirmed with modification in that ICTI is ordered to pay the Company the following amounts:

a. Php 5,452,114.64 as rent arrears up to period of November 1998 with interest at 12% per annum from 25 September 2000 until the sum is fully paid; and
b. Php 418,412.50 as rent arrears for the period of 01 September 1999 to 15 December 1999 with interest at 12% per annum from 25 September 2000 until fully paid.

On 12 October 2009, ICTI filed a Motion for Partial Reconsideration which was denied by the Court of Appeals in its Resolution dated 28 January 2010. Consequently, the Decision became final and executory on 21 February 2010.

The Company filed a Motion for Issuance of Writ of Execution dated 25 June 2010 which was granted by the RTC on 02 July 2010. The Company is now in the process of enforcing the Writ of Execution. However, as of this date, the Company could not locate any property of ICTI for levy.

3. *Central Bay Reclamation and Development Corporation v. Philippine Reclamation Authority, instituted on 13 December 2010*

Central Bay filed a Petition for money claims with the Commission on Audit arising from a Joint Venture Agreement (JVA) entered into by the Public Estates Authority [PEA] (now the Philippine Reclamation Authority [PRA]) with Amari Coastal Bay Development Corporation (ACBDC) for the development of Three Islands (the "Reclamation Project") on 25 April 1995. By virtue of a Notice to Proceed issued by the PEA on 27 September 1996, Central Bay proceeded with the implementation of the Reclamation Project after having obtained presidential approval, all the government licenses, environmental and other permits and approvals necessary for the reclamation.

The Supreme Court declared the Amended JVA as null and void ab initio and after several Motions for Reconsideration denied by the Supreme Court, the decision of the Court became final and executory. Nevertheless, the Supreme Court decreed that the nullification of the JVA does not affect Central Bay's right to recover reimbursement from PEA (now PRA).

On 20 November 2009, the Company sent a letter to the PEA now PRA for the payment of approximately Php13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by Central Bay computed as of September 2009 pursuant to the Amended JVA. In a letter dated 8 February 2010, PRA, through its former General Manager and CEO, Andrea D. Domingo, acknowledged that of the claims for reimbursement made by Central Bay, PRA was able to verify the total amount of Php1,004,439,048.45 as the amount due for reimbursement.

Thus, Central Bay filed a Petition with the COA to claim for reimbursement with the revised amount due totaling Php11,527,573,684.12 (down from the initial claim of Php13,385,972,469) and not merely Php1,004,439,048.45 as initially determined by the PRA. Considering that PRA has already validated and acknowledged Central Bay's claim for reimbursement in the amount of Php1,004,439,048.45, the only issue submitted to the COA is whether or not the other claims of Central Bay which were initially found by PRA to be without sufficient basis are likewise rightful items for reimbursement in light of recognized government accounting standards.

Central Bay had several several meetings with the PRA Panel to reconcile the accounts and provide supporting data for its claim for reimbursement.

After the validation process, which was concluded in October 2011, the PRA, in a letter dated 03 February 2014 signed by its incumbent General Manager and CEO Peter Anthony A. Abaya, informed Central Bay that PRA has verified an additional amount for reimbursement equivalent to Twenty-Two Million Five Hundred Ninety-Two Thousand Four Hundred Thirty-Five and 34/100 Pesos (Php22,592,435.34), bringing the total amount validated by PRA to One Billion Twenty-Seven Million Thirty-One Thousand Four Hundred Eighty-Three and 79/100 Pesos (Php1,027,031,483.79).

On October 14, 2016, Central Bay and PRA entered into a Compromise Agreement where

PRA shall cede to Central Bay parcels of land with value equal to the validated claim of P1.027 billion. In exchange, Central Bay shall waive all other claims subject of the pending petition with the COA and any other claims arising from or in connection with the Amended JVA. The Compromise Agreement shall become effective upon approval of the COA.

On November 11, 2016, Central Bay and PRA filed a Joint Motion for Judgment based on the Compromise Agreement before the COA to seek its approval. The parties are still waiting for COA's decision on the Joint Motion.

No updates have been received from PRA and COA as at December 31, 2016 with regards to the status of the Joint Motion for Judgment based on Compromise Agreement.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted during the period covered by this report to a vote of security holders through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

The Company's common equity is traded at the Philippine Stock Exchange

Stock Prices

	High	Low
Fiscal Year 2013		
1st Quarter	₱0.88	₱0.71
2nd Quarter	₱0.75	₱0.49
3rd Quarter	₱0.77	₱0.50
4th Quarter	₱0.62	₱0.51
Fiscal Year 2014		
1st Quarter	₱0.69	₱0.47
2nd Quarter	₱0.98	₱0.60
3rd Quarter	₱0.69	₱0.55
4th Quarter	₱0.59	₱0.48
Fiscal Year 2015		
1st Quarter	₱0.53	₱0.45
2nd Quarter	₱0.485	₱0.44
3rd Quarter	₱0.49	₱0.415
4th Quarter	₱0.66	₱0.445
Fiscal Year 2016		
1st Quarter	₱0.55	₱0.52
2nd Quarter	₱0.71	₱0.63
3rd Quarter	₱0.60	₱0.58
4th Quarter	₱0.57	₱0.55

(2) Holders

The number of shareholders of record as of 31 December 2016 is Six Hundred Forty-Four (644). Common shares outstanding as of the same period are Six Billion One Hundred Sixty Million (6,160,000,000) shares. The Closing Market price as of 31 December 2016 is Php0.56.

Top 20 Common Stockholders
As of 31 December 2016

Name of Stockholder	Number of Shareholdings	Percentage to Total Equity
PCD NOMINEE CORPORATION (FILIPINO)	2,005,325,140	15.106
PRIMERA COMMERCIO HOLDINGS, INC.	1,462,000,000	11.013
GUOCO HOLDINGS (PHILS.), INC. (now PRIME ORION PHILIPPINES, INC.)	1,320,116,000	9.945
UCPB TA# 99-0196	1,000,000,000	7.533
AMARI HOLDINGS CORPORATION	215,500,000	1.623
PCD NOMINEE CORPORATION (NON-FILIPINO)	59,436,600	0.448
DAVID GO SECURITIES CORPORATION	43,531,468	0.328
PRIME ORION PHILIPPINES, INC.	17,985,405	0.135
HLG CAPITAL PHIL., INC. ITF [MR. SOMBOON PATCHARASOPAK]	14,000,000	0.105
URBAN LEISURE AND DEVELOPMENT CORPORATION	12,000,000	0.090
ROGER C. ANG	9,000,000	0.068
KATHERINE MARIE YBANEZ SY	5,000,000	0.038
SEC ACCOUNT FAO: VARIOUS CUSTOMERS OF GUOCO SECURITIES (PHILIPPINES), INC.	4,111,324	0.031
WILLIAM L. PEREZ	3,470,000	0.026
Q-TECH ALLIANCE HOLDINGS, INC.	3,143,000	0.024
BENITO KEH	2,500,000	0.019
ALEXANDER UY &/OR CHARLES UY	2,190,000	0.016
PLLIM INVESTMENTS, INC.	2,000,000	0.015
ROSA ALLYN G. SY	2,000,000	0.015
SONNY SY AGUINALDO	1,687,000	0.013

(3) Dividends

No dividends were declared in 2016.

(4) Recent Sales of Unregistered Securities

There are no sales of unregistered securities of the Company within the past three (3) years.

Item 6. Management's Discussion and Analysis or Plan of Operation

Plan of Operation

Due to the Decision of the Supreme Court, which rendered a decision nullifying the Joint Venture Agreement (JVA) with the PEA, the Corporation has suspended all works and negotiations. The Company has exhausted almost all possible legal courses of action.

The Company through Central Bay filed a Petition with the COA to claim for reimbursement of the amount of Php11,527,573,684.12 and not merely Php1,004,439,048.45 as initially determined by the PRA. The PRA, in a letter dated 03 February 2014 signed by its incumbent General Manager and CEO Peter Anthony A. Abaya, informed Central Bay that PRA has verified an additional amount for reimbursement equivalent to Twenty-Two Million Five Hundred Ninety-Two Thousand Four Hundred Thirty-Five and 34/100 Pesos (Php22,592,435.34), bringing the total amount validated by PRA to One Billion Twenty-Seven Million Thirty-One Thousand Four Hundred Eighty-Three and 79/100 Pesos (Php1,027,031,483.79).

On October 14, 2016, Central Bay and PRA entered into a Compromise Agreement where PRA shall cede to Central Bay parcels of land with value equal to the validated claim of P1.027 billion. In exchange, Central Bay shall waive all other claims subject of the pending petition with the COA and any other claims arising from or in connection with the Amended JVA. The Compromise Agreement shall become effective upon approval of the COA.

At present, the Corporation is operating using funds sourced externally or advanced by its major stockholders.

There are no expected major purchases or sale of plant and equipment nor significant changes in the number of employees of the Corporation.

There were no material changes in financial condition and results of operation for each of the last three fiscal years.

- There are no known trends, demands, commitments, events or uncertainties that will have a material effect on the Corporation's liquidity.

- There are no material commitments for capital expenditures.

- There are no significant elements of income or loss that did not arise from the Corporation's operations.

- All expenses of the Corporation are current and the Corporation does not expect any direct or contingent financial obligation that is substantial or material.

- There are no seasonal aspects that have a material effect on the financial condition or results of operations.

- The Board and Management of the Corporation are continuously and actively looking for other projects and businesses that the Corporation may venture into. In the meantime, all project-related operations are still suspended.

The Corporations Top 5 key performance indicators/financial soundness indicators:

Performance Indicators	FORMULA	2016	2015
Current Ratio	Current Assets/Current Liabilities	0.289 : 1 613,185 / 2,119,056 In thousands	0.290 : 1 613,464 / 2,114,363 In thousands

Debt to Equity Ratio	Total Liabilities / Stockholders Equity	-1.408 : 1 2,119,056 / (1,505,135) In thousands	-1.409 : 1 2,114,363 / (1,500,336) In thousands
Equity to Debt Ratio	Stockholders Equity / Total Liabilities	-0.710 : 1 (1,505,135) / 2,119,056 In thousands	-0.710 : 1 (1,500,336) / 2,114,363 In thousands
Book value per share	Stockholders Equity / Total number of shares	-0.221 : 1 (1,505,135) / 6,806,879 In thousands	-0.220 : 1 (1,500,336) / 6,806,879 In thousands
Income(Loss) per share	Net Income / Total number of shares	-0.001 : 1 (4,799) / 6,806,879 In thousands	-0.040 : 1 (273,769) / 6,806,879 In thousands

At present, there are no known trends, demands, commitments or uncertainties in the Company. All operational expenses of the Company are sustained by sourcing externally or advanced by its major stockholders.

All expenses of the company are current and the Company does not expect any direct or contingent financial obligation that is substantial or material.

Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

External Audit Fees and Services

The aggregate fees billed and paid by the Company in favor of its External Auditors for Audit and Audit Related Fees is Three Hundred Sixty-Eight Thousand Pesos (Php368,000.00) for the years 2015 and 2016. These fees comprise the audit and audit-related services rendered to the Company and its subsidiary.

Except for the fees indicated above, there were no tax fees or all other fees billed or paid to the Company's External Auditors for the last two (2) fiscal years.

The audit plan, including the corresponding audit fees, is submitted by the External Auditors to the Company's Audit Committee for review. The Audit Committee evaluates and approves the audit fees on the basis of reasonableness, scope of work and the prevailing market price for audit services in the industry. If the Audit Committee finds the audit plan and fees are in order, it is presented and recommended for final approval of the Board of Directors. In the event that other services aside from the audit of financial statements, the scope of and payment for the same are subject to review, evaluation and approval by the Board of Directors.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with accountants on accounting and financial disclosure during the two most recent fiscal years.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Company

(1) *Directors and Executive Officers – Position/Other Directorships*

The present directors of the Company were elected during the Annual Stockholders Meeting held on 22 December 2016 and the Organizational Meeting of the Directors held on 20 January 2017.

The directors serve for a term of one (1) year until the election and acceptance of their qualified successors.

The list below includes the directorships/officerships held by the Company's present directors in other corporations. Most of these directorships/officerships have been held by the directors for the past five (5) years to the present.

Name	Age	Directorships in Other Companies	Citizenship	Business Experience for the Past Five Years
Oscar L. Paras Jr. Chairman Independent Director, November 2010 to December 2012 Chairman, December 2012 to present	58	Soled Instyle Enterprises, Inc.	Filipino	Partner: Aguirre, Abano, Panfilo, Paras, Pineda & Agustin Law Offices Chief of Staff: Office of Monetary Board Member – Raul A. Boncan (until April 2010) Senior Consultant: Civil Aviation Authority of the Philippines (until December 2008) Senior Assistant General Manager: Manila International Airport Authority (until June 2008)
Raul G. Gerodias Director, December 2012 to present President, December 2012 to present	53	AB Leisure Exponent, Inc Ashwell Holdings, Inc. Assetvalues Holding Company, Inc. Banh Mi Kitchen Services Inc. Central Bay Reclamation and Development Corporation Cyberbay Corporation Elegant Infoventures, Inc. Fritz & Macziol Asia, Inc. Fujitsu Ten Corporation of the Philippines Globalpeak Holdings, Inc. Kewalram Philippines, Inc. Kyani Philippines, Inc. Leisure & Resorts World Corp. Metro Promo Concepts Corp.MUSIC Group Limited MUSIC Group Commercial BM Ltd. MUSIC Group Services SG (Pte.) Ltd. MUSIC Group Services US Inc. MUSIC Group Services EU GmbH MUSIC Group Commercial HK Limited MUSIC Group Services JP K.K. MUSIC Group Macao Commercial Offshore Limited	Filipino	*Chairman*: ALK Holdings and Management, Inc. Skytrooper Charter Phils., Inc. AirMaverick Inc *President & Chairman:* GSE Management Services, Inc., Terramino Holdings, Inc. Alpha Point Property Holdings, Inc. AB Fiber Corp. *President:* Central Bay Reclamation and Development Corporation Pixiedust, Inc. Continuitas Corporation *Treasurer and Corporate Secretary:* Swiss Sense Worldwide, Inc. *Director and Treasurer:* Swiss Sense, Inc. *Director and Corporate Secretary*: AB Food and Beverages Phils. Inc.

		Music Group Macao Commercial Offshore Limited (Philippines) ROHQ MUSIC Group Commercial PH Inc. MUSIC Group Services NV Inc. MUSIC Group IP Ltd. MUSIC Group Research UK Limited Turbosound Ltd.,Behringer International Service Centre Limited, Zhongshan Eurotec Electronics Limited Zhongshan Eurotec Electronics Limited (Shenzhen Branch) MUSIC Group Commercial BM Ltd. (Philippines) ROHQ and Music Group Services PH Corp. (PEZA) ParexGroup Inc. Sanctuary Holdings Corp. Swiss Sense Worldwide, Inc. Terrabay Holdings, Inc. The European Hair Factory Inc. Board of Trustees: Community Waterhope Foundation, Inc. Ateneo Law Alumni Association, Inc.		Fujitsu Ten Corporation of the Philippines Kiden Development Corporation Diez Corporation TKG Corporation Unitel Productions, Inc. Quento Media, Inc. Merlin Information Systems Philippines, Inc., TD Outsourcing Philippines, Inc. Adventure Bay Resort and Theme Park, Inc. Ashwell Holdings, Inc. Musungu, Inc. *Resident Agent:* Music Group Macao Commercial Offshore Limited (Philippines) ROHQ Shinko Electric Industries Co., Ltd. *Corporate Secretary:* AB Leisure Exponent, Inc. (Bingo Bonanza Corporation) AB Leisure Global, Inc. Fujitsu Die-Tech Corporation of the Philippines Fujitsu Ten Solutions Philippines, Inc. Harada Automotive Antenna (Philippines), Inc. Harada Phils. Development and Management, Inc. Universal Leaf Philippines, Inc. Unistar Land and Property Corporation Union Leaf Holdings Corporation UUU Realty Holdings, Inc. One World Connections, Inc. Eco Fuel Land Development, Inc. I & Lu Tobacco Company, Inc. Coastal Training Philippines Corp. DBA DuPont Sustainable Solutions Philippine Bio-Ethanol & Energy Investment Corp. Teleaccess, Inc. Straight Shooters Media, Inc. Healthwealth International Corp. Middleby Philippines Corporation Middleby Worldwide Phils., Inc. Ferrier Hodgson Philippines, Inc. FH Corporate Services, Inc. FH Asset Management Corp. Ferrier Hodgson Management Services, Inc. FTI Consulting Administrative Services, Inc. Macondray Finance Corporation Paragon Trading & Services Corporation Masagana Realty Co., Inc. Silver Finance, Inc. Silver CDO Finance, Inc.

				Five Star Finance Corporation Silver WDC Finance Corporation Silver Holdings Groups, Inc. Ashwell Holdings, Inc. Techno Holdings Corporation Technolux Equipment & Supply Corporation HKR Equipment Corporation The Turf Company, Inc. The Finix Corporation Steltz International, Inc. Geyser Global Sourcing Corporation Culinary Best Source, Inc. Createch Wellness Corp. A & L Equities, Inc. DACS Holdings, Inc. La Deca Farm Corporation LLF Farms, Inc.
Raul Tito A. Estrella Director, 2011 to present	47	AB Fiber Corp. Airmaverick Inc. ALK Holdings & Management, Inc. Alpha Point Property Holdings, Inc. Assetvalues Holding Company, Inc. Countrybreeze Corporation Evander Holdings Corporation Gracall International MNL, Inc. GSE Management Services, Inc. Halfen-Moment Inc. Highgarden Holding Corp. Marbleslate Holdings, Inc. PDC Asia-Pacific Inc. (formerly 4D Global Group Inc.) Pedalmax Holdings, Inc. Pixiedust Inc. Skytrooper Charter Phils. Inc. Terramino Holdings, Inc.	Filipino	President: PDC Global PTY Ltd. Halfen-Moment Inc. (Chairman/President) Weldon Offshore Strategic Limited Incorporated (Chairman/President) Sunshore Holdings Corporation (Chairman/President) Corporate Secretary: PDC Asia-Pacific Inc. (formerly 4D Global Group Inc.) Gracall International MNL, Inc. GSE Management Services, Inc. Terramino Holdings, Inc. Hi-Frequency Telecommunication, Inc. MTM Ship Management (Philippines) Inc. Taal Lake Land Holdings, Inc. Terramino Holdings Treasurer: Evander Holdings Corporation Resident Agent: Goltens Philippines PDC Global PTY Ltd.
Ricardo Jose G. Nicolas, III Independent Director, December 2012 to present	44	Roadworks, Inc. Independent Priority Trade, Inc.	Filipino	Chairman/President: Roadworks, Inc. President: Independent Priority Trade, Inc.
Cheryl S. Saldaña-de Leon Director, October 2010 to present	38	AB Fiber Corp. Central Bay Reclamation and Development Corporation Countrybreeze Corporation Music Group Limited	Filipino	Treasurer: Pook Ligaya Shell Inc. Music Group Commercial PH Inc. Somete Logistics & Development Corporation

Corporate Secretary and Compliance Officer, November 2010 to present		Music Group Services SG (Pte.) Ltd. Behringer Macao Commercial Offshore Limited Music Group Services EU GmbH Music Group Commercial PH Inc. Pedalmax Holdings, Inc. Pook Ligaya Shell Inc. Privado Holdings Corp. Sealoch Holdings, Inc. Smartventures Inc. Strategic Investment & Dev't. Holdings, Inc. Sunspear Holdings, Inc. Valhalla Investment & Dev't. Holdings, Inc. Wiselink Investment Holdings, Inc.		Tigerlion, Inc. Wiselink Investment Holdings, Inc. Corporate Secretary: AB Fiber Corp. AuEnergy, Inc. Central Bay Reclamation and Development Corporation DHI Investment, Inc. DHI Group Inc. Ecofuel Land Development Inc. Globalpeak Holdings, Inc. Green Future Innovations, Inc. Music Group Commercial PH Inc. Privado Holdings Corp. Strategic Investment & Dev't. Holdings, Inc. Somete Logistics & Dev't. Corp. Synergy88 Studios, Inc. Synergy 88 Digital, Inc. Synergy88 Productions, Inc. Tigerlion, Inc. Terrabay Holdings, Inc. Valhalla Investment & Dev't. Holdings, Inc. Weldon Offshore Strategic Limited Incorporated Wiselink Investment Holdings, Inc. Assistant Corporate Secretary: Eagle Cement Corporation
Jesus Emmanuel O. Morales, Jr. Director, December 2016 to present	33	Ilumina Investment Holdings Inc. Probegroup Philippines, Inc. Sunshore Holdings Corporation Synergy Grid & Development Phils., Inc.		Corporate Secretary: Alltech Contractors, Inc. Sunshore Holdings Corporation Legal Counsel , Energy Development Corporation
Limuel P. Leal Director, December 2016 to present	25	Cyber Bay Corporation Central Bay Reclamation and Dev't. Corp. Synergy Grid & Dev't. Philippines, Inc. OneTaipan Holdings, Inc. Monte Oro Grid Resources Corporation	Filipino	Compliance Officer: Synergy Grid & Dev't. Philippines, Inc. Treasurer: Synergy Grid & Dev't. Philippines, Inc. Central Bay Reclamation and Dev't. Corp.
Jose Martin A. Loon Director, January 2017 to present	30	Cyber Bay Corporation	Filipino	Aquende Yebra Aniag Loon and Associates, Partner Vamos Holdings Inc., Consultant Enrique Zobel Inc., Consultant Inigo & Mercedes Zobel, Executive Assistant ZEE1 Resources Inc., Consultant

Luis A. Vera Cruz, Jr. Independent Director, January 2017 to present	66	Cyber Bay Corporation Philippine Resources Savings Banking Corporation	Filipino	Angara Abello Concepcion Regala & Cruz, Of Counsel San Miguel Corporation, Legal Consultant Chemical Industries of the Philippines, Inc., Corporate Secretary ACCRA Holdings, Inc. Director and President ACCRA Investment, Inc, Corporate Secretary

(2) Significant Employees

The Company has no employees.

(3) Family Relationships

The directors, executive officers, or persons nominated or chosen by the Company to become directors or executive officers are not related up to the fourth civil degree either by consanguinity or affinity.

(4) Involvement in Certain Legal Proceedings

There has been no occurrence of any of the following events during the past five years up to the latest date that are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer or control person of the Company:

a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

b) 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;

c) Being subject to 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 his involvement in any type of business, securities, commodities or banking activities and;

d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Information as to the aggregate compensation paid or accrued during the last two completed fiscal years and ensuing year to the Company’s Chief Executive Officer and four most highly compensated executive officers

SUMMARY COMPENSATION TABLE
Year 2014-2016 Annual Compensation

Name and Principal Position	Year	Compensation	Bonuses	Other Compensation
The Directors/Officers of the Company are not receiving any form of compensation	2016 2015 2014	N.A.	N.A.	N.A.

10.1 **Compensation of Directors**

(a) There is no standard arrangement pursuant to which directors of the Company are compensated or are to be compensated, directly or indirectly, for any services provided as a director, including any additional amounts payable for committee participation or special assignments, for the last completed fiscal year and the ensuing year.

(b) There are no other arrangements, including consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

There is no action to be taken with regard to the following:

(a) any bonus, profit sharing, or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the Company will participate;

(b) any pension or retirement plan in which any person will participate; or

(c) granting or extension to any such person of any options, warrants or rights to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners
(*As of 31 December 2016*)

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Ownership
Common	PCD Nominee Corp. (Filipino) 37/F Tower I The Enterprise Center 6766 Ayala Avenue cor. Paseo de Roxas, Makati City	*	Filipino	2,005,325,140	29.46%
Common	Primera Commercio Holdings, Inc. 7064 Wilson St., Pio Del Pilar, Makati City	Record Holder same as Beneficial Owner	Filipino	1,462,000,000	21.48%

Common	Prime Orion Philippines, Inc. [formerly Guoco Holdings (Phils.) Inc.] 14/F B.A. Lepanto Bldg., Paseo de Roxas, Makati City	Record Holder same as Beneficial Owner	Filipino	1,320,116,000	19.39%
Common	UCPB TA#99-0196 5/F Trust Banking Division, UCPB Bldg., Makati City	Skysetts, Inc.	Filipino	1,000,000,000	14.69%
Common	Amari Holdings Corporation Suite 1408 PSE Center Exchange Road, Ortigas Center, Pasig City	Record Holder same as Beneficial Owner	Filipino	215,500,000	3.17%
Common	PDC Nominee Corp. (Non-Filipino) 37/F Tower I The Enterprise Center 6766 Ayala Avenue cor. Paseo de Roxas, Makati City	*	Filipino	59,436,600	0.87%
Preferred	Primera Commercio Holdings, Inc. 7064 Wilson St., Pio Del Pilar, Makati City	Record Holder same as Beneficial Owner	Filipino	1,609,359,778	24.88%
Preferred	One Bacolod Express Holdings, Inc. 2nd Floor Highway 54 Plaza, 986 Standford St., EDSA, Mandaluyong City	Record Holder same as Beneficial Owner	Filipino	4,858,590,925	75.22%

** There are no beneficial owners under PCD Nominee Corporation which holds more than 5% shares in the Company.*

The following represent for each of the above named company:

1. Primera Commercio Holdings, Inc. — Jose A. Wingkee, Jr.
2. Prime Orion Philippines, Inc. — Ma. Rhodora L. Policarpio-dela Cuesta
3. Skysetts, Inc. — Felicismo B. Billones and John Alejo A. Zarate
4. One Bacolod Express Holdings, Inc. — Nicolas P. Tayag

(2) Security Ownership of Management (Other than Nominees)
(*as of 31 December 2016)*

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Common	Oscar L. Paras, Jr.	1 (direct) 30,000 shares (indirect)	Filipino	0.00023%
Common	Raul G. Gerodias	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Raul Tito A. Estrella	999 shares (direct) 0 (indirect)	Filipino	0.00001%
Common	Cheryl S. Saldaňa-de	996 shares (direct)	Filipino	0.00001%

	Leon	0 (indirect)		
Common	Ricardo Jose G. Nicolas, III	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Jose Emmanuel O. Morales, Jr.	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Limuel P. Leal	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Jose Martin A. Loon	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Luis A. Vera Cruz, Jr.	1 (direct) 0 (indirect)	Filipino	0.00000%
Total		32,002 shares		0.00025%

(3) Voting Trust Holders of 5% or More

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

(4) Changes in Control

There are no arrangements, which may result in changes in control of Company, during the period covered by this Form 17-A.

Item 12. Certain Relationships and Related Transactions

There were no transactions or proposed transactions during the last two years, or proposed transactions, to which the Corporation was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest:

(a) Any director or executive officer of the Corporation;
(b) Any nominee for election as a director;
(c) Any security holder named above; and
(d) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the officers, directors, or a security holder of the Company.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Please refer to the attached ACGR.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-A

(1) Exhibits – See accompanying Index to Exhibits

(2) Reports on SEC Form 17-C

a. <u>24 March 2016</u> – Resignation of Director
b. <u>08 November 2016</u> – Notice of Annual Stockholders' Meeting
c. <u>22 December 2016</u> – Report on the results of the Annual Meeting

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on the 10 th day of April 2017.

OSCAR L. PARAS, JR.
Chairman

RAUL G. GERODIAS
President

LIMUEL P. LEAL
Treasurer

CHERYL S. SALDAÑA-DE LEON
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 18 APR 2017 th day of April 2017, affiants exhibiting to me the following:

Name	CTC/ Passport No. / SSS No. Date and Place of Issuance	Competent Evidence of Identity
Oscar L. Paras, Jr.		TIN 168-499-479
Raul G. Gerodias	CTC No. 26397726/01/07/2017/Pasig	TIN 129-434-349
Cheryl S. Saldana-de Leon	CTC No. 26397732/01/07/2017/Pasig	TIN 210-789-117
Limuel P. Leal	CTC No. 26398210/01/07/2017/Pasig	TIN 309-114-060

Doc. No. 414;
Page No. 84;
Book No. 111;
Series of 2017.

PAUL VINCENT T. CUNANAN
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2017
2404 Discovery Center 25 ADB Ave.,
Ortigas Center Pasig City
APPT. No. 97 (2016-2017) - Roll No. 64549
PTR No. 2495198; 01-10-2017; Pasig City
IBP No. 1060765; 01-09-2017; RSM
MCLE Compliance No. V-0011599; 11-09-2015

CYBER BAY CORPORATION

Index to Financial Statements and Supplementary Schedules

Form 17-A, Item 7

Consolidated Financial Statements	*Page No.*
Statement of Management's Responsibility for Financial Statements	
Report of Independent Public Accountants	
Consolidated Statements of Financial Position as of December 31, 2015 and December 31, 2016	
Consolidated Statements of Comprehensive Income for the Year Ended December 31, 2016 and the Year Ended December 31, 2015	
Consolidated Statements of Changes in Capital Deficiency	
Consolidated Statement of Cash Flows	
Notes to Consolidated Financial Statements	
Schedules to Financial Statements	

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

								1	6	5	5	3	9

Company Name

C Y B E R   B A Y   C O R P O R A T I O N

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

S U I T E   2 4 0 2   D I S C O V E R Y   C E N T E R

2 5   A D B   A V E N U E   O R T I G A S   C E N T E R

P A S I G   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A F S 16	C R M D	N/ A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
cyberbay12345@gmail.com	(02) 633-9757	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
Six Hundred Forty-Four (644)	Any day in April	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Raul G. Gerodias	raulgerodias@gselawfirm.com	(02) 633-9757	

Contact Person's Address

Suite 2404 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City

Note: In case of death, resgination 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.

Note 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.

CYBER BAY CORPORATION

SEPARATE FINANCIAL STATEMENTS
December 31, 2016 and 2015

KPMG

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
Email ph-inquiry@kpmg.com.ph

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Cyber Bay Corporation
Suite 2402 Discovery Centre, 25 ADB Avenue
Ortigas Center, Pasig City

Report on the Audit of the Separate Financial Statements

Disclaimer of Opinion

We were engaged to audit the separate financial statements of Cyber Bay Corporation ("the Company"), which comprise the separate statements of financial position as at December 31, 2016 and 2015, and the separate statements of comprehensive income, separate statements of changes in capital deficiency and separate statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying separate financial statements of the Company. Because of the significance of the matter described in the Basis of Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these separate financial statements.

Basis for Disclaimer of Opinion

We draw attention to Note 1 to the separate financial statements. The Parent Company's wholly-owned Subsidiary, Central Bay Reclamation and Development Corporation ("Central Bay"), entered into a Joint Venture (JV) Agreement with the Philippine Reclamation Authority ("PRA"), formerly Public Estates Authority, for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the "Project") and has made significant investments in the Project. However, the Supreme Court declared that the JV Agreement was null and void. Central Bay filed motions for reconsideration which were denied by the Supreme Court.

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
REVENUE DISTRICT OFFICE NO. 50
SOUTH MAKATI
RECEIVED
17 APR 2017

Due to the cessation of the Project, the Parent Company failed to honor its loan commitments and incurred significant losses from accumulating interests and penalties. The accumulated deficit as at December 31, 2016 and 2015 amounted to P11.4 billion and P9.4 billion, respectively. The equity (capital deficiency) as at December 31, 2016 and 2015 amounted to (P1.5) billion and P0.44 billion, respectively.

Despite declaring the JV Agreement null and void, the Supreme Court decision provides that Central Bay is not precluded from recovering from the PRA in the proper proceedings whatever costs Central Bay may have incurred in implementing the JV Agreement prior to its declaration of nullity.

Pursuant to the Supreme Court's decision, the Company filed a claim for reimbursement with the PRA amounting to P11.5 billion, the realization of which is uncertain except for P1.0 billion which was verified and acknowledged in writing by the PRA. As at December 31, 2016 and 2015, Central Bay recognized a receivable from the PRA amounting to P0.6 billion without any allowance for impairment losses as the management assessed this to be fully recoverable, and Project Development Cost of P3.0 billion which is fully provided with allowance for impairment.

On October 14, 2016, Central Bay and the PRA entered into a Compromise Agreement where the PRA shall cede to Central Bay parcels of land with value equal to the validated claim of Central Bay amounting to P1.027 billion. In exchange, Central Bay shall waive all other claims which is the subject of the pending petition filed with the Commission on Audit (COA) and any other claims arising from or in connection with the JV Agreement. The Compromise Agreement shall become effective upon approval by the COA.

On November 11, 2016, Central Bay and the PRA filed to COA a Joint Motion for Judgment ("Joint Motion") on the Compromise Agreement for the COA's approval. As at April 5, 2017, no decision has been issued by COA on the Joint Motion.

As at December 31, 2016 and 2015, the Company has an investment in and receivable from Central Bay amounting to P9.5 billion, of which only P8.9 billion allowance for impairment has been provided. The investment in and receivable from Central Bay is considered to be fully impaired since the Subsidiary is in a capital deficiency position amounting to P4.7 billion as at December 31, 2016 and 2015, and the recoverability of its assets is uncertain.

Management intends to utilize any reimbursement that it may obtain from the PRA to fund other business and development ventures, continuing the operations of the Company. Accordingly, the financial statements are prepared on a going concern basis. However, due to the uncertainty over the Compromise Agreement, particularly its approval and the value of the parcels of land to be ceded in settlement of the Company's claims, and the uncertainty of any reimbursement should the Compromise Agreement not materialize, the continuance of operations cannot be assured. This raises significant doubt about the Company's ability to continue as a going concern.

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

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

KPMG

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Philippine Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company 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 financial statements in the Philippines, and we have fulfilled our mother ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

We were engaged for the purpose of forming an audit opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 13 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraphs, it is inappropriate to and we do not express an opinion on the information referred to above.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Darwin P. Virocel.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 1386-A, Group A, valid until April 30, 2017
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-31-2016
Issued October 18, 2016; valid until October 17, 2019
PTR No. 5904948MD
Issued January 3, 2017 at Makati City

BUREAU OF INTERNAL REVENUE
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APR 2017

April 5, 2017
Makati City, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE ANNUAL INCOME TAX RETURN

The management of **CYBER BAY CORPORATION** (Corporation) is responsible for all information and representations contained in the Annual Income Tax Return for the year ended 31 December 2016. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including but not limited to, the value added tax returns, withholding tax returns, documentary stamp tax return, and any other tax returns.

In this regard, the management affirms that the attached audited financial statements for the year ended 31 December 2016 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Corporation, complete and correct in all material respects. Management likewise affirms that:

a) the Annual Income Tax Return has been prepared in accordance with the provisions of National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements Revenue Regulations No. 8-2007 and other relevant issuances; and

c) The Corporation has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable has been paid for the reporting period, except those contested in good faith.

OSCAR L. PARAS, JR.
Chairman

RAUL G. GERODIAS
President

LIMUEL P. LEAL
Treasurer

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
REVENUE DISTRICT OFFICE NO. 50
SOUTH MAKATI
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17 APR 2017

Signed this 05th day of April 2017.

CYBER BAY CORPORATION
c/o Suite 2402 Discovery Center, 25 ADB Avenue, Ortigas Centre, Pasig City, 1605 Philippines
Telephone no. (632) 636-6080 / 633-9757 • Facsimile no. (632) 637-2887

CYBERBAY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR SEPARATE FINANCIAL STATEMENTS

The management of **CYBER BAY CORPORATION** (Company) is responsible for the preparation and fair presentation of the 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 financial statements that are free form material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

OSCAR L. PARAS, JR.
Chairman

RAUL G. GERODIAS
President

LIMUEL P. LEAL
Treasurer

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
REVENUE DISTRICT OFFICE NO. 50
SOUTH MAKATI
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17 APR 2017

Signed this 05th day of April 2017.

SUBSCRIBED AND SWORN TO before me this 17 APR 2017 in Pasig City, affiants exhibiting to me the following as competent proof of their identity and known to me to be the same persons who executed the foregoing document:

NAME	COMPETENT EVIDENCE OF IDENTITY
OSCAR L. PARAS, JR.	TIN 168-499-479-000
RAUL G. GERODIAS	TIN 129-434-349-000
LIMUEL P. LEAL	TIN 416-070-614-000

Doc No. 411;
Page No. 84;
Book No. 111;
Series of 2017.

PAUL VINCENT T. CUNANAN
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2017
3404 Discovery Center 25 ADB Ave.,
Ortigas Center Pasig City
APPT. No. 97 (2016-2017) - Roll No. 64549
PTR No. 2495498; 01-10-2017; Pasig City
IBP No. 1060765; 01-09-2017; RSM
MCLE Compliance No. V-0011599; 11-09-2015

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
REVENUE DISTRICT OFFICE NO. 50
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CYBER BAY CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2016**	2015
ASSETS			
Current Assets			
Cash in banks	*4*	**P753,993**	P1,032,772
Receivables - net	*5*	**-**	-
Total Current Assets		**753,993**	1,032,772
Noncurrent Assets			
Investment in and receivables from a subsidiary - net	*4, 6*	**611,849,644**	2,538,345,722
Other noncurrent assets - net	*4, 7*	**736,442**	563,030
Total Noncurrent Assets		**612,586,086**	2,538,908,752
		P613,340,079	P2,539,941,524
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*4, 8*	**P9,208,481**	P9,203,022
Due to related parties	*4, 9*	**2,097,272,292**	2,092,565,997
Total Current Liabilities		**2,106,480,773**	2,101,769,019
Equity (Capital Deficiency)			
Capital stock	*10*	**6,970,081,395**	6,970,081,395
Additional paid-in capital		**2,902,072,772**	2,902,072,772
Deficit		**(11,365,294,861)**	(9,433,981,662)
Total Equity (Capital Deficiency)		**(1,493,140,694)**	438,172,505
		P613,340,079	P2,539,941,524

See Notes to the Separate Financial Statements.

CYBER BAY CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2016**	2015
REVENUE			
Interest income		**P2,438**	P4,330
EXPENSES			
General and administrative	*11*	**1,928,431,564**	1,757,657
Interest	*9a*	**2,884,073**	271,597,832
		1,931,315,637	273,355,489
LOSS BEFORE INCOME TAX		**(1,931,313,199)**	(273,351,159)
INCOME TAX EXPENSE	*12*	**-**	-
NET LOSS/TOTAL COMPREHENSIVE LOSS	*1*	**(P1,931,313,199)**	(P273,351,159)

See Notes to the Separate Financial Statements.

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
REVENUE DISTRICT OFFICE NO. 50
SOUTH MAKATI
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CYBER BAY CORPORATION

SEPARATE STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)

		Years Ended December 31			
		2016		2015	
	Note	**Number of Shares**	**Amount**	Number of Shares	Amount
CAPITAL STOCK					
Preferred stock - P0.10 par value					
Authorized		**7,000,000,000**		7,000,000,000	
Issued and outstanding	*10*	**6,467,950,603**	**P646,795,060**	6,467,950,603	P646,795,060
Common shares - P1 par value					
Authorized		**7,300,000,000**		7,300,000,000	
Issued and outstanding		**5,985,061,853**	**5,985,061,853**	5,985,061,853	5,985,061,853
Common shares at end of year		**5,985,061,853**	**5,985,061,853**	5,985,061,853	5,985,061,853
Subscribed shares (net of subscriptions receivable of P483,592,518)		**338,224,482**	**338,224,482**	338,224,482	338,224,482
Balance at end of year		**6,323,286,335**	**6,323,286,335**	6,323,286,335	6,323,286,335
			6,970,081,395		6,970,081,395
ADDITIONAL PAID-IN CAPITAL					
Balance at end of year	*10*		**2,902,072,772**		2,902,072,772
DEFICIT					
Balance at beginning of year			**(9,433,981,662)**		(9,160,630,503)
Net loss for the year	*1*		**(1,931,313,199)**		(273,351,159)
Balance at end of year			**(11,365,294,861)**		(9,433,981,662)
	1		**(P1,493,140,694)**		P438,172,505

See Notes to the Separate Financial Statements.

CYBER BAY CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	**2016**	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before income tax		**(P1,931,313,199)**	(P273,351,159)
Adjustments for:			
Impairment loss on receivables		**1,926,718,832**	-
Interest expense and penalties	*9a*	**2,884,073**	271,597,832
Interest income		**(2,438)**	(4,330)
Operating loss before working capital changes		**(1,712,732)**	(1,757,657)
Increase/(decrease) in accounts payable and accrued expenses		**5,459**	(27,095)
Cash absorbed by operations		**(1,707,273)**	(1,784,752)
Interest received		**2,438**	4,330
Net cash used in operating activities		**(1,704,835)**	(1,780,422)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in:			
Other noncurrent assets		**(173,412)**	(166,756)
Receivables from a subsidiary		**(222,754)**	(196,696)
Net cash used in investing activities		**(396,166)**	(363,452)
CASH FLOWS FROM A FINANCING ACTIVITY			
Increase in due to related parties		**1,822,222**	-
NET DECREASE IN CASH IN BANKS		**(278,779)**	(2,143,874)
CASH IN BANKS AT BEGINNING OF YEAR		**1,032,772**	3,176,646
CASH IN BANKS AT END OF YEAR		**P753,993**	P1,032,772

See Notes to the Separate Financial Statements.

CYBER BAY CORPORATION
NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Reporting Entity and Status of Operations

Cyber Bay Corporation (Cyber Bay or the "Parent Company") was incorporated in the Philippines in 1989. Cyber Bay is involved in real estate development (except real estate subdivision) and reclamation. The registered office address of Cyber Bay is at Suite 2402 Discovery Centre, ADB Avenue, Ortigas Center, Pasig City.

On March 30, 1996, the Parent Company, Central Bay Reclamation and Development Corporation (Central Bay or the "Subsidiary") and certain shareholders of Central Bay entered into a Memorandum of Agreement which involved the restructuring of the Parent Company and the consolidation of certain businesses and assets of the Parent Company and the Subsidiary.

The restructuring of the Parent Company entailed the transfer to Prime Orion Philippines, Inc. (POPI) of the Parent Company's investments in the following corporations: Tutuban Properties Inc., Guoco Property Development Inc., Manila Southcoast Development Corporation, Mandaue Resources and Realty Corporation, Luck Hock Venture Holdings, Inc., First Lepanto Ceramic Wares Inc. and First Lepanto Realty, Inc. and the settlement of all intercompany liabilities relating to such corporations.

The business consolidation involved the issuance by the Parent Company of 4 billion shares of stock (with par value P1.00 per share) to certain Central Bay shareholders in exchange for 4.8 million Central Bay shares of stock (with par value of P100.00 per share) held by the Central Bay shareholders. Upon completion of the business consolidation, the Parent Company assumed full ownership of the Subsidiary, including the latter's Joint Venture Agreement (JVA) with the Philippine Reclamation Authority (PRA) (formerly known as the Public Estates Authority) entered into on April 25, 1995. This is for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the "Project") consisting of three partially reclaimed and substantially eroded islands (the "Three Islands") along Emilio Aguinaldo Boulevard in Parañaque and Las Piñas, Metro Manila with a combined total area of 157.8 hectares, another area of 242.2 hectares contiguous to the Three Islands and, at the Subsidiary's option as approved by the PRA, an additional 350 hectares more or less to regularize the configuration of the reclaimed area. The Subsidiary proceeded with the implementation of the Project after having obtained all the government licenses, environmental and other permits and approvals necessary for the reclamation.

With the project, the Parent Company is afforded a unique flagship waterfront development; at 750 hectares, it is intended to be a substantial fully integrated township that can spearhead the redevelopment of the Manila Bay in tandem with the government's progressive Bay City Development.

However, as ruled and decided by the Supreme Court on July 9, 2002 and after filing for motion for reconsideration and motion for re-deliberation, the JVA is considered to be null and void *ab initio* on the ground that the reclaimed parcels of land are part of the public domain and cannot be disposed of by the PRA to private corporations.

Despite the nullity of the JVA, the Subsidiary is not precluded by the Supreme Court from recovering from the PRA, costs and expenses incurred in implementing the JVA prior to its nullification.

The Subsidiary has spent a considerable amount on the Project which continues to be charged with interest costs. Without prejudice to any other rights and remedies to which the Subsidiary may be entitled to pursuant to the JVA and/or the law, the claims for reimbursements must be submitted to the PRA.

The Parent Company and the Subsidiary pursued the filing of the claims with the PRA for the reimbursements of the total project development cost, project-related receivables and the corresponding interest thereon.

On August 10, 2007, the Parent Company, on behalf of the Subsidiary, filed its claim for reimbursement with the PRA amounting to P10.23 billion for the initial payment of all costs, losses, liabilities and expenses computed as at December 31, 2006. On August 17, 2007, the PRA requested for the details and supporting documents of the claims which the Parent Company provided on September 5, 2007.

On July 15, 2008 the Parent Company requested for an update on the status of the claim and on July 18, 2008, the PRA responded that it is still evaluating the claim with the supporting documents submitted by the Parent Company.

On November 20, 2009, the Parent Company, through a letter sent to the PRA, demanded for the payment of approximately P13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by the Subsidiary computed as of September 2009 pursuant to the JVA.

On February 8, 2010, the PRA, through a letter, informed the Subsidiary that based on the books and records of the PRA, it was able to verify a total amount of P1.004 billion of the Subsidiary's claims which are still subject to audit by the Commission on Audit (COA). In this regard, the Subsidiary is directed to furnish PRA with a duly certified details of the said amount including all supporting documents, official receipts and other proof of payments as well as audited financial statements. The Subsidiary provided the requested documents on March 5, 2010. Management intends to cooperate with the PRA in order to process its claims.

On December 13, 2010, the Subsidiary filed a petition with the COA to claim for reimbursement the revised amount of P11.5 billion (from the initial claim of P13.4 billion) and not P1.004 billion as initially verified by the PRA. Considering that the PRA has already validated and acknowledged the Subsidiary's claim for reimbursement amounting to P1.004 billion, the only issue submitted to the COA is whether or not the other claims are likewise rightful items for reimbursement. The Subsidiary and the PRA panel engaged in weekly meetings and discussions from May to October 2011 in order to discuss and validate the Parent Company's claim for reimbursement for project costs. The Subsidiary has submitted its final report on November 8, 2011.

On February 3, 2014, the PRA informed the Subsidiary that it has verified an additional amount for reimbursement bringing the total validated amount to P1.027 billion.

On October 14, 2016, the Subsidiary and the PRA entered into a Compromise Agreement where the PRA shall cede to the Subsidiary parcels of land with value equal to Central Bay's validated claim of P1.027 billion. In exchange, the Subsidiary shall waive all other claims which is the subject of the pending petition filed with the COA and any other claims arising from or in connection with the JVA. The Compromise Agreement shall become effective upon approval by the COA.

On November 11, 2016, the Subsidiary and the PRA filed a Joint Motion for Judgment ("Joint Motion") based on the Compromise Agreement. As at April 5, 2017, no decision has been issued by the COA on the Joint Motion.

For the years 2016 and 2015, the Parent Company continues to reduce its operational expenses and, through the efforts of its limited personnel and utilizing very restricted resources, the Parent Company and the Subsidiary were able to consolidate all the records pertaining to the Project from its local and foreign partners.

Due to the cessation of the Project, the Parent Company failed to honor its loan commitments and has incurred significant losses from accumulating interest costs and penalties. Net loss incurred for the years ended December 31, 2016 and 2015 amounted to P1.9 billion and P273.4 million, respectively. The accumulated deficit as at December 31, 2016 and 2015 amounted to P11.4 billion and P9.4 billion, respectively. The equity (capital deficiency) as at December 31, 2016 and 2015 amounted to (P1.5) billion and P0.4 billion, respectively.

Despite the nullification of the JVA, management still intends to continue the Parent Company's operations and utilize any reimbursement that it may obtain from the PRA to fund other business and development ventures.

The ability of the Parent Company and the Subsidiary to continue as going concern entities will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any business that the Parent Company and the Subsidiary may undertake. All of these matters indicate the existence of a material uncertainty which casts significant doubt about the ability of the Parent Company and the Subsidiary to continue as going concern entities.

2. Basis of Preparation

Statement of Compliance

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

In full compliance with PFRS 10, Consolidated Financial Statements, the Parent Company also prepares and issues consolidated financial statements for the same period in which it consolidates its investment in a subsidiary. Such consolidated financial statements provide information about the economic activities of the Parent Company and the Subsidiary. The consolidated financial statements are available through the Philippine Stock Exchange.

The separate financial statements as at and for the year ended December 31, 2016 were approved and authorized for issuance by the Parent Company's Board of Directors (BOD) on April 5, 2017.

Basis of Measurement

The separate financial statements have been prepared using the historical cost basis of accounting.

Functional and Presentation Currency
The separate financial statements are presented in Philippine peso, which is the Parent Company's functional currency. All values are rounded off to the nearest peso, except when otherwise stated.

Use of Judgments, Estimates and Assumptions
The preparation of the Parent Company's separate financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. However, uncertainty about judgments and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities in the future.

Judgments and estimates are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgment and estimates are revised and in any future periods affected.

Judgments
In the process of applying the Parent Company'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 separate financial statements:

Going Concern
The Parent Company has reported a deficit amounting to P11.4 billion and P9.4 billion as at December 31, 2016 and 2015, respectively. The ability of the Parent Company to continue as a going concern will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any business that the Company may undertake. Management assessed that the Subsidiary will be able to recover a sufficient amount of the Subsidiary's claims to allow the Parent Company and the Subsidiary to operate on a going concern basis. Accordingly, these financial statements are prepared on a going concern basis.

Provisions
The Parent Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account. As at December 31, 2016 and 2015, the Parent Company does not have any legal or constructive obligations that require provision.

Contingencies
The Parent Company is currently involved in various legal proceedings. The Parent Company's estimate of the probable costs for the resolution of these claims has been developed in consultation with its legal counsel handling the prosecution and defense of these cases and is based upon an analysis of potential results. As at December 31, 2016 and 2015, the Parent Company did not accrue any possible losses as a result of the legal claims as management has assessed that these cases will not have a material adverse effect on the Parent Company's financial position and results of operations.

Estimates and Assumptions
The key estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. Actual results could differ from these estimates:

Estimating Allowance for Impairment Losses on Receivables
Impairment losses are made for specific and groups of accounts, where objective evidence of impairment exists. The Parent Company evaluates these accounts based on available facts and circumstances.

As at December 31, 2016 and 2015, the Parent Company's allowance for impairment losses on receivables amounted to P7.5 million (see Note 5). As at December 31, 2016 and 2015, the Parent Company's allowance for impairment losses on receivables from related parties amounted to P0.2 million (see Note 7).

Estimating Allowance for Impairment Losses on Nonfinancial Assets
The Parent Company assesses impairment on other noncurrent assets and nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The factors that the Parent Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the 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.

As at December 31, 2016 and 2015, allowance for impairment losses on investment in and receivables from a Subsidiary amounted to P8.9 billion and P7.0 billion respectively (see Note 6) while allowance for impairment losses on other noncurrent assets amounted to P0.3 billion (see Note 7).

Estimating Realizability of Deferred Tax Assets
The Parent Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As at December 31, 2016 and 2015, the total amount of temporary differences and unused tax losses for which deferred tax assets have not been recognized is P8.9 billion and P7.2 billion, respectively (see Note 12).

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these separate financial statements, except for the changes in accounting policies as explained below.

Adoption of Amendments to Standards
The Parent Company has adopted the following relevant and applicable amendments to standards starting January 1, 2016 and accordingly changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Parent Company's separate financial statements.

- *Equity Method in Separate Financial Statements (Amendments to PAS 27).* The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries.

- *Disclosure Initiative (Amendments to PAS 1)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

  - Information should not be obscured by aggregating or by providing immaterial information.

  - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.

  - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant with additional guidance on subtotals in these statements.

  - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Financial Assets
Date of Recognition. The Parent Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Purchases or sales of financial assets are recognized on the settlement date.

Financial assets are classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, and available-for-sale (AFS) financial assets. The Parent Company determines the classification at initial recognition and where allowed and appropriate, re-evaluates such designation at every reporting date. The Parent Company has not designated any financial assets as financial assets at FVPL, HTM investments or AFS financial assets.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition that are an integral part of the effective interest rate. The amortization is included as interest income in profit or loss. The losses arising from impairment of such loans and receivables are recognized in profit or loss.

The Parent Company's cash in banks and security deposits are included in this category.

Cash in banks are stated at its face value.

Financial Liabilities

Financial liabilities are classified into two categories: financial liabilities at FVPL and other financial liabilities. The Parent Company determines the classification at initial recognition and where allowed and appropriate, re-evaluates such designation at every reporting date. The Parent Company has not designated any financial liabilities at FVPL.

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 (e.g., accounts payable and accrued expenses, due to related parties) or borrowings (e.g., loans payable).

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium or discount and any directly attributable transaction costs.

The Parent Company's accounts payable and accrued expenses and due to related parties are included in this category.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition of Financial Assets and Liabilities

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;

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

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

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

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. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Parent Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost. The Parent Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Parent Company determines that no objective evidence of impairment exists for individually assessed financial assets, whether significant or not, it includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses 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 for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss.

If, in subsequent years, the amount of estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Investment in a Subsidiary

The investment is carried in the separate statements of financial position at cost less any impairment in value. The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the Subsidiary arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The reporting dates of the Parent Company and its Subsidiary are identical and their accounting policies conform to those used by the Parent Company for like transactions and events in similar circumstances.

Impairment of Nonfinancial Assets
The carrying amount of investment in a Subsidiary is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal 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. 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 assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any 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. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Capital Stock and Additional Paid-in Capital
Capital stock is composed of common stock and preferred stock and is classified as equity. Incremental cost directly attributable to the issue of capital stock, if any, is recognized as a deduction from equity, net of any tax effects.

When shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account.

Preferred stocks are classified as equity if they are non-redeemable, or redeemable only at the Parent Company's option, and any dividends within equity upon approval by the Parent Company's BOD.

Preferred stocks are classified as liability if they are redeemable on a specific date or at the option of the stockholders, or if dividend payments are not discretionary. Dividends thereon are recognized as "interest expense" in the Statements of Comprehensive Income as accrued.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Parent Company and the revenue can be measured reliably.
Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Expense Recognition

Expenses are recognized upon receipt of goods or utilization of services, or at the date they are incurred.

Expenses are also recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized in profit or loss on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the separate statements of financial position as an asset.

Income Taxes

Income tax for the year is comprised of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carry forward benefits of net operating loss carry over (NOLCO). Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the assets are realized or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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

Related Parties

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

Provisions

Provisions are recognized only when the Parent Company has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. 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 rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Parent Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

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

Events After the Reporting Date

Post year-end events that provide additional information about the Parent Company's financial position at the reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes to the separate financial statements when material.

New of Revised Standards, Amendments to Standards and Interpretations To be Adopted in the Future

A number of new or revised standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2016. These will be adopted by the Group as these become effective. None of these are expected to have a significant impact on the Group's consolidated financial statements.

4. Financial Risk Management

The Parent Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

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

The BOD has overall responsibility for the establishment and oversight of the Parent Company's risk management framework, and for development and monitoring of the Parent Company's risk management policies.

Credit Risk

Credit risk is the risk of financial loss to the Parent Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Parent Company's cash in banks, receivables, receivables from a Subsidiary, receivables from related parties and security deposits.

The aging of the Parent Company's financial assets subject to credit risk are as follows:

2016

	Gross Carrying Amount	Neither Past Due nor Impaired	Past Due but not Impaired	Overdue and Impaired
Cash in banks	P753,993	P753,993	P -	P -
Receivables	7,489,854	-	-	7,489,854
Receivables from a subsidiary	5,265,389,200	-	611,849,644	4,653,539,556
Receivables from related parties	195,854	-	-	195,854
Security deposits	139,739	-	-	139,739
	P5,277,010,240	P753,993	P611,849,644	P4,661,365,003

2015

	Gross Carrying Amount	Neither Past Due nor Impaired	Past Due but not Impaired	Overdue and Impaired
Cash in banks	P1,032,772	P1,032,772	P -	P -
Receivables	7,489,854	-	-	7,489,854
Receivables from a subsidiary	5,265,166,447	-	2,538,345,722	2,726,820,725
Receivables from related parties	195,854	-	-	195,854
Security deposits	139,739	-	-	139,739
	P5,274,024,666	P1,032,772	P2,538,345,722	P2,734,646,172

Liquidity Risk

Liquidity risk is the risk that the Parent Company will not be able to meet its financial obligations as they fall due. The Parent Company is exposed to the possibility that adverse changes in the business environment and/or operations would result in substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

As discussed in Note 1, the ability of the Parent Company to continue as a going concern entity will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any business that the Parent Company may undertake. The Parent Company is in default of its loan obligations since October 1998.

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

		As at December 31, 2016				
	Note	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	*8*	P9,191,422	P9,191,422	P9,191,422	P -	P -
Due to related parties	*9*	2,097,272,292	2,097,272,292	2,097,272,292	-	-
		P2,106,463,714	P2,106,463,714	P2,106,463,714	P -	P -

**Excluding withholding tax payable*

		As at December 31, 2015				
	Note	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	8	P9,191,422	P9,191,422	P9,191,422	P -	P -
Due to related parties	9	2,092,565,997	2,092,565,997	2,092,565,997	-	-
		P2,101,757,419	P2,101,757,419	P2,101,757,419	P -	P -

**Excluding withholding tax payable*

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rate. The Company's exposure to changes in interest rates relates primarily to the Group's due to related parties. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Company to cash flow interest rate risk.

For the year ended December 31, 2016 and 2015, interest expense recognized on amounts due to related parties amounted to P2.9 million and P271.6 million, respectively.

The Company manages its interest cost by using fixed rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charges on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

Fair Values Sensitivity Analysis for Fixed-rate Instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Fair Values

The carrying amounts of financial assets and liabilities approximate their fair values as at December 31, 2016 and 2015.

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments:

Cash in Banks and Receivables

The carrying amounts of cash in banks and receivables approximate their fair values due to the relatively short-term maturities of these financial assets. Receivables are reported at their net realizable amounts or at total amounts less allowances for estimated uncollectible accounts.

Accounts Payable and Accrued Expenses and Due to Related Parties

The carrying amounts of accounts payable and accrued expenses and due to related parties approximate their fair values due to the relatively short-term maturities of these financial liabilities.

Capital Management

As discussed in Note 1 to the separate financial statements, significant events have occurred indicating the existence of a material uncertainty which casts significant doubt about the ability of the Parent Company to continue as a going concern entity. The ability of the Parent Company to continue as a going concern entity will depend on the recoverability of the Subsidiary's claims for reimbursement and on the success of any business that the Parent Company and the Subsidiary may undertake.

The Parent Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses and due to related parties. Total equity comprises capital stock, additional paid-in capital and deficit.

There were no changes in the Parent Company's approach to capital management during the year.

5. Receivables

This account consists of receivables from:

	Note	2016	2015
Tenants		**P7,327,297**	P7,327,297
Others		**162,557**	162,557
	4	**7,489,854**	7,489,854
Less allowance for impairment losses		**7,489,854**	7,489,854
		P -	P -

6. Investment in and Receivables from a Subsidiary

This account consists of:

	Note	2016	2015
The Subsidiary:			
Investment in shares of stock		**P4,259,559,247**	P4,259,559,247
Receivables	4	**5,265,389,200**	5,265,166,447
		9,524,948,447	9,524,725,694
Less allowance for:			
Impairment in value of shares of stock		**4,259,559,247**	4,259,559,247
Impairment losses on receivables		**4,653,539,556**	2,726,820,725
		8,913,098,803	6,986,379,972
		P611,849,644	P2,538,345,722

Receivables are non-interest bearing, unsecured and due and demandable.

The impairment loss of P4.7 billion represents the amount that the Subsidiary used to finance the initial phase of the Project and for working capital requirements. In 2012, the Parent Company extended advances to the Subsidiary for payment of income tax amounting to P5.2 million. The Parent Company also provides advances to the Subsidiary to finance its working capital requirements such as professional fees and taxes and licenses.

As at December 31, 2016, the Subsidiary has negative working capital, with no available cash. Additional impairment losses on receivables amounting to P1.9 billion was recognized. The remaining P0.6 billion represents the amount expected to be recoverable from the PRA claim.

The summarized financial information of the Subsidiary as at and for the years ended December 31 is as follows:

	2016	2015
Total assets	**P612,430,663**	P612,430,663
Total liabilities	**5,277,743,598**	5,277,538,509
Capital deficiency	**(4,665,312,935)**	(4,665,107,846)
Net loss	**(205,089)**	(196,696)

7. Other Noncurrent Assets

This account consists of:

	Note	2016	2015
Prepaid taxes		**P3,429,865**	P3,256,453
Receivables from related parties	*4*	**195,854**	195,854
Security deposits	*4*	**139,739**	139,739
Others		**20,142**	20,142
		3,785,600	3,612,188
Less allowance for impairment losses on:			
Prepaid taxes		**2,693,424**	2,693,424
Receivables from related parties		**195,854**	195,854
Security deposits		**139,739**	139,739
Others		**20,142**	20,142
		P736,442	P563,030

Prepaid taxes consist of input taxes and tax refund.

8. Accounts Payable and Accrued Expenses

This account consists of:

	Note	2016	2015
Accrued expenses	*4*	**P7,252,889**	P7,252,889
Payable to third party	*4*	**1,938,533**	1,938,533
Withholding tax payable		**17,059**	11,600
		P9,208,481	P9,203,022

Accrued expenses represent liabilities to suppliers for various expenses incurred by the Parent Company and the Subsidiary. The settlement of this account is highly dependent on the collection of claims from the PRA.

Payable to third party pertains to advances from Centasia Co. Ltd. It is non-interest bearing.

9. Related Party Transactions

In the ordinary course of business, the Parent Company has transactions with related parties summarized as follows:

Category	Year	Ref	Amount of Transaction	Outstanding Balances Due to Related Parties	Terms	Conditions
Shareholders						
POPI						
Cash advance	**2016**	*a*	**P -**	**P6,968,217**	Due and demandable;	Unsecured
	2015	*a*	-	6,968,217	interest bearing	
Interest expense	**2016**	*a*	**2,884,073**	**15,143,011**		
	2015	*a*	2,507,890	12,258,938		
Other Shareholders						
Cash advance	**2016**	*a*	**-**	**31,849,787**	Due and demandable;	Unsecured
	2015	*a*	-	31,849,787	interest bearing	
Interest expense	**2016**	*a*	**-**	**2,031,173,102**		
	2015	*a*	269,089,942	2,031,173,102		
Primera Commercio Holding, Inc. (Primera)						
Cash advance	**2016**	*b*	**1,822,222**	**10,102,610**	Due and demandable;	Unsecured
	2015	*b*	-	8,280,388	non-interest bearing	
Italian Thai						
Cash advance	**2016**	*c*	**-**	**2,035,565**	Due and demandable;	Unsecured
	2015	*c*	-	2,035,565	non-interest bearing	
	2016			**P2,097,272,292**		
	2015			P2,092,565,997		

a) Cash advances from POPI and other shareholders bear interest at 15% per annum, compounded annually until fully paid. The payment terms are stipulated in the Repayment Agreement for such advances and were approved by the BOD on March 14, 2003.

At the option of the above shareholders, the advances shall be settled and paid according to any or a combination of the following:

- In cash by the Parent Company;
- In common shares of the Parent Company, through the issue, at par value, by the Parent Company of new common shares. Under this option, the shareholder must exercise his right to convert the Project-related payable into common shares of the Parent Company when the weighted average market price of the shares within a 30 trading day period is at P0.95 or above, at a price approximate to the par value of the shares; and
- Through assignment by the Parent Company of all its rights, titles and interest in and to any salable portion of the reclaimed land in the Project, as identified by the above shareholders and subject to the BOD's approval.

In 2016, the Parent Company and the other shareholders entered into an agreement wherein the interest due on the advances under the Repayment Agreement will be waived and will no longer accrue starting in 2016 until the advances are fully paid except for advances from POPI. Accordingly, interest accrued in 2016 pertains to the advances from POPI.

b) The Parent Company obtains non-interest bearing cash advances from Primera to support its day-to-day operations. These advances are payable on demand. As at December 31, 2016, Primera has not provided options for the Parent Company's settlement of the advances.

c) The Parent Company obtains cash advances from Italian Thai to be settled in cash. These advances are due and demandable as at December 31, 2016 and 2015.

d) The Company has no key management compensation in 2016 and 2015.

All amounts owed to related parties are to be settled in cash.

10. Capital Stock

Common Stock
The Parent Company had its only public offering for common stocks in 1991. The outstanding common stock as at December 31, 2016 and 2015 amounted to P6.32 million divided into 6.32 million shares.

Preferred Stock
The preferred stocks which may be issued in tranches or series, are redeemable at the option of the Parent Company, non-voting, entitled to preferential and cumulative dividends at a rate not exceeding 12% per annum, and shall have such other rights, preferences, restrictions and qualifications consistent with the Parent Company's By-laws and the Articles of Incorporation, as may be fixed by the BOD at the time of their issuance.

As a result of the conversion of payables to equity on November 13, 2012, the Parent Company issued shares in full settlement of payable to stockholders amounting to P647.0 million and loan payable amounting to P3.6 billion. The additional paid-in capital, net of direct transaction costs, amounted to P2.9 billion. Direct transaction costs for the issuance of shares amounted to P9.08 million.

The table below shows the equivalent number of common and preferred shares issued to the stockholders of the Parent Company in relation to the conversion of debt to equity:

	Number of Shares	
Stockholders	Common	Preferred
One Bacolod Express Holdings, Inc.	364,577,424	1,609,359,778
Primera	167,578,190	4,858,590,825
Cosco Land Corporation	56,132,206	-
David Go Securities Corporation	42,924,628	-
POPI	15,666,405	-
	646,878,853	6,467,950,603

In 2005, the BOD also approved the conversion to equity of the Parent Company's payable to POPI and Orion Land, Inc. (a wholly-owned subsidiary of POPI) amounting to P44.5 million and P2.4 million, respectively, as partial payment for their subscriptions. The application for conversion of debt to equity has not been filed with the SEC as at December 31, 2016.

11. General and Administrative Expenses

This account consists of:

	Note	**2016**	2015
Impairment losses on receivables	6	**P1,926,718,832**	P -
Professional fees		**1,240,800**	1,188,800
Listing and filing fees		**285,120**	304,840
Others		**186,812**	264,017
		P1,928,431,564	P1,757,657

12. Income Taxes

The reconciliation of income tax benefit computed at the statutory income tax rate to the income tax expense in profit or loss follows:

	2016	2015
Loss before income tax	**(P1,931,313,199)**	(P273,351,159)
Income tax at statutory rate of 30%	**(P579,393,960)**	(P82,005,348)
Additions to (reductions in) income tax resulting from:		
Movement in unrecognized deferred tax assets	**578,529,469**	527,297
Nondeductible interest expense	**865,222**	81,479,350
Interest income subject to final tax	**(731)**	(1,299)
	P -	P -

Deferred tax assets on the following temporary differences and unused NOLCO have not been recognized as the Parent Company may not have sufficient taxable income in the future to realize the benefits of the related deferred tax assets.

	2016	2015
Allowance for impairment in value and impairment losses on investment and receivables	**P8,913,098,803**	P6,986,379,972
Allowance for impairment losses on receivables	**7,489,854**	7,489,854
NOLCO	**5,719,149**	211,940,144
Allowance for impairment losses on other noncurrent assets	**3,049,158**	3,049,158
	P8,929,356,964	P7,208,859,128

As at December 31, 2016 the composition of NOLCO that can be claimed as deduction from future taxable income is as follows:

Year Incurred	Amount Incurred	Expired During the Year	Remaining Balance	Year of Expiration
2013	P207,933,727	(P207,933,727)	P -	2016
2014	2,248,760	-	2,248,760	2017
2015	1,757,657	-	1,757,657	2018
2016	1,712,732	-	1,712,732	2019
	P213,652,876	(P207,933,727)	P5,719,149	

13. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRS. The following is the tax information required for the taxable year ended December 31, 2016:

Based on Revenue Regulations No. 15-2010

A. Value-added Tax (VAT)

Input VAT:	
Beginning of year	**P2,051,092**
Services lodged under other accounts	**173,412**
Balance at end of year	**P2,224,504**

B. Withholding Taxes

Expanded withholding taxes	**P153,902**

C. All Other Taxes (Local and National)

Other taxes paid during the year recognized under "Taxes and licenses" account under General and Administrative Expenses	
License and permit fees	**P12,932**

Information on landed cost of imports, customs duties and tariff fees paid or accrued and the amounts of output VAT, excise taxes and documentary stamp tax are not applicable since there were no transactions during the year subject to these taxes.

As at December 31, 2016, the Parent Company has no pending tax court cases and has not received tax assessment notices from the BIR.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

									1	6	5	5	3	9

Company Name

CYBER BAY CORPORATION AND A
SUBSIDIARY

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

SUITE 2402 DISCOVERY CENTER
25 ADB AVENUE ORTIGAS CENTER
PASIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS16	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
cyberbay12345@gmail.com	(02) 633-9757	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
Six Hundred Forty-Four (644)	Any day in April	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Raul G. Gerodias	raulgerodias@gselawfirm.com	(02) 633-9757	

Contact Person's Address

Suite 2404 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City

Note: In case of death, resgination 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.

Note 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.

CYBER BAY CORPORATION AND A SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016, 2015 and 2014

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Cyber Bay Corporation and a Subsidiary
Suite 2402, Discovery Centre, ADB Avenue
Ortigas Center, Pasig City

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Cyber Bay Corporation and a Subsidiary ("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 capital deficiency and consolidated statements of cash flows for each of the three years in the period ended December 31, 2016, and notes, comprising a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matter described in the Basis of Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these financial statements.

Basis for Disclaimer of Opinion

We draw attention to Note 1 to the consolidated financial statements. Central Bay Reclamation and Development Corporation (the "Subsidiary") entered into a Joint Venture (JV) Agreement with the Philippine Reclamation Authority ("PRA"), formerly Public Estates Authority, for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the "Project") and has made significant investments. However, the Supreme Court declared that the JV Agreement was null and void. The Subsidiary filed motions for reconsideration which were denied by the Supreme Court.

Due to the cessation of the Project, the Group failed to honor its loan commitments and has incurred significant losses from accumulating interests and penalties. The deficit as at December 31, 2016 and 2015 amounted to P11.4 billion. The Group's capital deficiency as at December 31, 2016 and 2015 amounted to P1.5 billion.

Despite declaring the JV Agreement null and void, the Supreme Court decision provides that the Subsidiary is not precluded from recovering from the PRA in the proper proceedings whatever costs the Subsidiary may have incurred in implementing the JV Agreement prior to its declaration of nullity.

Pursuant to the Supreme Court's decision, the Group filed a claim for reimbursement with the PRA amounting to P11.5 billion, the realization of which is uncertain except for P1.0 billion which was verified and acknowledged in writing by the PRA. As at December 31, 2016 and 2015, the Subsidiary recognized a receivable from the PRA amounting to P0.6 billion without any allowance for impairment losses as Management assessed this to be fully recoverable, and Project Development Cost of P3.0 billion which is fully provided with allowance for impairment.

On October 14, 2016, the Subsidiary and the PRA entered into a Compromise Agreement where the PRA shall cede to the Subsidiary parcels of land with value equal to the validated claim of the Subsidiary amounting to P1.027 billion. In exchange, the Subsidiary shall waive all other claims which is the subject of the pending petition with the Commission on Audit (COA) and any other claims arising from or in connection with the JV Agreement. The Compromise Agreement shall become effective upon approval by the COA.

On November 11, 2016, the Subsidiary and the PRA filed a Joint Motion for Judgment ("Joint Motion") based on the Compromise Agreement for the COA's approval. As of April 5, 2017, the parties are still waiting for COA's decision on the Joint Motion.

Management intends to utilize any reimbursement that it may obtain from the PRA to fund other business and development ventures, continuing the operations of the Group. Accordingly, the financial statements are prepared on a going concern basis. However, due to the uncertainty over the Compromise Agreement, particularly its approval and the value of the parcels of land to be ceded in settlement of the Group's claims, and the uncertainty of any reimbursement should the Compromise Agreement not materialize, the continuance of operations cannot be assured. This raises significant doubt about the Group's ability to continue as a going concern.

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 PFRS, 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Philippine Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company 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 financial statements in the Philippines, and we have fulfilled our mother ethical responsibilities in accordance with these requirements and the Code of Ethics.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Darwin P. Virocel.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 1386-A, Group A, valid until April 30, 2017
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-31-2016
Issued October 18, 2016; valid until October 17, 2019
PTR No. 5904948MD
Issued January 3, 2017 at Makati City

April 5, 2017
Makati City, Metro Manila

CYBERBAY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **CYBER BAY CORPORATION AND A SUBSIDIARY** is responsible for the preparation and fair presentation of the 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 form 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 financial statements including the schedules attached therein, and submits the same to the stockholders.

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

OSCAR L. PARAS, JR.
Chairman

RAUL G. GERODIAS
President

LIMUEL P. LEAL
Treasurer

Signed this 05th day of April 2017.

CYBER BAY CORPORATION
c/o Suite 2402 Discovery Center, 25 ADB Avenue, Ortigas Centre, Pasig City, 1605 Philippines
Telephone no. (632) 636-6080 / 633-9757 • Facsimile no. (632) 637-2887

SUBSCRIBED AND SWORN TO before me this 17 APR 2017 in Pasig City, affiants exhibiting to me the following competent evidence of their identity and known to be the same persons who executed the foregoing document:

NAME	COMPETENT EVIDENCE OF IDENTITY
OSCAR L. PARAS, JR.	TIN 168-499-479-000
RAUL G. GERODIAS	TIN 129-434-349-000
LIMUEL P. LEAL	TIN 416-070-614-000

Doc No. 410;
Page No. 85;
Book No. III;
Series of 2017.

PAUL VINCENT T. CUNANAN
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2017
2404 Discovery Center 25 ADB Ave.,
Ortigas Center Pasig City
APPT. No. 97 (2016-2017) - Roll No. 64549
PTR No. 2495498; 01-10-2017; Pasig City
IBP No. 1060765; 01-09-2017; RSM
MCLE Compliance No. V-0011599; 11-09-2015

CYBER BAY CORPORATION AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

		December 31	
	Note	**2016**	2015
ASSETS			
Current Assets			
Cash in banks	*4*	**P754**	P1,033
Receivables - net	*4, 5*	**611,850**	611,850
Prepaid income tax		**581**	581
Total Current Assets		**613,185**	613,464
Noncurrent Assets			
Project development cost:	*1, 6*		
Cost		**6,612,964**	6,612,964
Allowance for impairment in value		**(6,612,964)**	(6,612,964)
		-	-
Other noncurrent assets - net	*4, 7*	**736**	563
Total Noncurrent Assets		**736**	563
		P613,921	P614,027
LIABILITIES AND CAPITAL DEFICIENCY			
Current Liabilities			
Accounts payable and accrued expenses	*4, 8*	**P21,784**	P21,797
Due to related parties	*4, 9*	**2,097,272**	2,092,566
Total Current Liabilities		**2,119,056**	2,114,363
Capital Deficiency			
Capital stock	*10*	**6,970,081**	6,970,081
Additional paid-in capital	*10*	**2,902,073**	2,902,073
Deficit	*1*	**(11,377,289)**	(11,372,490)
Total Capital Deficiency		**(1,505,135)**	(1,500,336)
		P613,921	P614,027

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Note	Years Ended December 31		
		2016	2015	2014
REVENUES				
Interest income		**P2**	P4	P5
EXPENSES				
Interest expense	*9*	**2,884**	271,598	236,172
General and administrative expenses	*11*	**1,917**	2,175	2,447
		4,801	273,773	238,619
LOSS BEFORE INCOME TAX		**(4,799)**	(273,769)	(238,614)
INCOME TAX EXPENSE	*12*	**-**	-	-
NET LOSS/TOTAL COMPREHENSIVE LOSS		**(P4,799)**	(P273,769)	(P238,614)
BASIC AND DILUTED LOSS PER SHARE	*13*	**(P0.001)**	(P0.046)	(P0.040)

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY

(Amounts in Thousands, Except Par Value and Number of Shares)

						Years Ended December 31	
		2016		2015		2014	
	Note	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
PREFERRED STOCK	10						
Preferred stock - P0.10 par value							
Authorized		**7,000,000,000**		7,000,000,000		7,000,000,000	
Preferred shares issued and outstanding at beginning and end of year		**6,467,950,603**	**P646,795**	6,467,950,603	P646,795	6,467,950,603	P646,795
COMMON STOCK	10						
Common shares - P1 par value							
Authorized		**7,300,000,000**		7,300,000,000		7,300,000,000	
Common shares issued and outstanding		**5,985,061,853**	**5,985,062**	5,985,061,853	5,985,062	5,985,061,853	5,985,062
Subscribed shares (net of subscriptions receivable of P483,593)		**338,224,482**	**338,224**	338,224,482	338,224	338,224,482	338,224
Balance at beginning and end of year		**6,323,286,335**	**6,323,286**	6,323,286,335	6,323,286	6,323,286,335	6,323,286
			6,970,081		6,970,081		6,970,081
ADDITIONAL PAID-IN CAPITAL							
Balance at beginning and end of year	10		**2,902,073**		2,902,073		2,902,073
DEFICIT							
Balance at beginning of year			**(11,372,490)**		(11,098,721)		(10,860,107)
Net loss/total comprehensive loss for the year			**(4,799)**		(273,769)		(238,614)
Balance at end of year			**(11,377,289)**		(11,372,490)		(11,098,721)
			(P1,505,135)		(P1,500,336)		(P1,226,567)

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

		Years Ended December 31		
	Note	**2016**	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(P4,799)**	(P273,769)	(P238,614)
Adjustments for:				
Interest expense	*9a*	**2,884**	271,598	236,172
Interest income		**(2)**	(4)	(5)
Operating loss before working capital changes		**(1,917)**	(2,175)	(2,447)
Increase (decrease) in accounts payable and accrued expenses		**(13)**	194	20
Net cash absorbed by operations		**(1,930)**	(1,981)	(2,427)
Interest received		**2**	4	5
Net cash used in operating activities		**(1,928)**	(1,977)	(2,422)
CASH FLOWS FROM AN INVESTING ACTIVITY				
Increase in other noncurrent assets		**(173)**	(167)	(236)
CASH FLOWS FROM A FINANCING ACTIVITY				
Increase in due to related parties		**1,822**	-	3,613
NET INCREASE (DECREASE) IN CASH IN BANKS		**(279)**	(2,144)	955
CASH IN BANKS AT BEGINNING OF YEAR		**1,033**	3,177	2,222
CASH IN BANKS AT END OF YEAR		**P754**	P1,033	P3,177

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands)

1. Reporting Entity and Status of Operations

Cyber Bay Corporation (the "Parent Company") and its subsidiary, Central Bay Reclamation and Development Corporation ("Central Bay" or "Subsidiary") [collectively referred to as the "Group"] were incorporated in the Philippines.

Parent Company
The Parent Company was incorporated in 1989 and is involved in real estate development (except real estate subdivision) and reclamation. The Parent Company's shares are listed at the Philippine Stock Exchange (PSE) under the stock symbol "CYB" since March 19, 1991.

The registered office address of the Parent Company is at Suite 2402, Discovery Centre, ADB Avenue, Ortigas Center, Pasig City.

Subsidiary
The Subsidiary was registered with the Philippine Securities and Exchange Commission (SEC) on December 5, 1994 to engage in real estate development (except real estate subdivision) and reclamation. As at December 31, 2016, the Company has not yet started commercial operations. However, it is not subject to the provision in Section 22 of the Corporation Code of the Philippines, Effects on non-use of corporate charter and continuous inoperation of a Corporation, since the failure to organize or commence the transactions of its businesses or the construction of its works or to continuously operate is due to causes beyond the control of the Subsidiary.

Update on Operations of the Group
On April 25, 1995, the Subsidiary entered into a Joint Venture Agreement (JVA) with the Philippine Reclamation Authority (PRA), formerly Public Estates Authority, for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the "Project") consisting of three partially reclaimed and substantially eroded islands (the "Three Islands") along Emilio Aguinaldo Boulevard in Paranaque and Las Piñas, Metro Manila with a combined total area of 157.8 hectares, another area of 242.2 hectares contiguous to the Three Islands and, at the Subsidiary's option as approved by the PRA, an additional 350 hectares more or less to regularize the configuration of the reclaimed area. The Subsidiary proceeded with the implementation of the Project after having obtained all the government licenses, environmental and other permits and approvals necessary for the reclamation.

On March 30, 1996, the Parent Company, the Subsidiary and certain shareholders of the Subsidiary entered into a Memorandum of Agreement which involved the restructuring of the Parent Company and the consolidation of certain businesses and assets of the Parent Company and the Subsidiary.

The restructuring of the Parent Company entailed the transfer to Prime Orion Philippines, Inc. (POPI) of the Parent Company's investments in the following corporations: Tutuban Properties Inc., Guoco Property Development Inc., Manila Southcoast Development Corporation, Mandaue Resources and Realty Corporation, Luck Hock Venture Holdings, Inc., First Lepanto Ceramic Wares Inc. and First Lepanto Realty, Inc. and the settlement of all intercompany liabilities relating to such corporations.

The business consolidation involved the issuance by the Parent Company of 4 billion shares of stock (with par value P1.00 per share) to certain Central Bay shareholders in exchange for 4.8 million Central Bay shares of stock (with par value of P100.00 per share) held by the Central Bay shareholders. Upon completion of the business consolidation, the Parent Company assumed full ownership of the Subsidiary, including the latter's JVA with the PRA to reclaim the "Three Islands" with a total area of 750 hectares along Manila Bay as its new property core holding.

However, as ruled and decided by the Supreme Court on July 9, 2002 and after filing for motion for reconsideration and motion for re-deliberation, the JVA is considered to be null and void *ab initio* on the ground that the reclaimed parcels of land are part of the public domain and cannot be disposed of by the PRA to private corporations.

Despite the nullity of the JVA, the Subsidiary is not precluded by the Supreme Court from recovering from the PRA, costs and expenses incurred in implementing the JVA prior to its nullification.

The Subsidiary has spent a considerable amount on the Project which continues to be charged with interest costs. Without prejudice to any other rights and remedies to which the Subsidiary may be entitled to pursuant to the JVA and/or the law, the claims for reimbursements must be submitted to the PRA.

The Parent Company and the Subsidiary pursued the filing of the claims with the PRA for the reimbursements of the total project development cost, project-related receivables and the corresponding interest thereon.

On August 10, 2007, the Parent Company, on behalf of the Subsidiary, filed its claim for reimbursement with the PRA amounting to P10.23 billion for the initial payment of all costs, losses, liabilities and expenses computed as at December 31, 2006. On August 17, 2007, the PRA requested for the details and supporting documents of the claims which the Parent Company provided on September 5, 2007.

On July 15, 2008 the Parent Company requested for an update on the status of the claim and on July 18, 2008, the PRA responded that it is still evaluating the claim with the supporting documents submitted by the Parent Company.

On November 20, 2009, the Parent Company, through a letter sent to the PRA, demanded for the payment of approximately P13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by the Subsidiary computed as of September 2009 pursuant to the JVA.

On February 8, 2010, the PRA, through a letter, informed the Subsidiary that based on the books and records of the PRA, it was able to verify a total amount of P1.004 billion of the Subsidiary's claims which are still subject to audit by the Commission on Audit (COA). In this regard, the Subsidiary is directed to furnish PRA with a duly certified details of the said amount including all supporting documents, official receipts and other proof of payments as well as audited financial statements. The Subsidiary provided the requested documents on March 5, 2010. Management intends to cooperate with the PRA in order to process its claims.

On December 13, 2010, the Subsidiary filed a petition with the COA to claim for reimbursement the revised amount of P11.5 billion (from the initial claim of P13.4 billion) and not P1.004 billion as initially verified by the PRA. Considering that the PRA has already validated and acknowledged the Subsidiary's claim for reimbursement amounting to P1.004 billion, the only issue submitted to the COA is whether or not the other claims are likewise rightful items for reimbursement. The Subsidiary and the PRA panel engaged in weekly meetings and discussions from May to October 2011 in order to discuss and validate the Parent Company's claim for reimbursement for project costs. The Subsidiary has submitted its final report on November 8, 2011.

On February 3, 2014, the PRA informed the Subsidiary that it has verified an additional amount for reimbursement bringing the total validated amount to P1.027 billion.

On October 14, 2016, the Subsidiary and the PRA entered into a Compromise Agreement where the PRA shall cede to the Subsidiary parcels of land with value equal to the Subsidiary's validated claim of P1.027 billion. In exchange, the Subsidiary shall waive all other claims which is the subject of the pending petition with the COA and any other claims arising from or in connection with the JVA. The Compromise Agreement shall become effective upon approval by the COA.

On November 11, 2016, the Subsidiary and the PRA filed a Joint Motion for Judgment ("Joint Motion") on the Compromise Agreement. As at April 5, 2017, no decision has been issued by COA on the Joint Motion.

For the years 2016 and 2015, the Parent Company continues to reduce its operational expenses and, through the efforts of its limited personnel and utilizing very restricted resources, the Group was able to consolidate all the records pertaining to the Project from its local and foreign partners.

Due to the cessation of the Project, the Group failed to honor its loan commitments and has incurred significant losses from accumulating interest costs and penalties. Net loss incurred for the years ended December 31, 2016 and 2015 amounted to P4.8 million and P0.3 billion, respectively. The accumulated deficit as at December 31, 2016 and 2015 amounted to P11.4 billion. The capital deficiency as at December 31, 2016 and 2015 amounted to P1.5 billion.

Despite the nullification of the JVA, management still intends to continue the Group's operations and utilize any reimbursement that it may obtain from the PRA to fund other business and development ventures.

The ability of the Parent Company and the Subsidiary to continue as going concern entities will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any business that the Parent Company and the Subsidiary may undertake. All of these matters indicate the existence of a material uncertainty which casts significant doubt about the ability of the Parent Company and the Subsidiary to continue as going concern entities.

2. Basis of Preparation

Statement of Compliance
The consolidated financial statements include the accounts of the Parent Company and Central Bay, its 100%-owned subsidiary, and have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations, issued by the Philippine Financial Reporting Standards Council and approved by the Philippine Board of Accountancy.

The consolidated financial statements as at and for the year ended December 31, 2016 were approved and authorized for issuance by the Board of Directors (BOD) on April 5, 2017.

Basis of Measurement
The consolidated financial statements have been prepared using the historical cost basis of accounting.

Basis of Consolidation
A subsidiary is an entity controlled by the Parent Company. In accordance with PFRS 10, *Consolidated Financial Statements,* control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the Subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements are prepared for the same reporting period using uniform accounting policies for like transactions and other events in similar circumstances.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest thousand Philippine peso, except when otherwise indicated.

Use of Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from such estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgment and estimates are revised and in any future periods affected.

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:

Going Concern

The Group has reported a deficit amounting to P11.4 billion as at December 31, 2016 and 2015. The ability of the Group to continue as a going concern will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any business that the Parent Company and the Subsidiary may undertake. Management assessed that the Subsidiary will be able to recover a sufficient amount of the Subsidiary's claims to allow the Parent Company and the Subsidiary to operate on a going concern basis. Accordingly, these financial statements are prepared on a going concern basis.

Provisions

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account. As at December 31, 2016 and 2015, the Group does not have any legal or constructive obligations that require provision.

Contingencies

The Group is currently involved in various legal proceedings. The Group's estimate of the probable costs for the resolution of these claims has been developed in consultation with its legal counsel handling the prosecution and defense of these cases and is based upon an analysis of potential results. As at December 31, 2016 and 2015, the Group did not accrue any possible losses as a result of the legal claims as it has assessed these cases will not have a material adverse effect on its financial position and results of operations.

<u>*Estimates and Assumptions*</u>
The key estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from these estimates:

Estimating Allowance for Impairment Losses on Receivables
The Group reviews the collectability of its receivables and maintains an allowance for impairment losses on receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group based on available facts and circumstances that affect the collectability of the accounts.

As at December 31, 2016 and 2015, the Group's allowance for impairment losses on receivables amounted to P128 million (see Note 5). As at December 31, 2016 and 2015, the Parent Company's allowance for impairment losses on receivables from related parties amounted to P0.2 million (see Note 7).

Estimating Allowance for Impairment Losses on Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that the carrying amount of a nonfinancial asset may be impaired. If such indication exists, the Group makes an estimate of the asset's recoverable amount. At the reporting date, the Group assesses 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.

The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the 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.

As discussed in Note 1, the Group has spent a considerable amount on the Project. However, due to the nullity of the JVA and the uncertainty of the claims from the PRA, the Group provided allowance for impairment in value of the project development cost. As at December 31, 2016 and 2015, allowance for impairment losses on project development cost amounted to P6.6 billion (see Note 6) while allowance for impairment losses on non-recoverability of other noncurrent assets amounted to P3.0 million (see Note 7).

Estimating Realizability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As at December 31, 2016 and 2015, the total amount of temporary differences and unused tax losses for which deferred tax assets have not been recognized is P6.7 billion and P7.0 billion, respectively (see Note 12).

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Group to all years presented in these consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of Amendment to Standards
The Group has adopted *Disclosure Initiative (Amendments to PAS 1)* starting January 1, 2016 and accordingly, changed its accounting policies. The adoption of this amendment to standards did not have any significant impact on the Group's consolidated financial statements.

Disclosure Initiative (Amendments to PAS 1) addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

- Information should not be obscured by aggregating or by providing immaterial information.

- Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.

- The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income (OCI) can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

- An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Financial Assets
Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Purchases or sales of financial assets are recognized on the settlement date.

Financial assets are classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, and available-for-sale (AFS) financial assets. The Group determines the classification at initial recognition and where allowed and appropriate, re-evaluates such designation at every reporting date. The Group has not designated any financial assets as financial assets at FVPL, HTM investments or AFS financial assets.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition that are an integral part of the effective interest rate. The amortization is included as interest income in profit or loss. The losses arising from impairment of such loans and receivables are recognized in profit or loss.

The Group's cash in banks, receivables, and security deposits are included in this category (see Notes 4, 5, and 7).

Cash in banks are stated at its face value.

Financial Liabilities

Financial liabilities are classified into two categories: financial liabilities at FVPL and other financial liabilities. The Group determines the classification at initial recognition and where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group has not designated any financial liability at FVPL.

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 (e.g., accounts payable and accrued expenses, due to related parties).

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium or discount and any directly attributable transaction costs.

The Group's accounts payable and accrued expenses and due to related parties are included in this category (see Notes 8 and 9).

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition of Financial Assets and Liabilities

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;
- 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 has: (a) transferred substantially all the risks and rewards of the asset; or (b) neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the 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.

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. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial assets, whether significant or not, it includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses 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 for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss.

If, in subsequent years, the amount of estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Project Development Cost

Project development cost consists of costs directly and clearly associated with the acquisition, development and construction of the Project, less any impairment in value. It includes project mobilization costs, billings from contractors for project and land development, payments to the PRA, borrowing costs incurred during the construction period, professional and legal fees, documentary stamps, foreign exchange losses and other expenses.

Impairment of Nonfinancial Assets

The carrying amount of nonfinancial assets is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal 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. 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 assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date 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. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Capital Stock

Capital stock is composed of common stock and preferred stock and is classified as equity. Incremental cost directly attributable to the issue of capital stock, if any, is recognized as a deduction from equity, net of any tax effects.

Preferred stocks are classified as equity if they are non-redeemable, or redeemable only at the Parent Company's option, and any dividends within equity upon approval by the Parent Company's BOD.

Preferred stocks are classified as liability if they are redeemable on a specific date or at the option of the stockholders, or if dividend payments are not discretionary. Dividends thereon are recognized as "interest expense" in the Statements of Comprehensive Income as accrued.

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 measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Expense Recognition
Expenses are recognized upon receipt of good or utilization of services, or at the date they are incurred.

Expenses are also recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized in profit or loss on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Borrowing Costs
Borrowing costs are recognized as expenses when incurred, except to the extent capitalized. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

Income Taxes
Income tax expense is comprised of current and deferred tax and is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity in Other Comprehensive Income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefit of net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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

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

Earnings (Loss) Per Share
Basic earnings (loss) per share is computed by dividing the net income (loss) for the year attributable to equity holders of the Parent Company by the weighted average number of issued and outstanding common shares during the year, with retroactive adjustments for any stock dividends declared.

Diluted earnings (loss) per share is computed by adjusting the net income (loss) for the year attributable to equity holders of the Parent Company and the weighted average number of issued and outstanding common shares during the year, for the effects of all dilutive common shares.

The Group has no potential common shares with dilutive effect.

Provisions
Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. 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 rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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 are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date
Any event after the reporting date that provides evidence of conditions that existed at the end of the reporting date (adjusting event) is recognized in the consolidated financial statements. Any event after the reporting date that is not an adjusting event is disclosed in the notes to the consolidated financial statements when material.

New of Revised Standards, Amendments to Standards and Interpretations
To be Adopted in the Future
A number of new or revised standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2016. These will be adopted by the Group as these become effective. None of these are expected to have a significant impact on the Group's consolidated financial statements.

4. Financial Risk Management

The Group's activities are exposed to a variety of financial risk. These are credit risk, liquidity risk and interest rate risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group.

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

The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework, and for the development and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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. The Group's credit risk arises principally from cash in banks, receivables, and security deposits. Management and its legal counsel believe that the receivable from the PRA is collectible as the amount is supported by a Supreme Court decision (dated July 9, 2002), which provides for the reimbursement of expenses that directly benefited the PRA.

The aging of the Group's financial assets subject to credit risk is as follows:

2016

	Gross Carrying Amount	**Neither Past Due nor Impaired**	**Past due but not Impaired**	**Overdue and Impaired**
Cash in banks	**P754**	**P754**	**P -**	**P -**
Receivables	**739,884**	**-**	**611,850**	**128,034**
Receivables from related parties	**196**	**-**	**-**	**196**
Security deposits	**140**	**-**	**140**	**-**
	P740,974	**P754**	**P611,990**	**P128,230**

2015

	Gross Carrying Amount	Neither Past Due nor Impaired	Past due but not Impaired	Overdue and Impaired
Cash in banks	P1,033	P1,033	P -	P -
Receivables	739,884	-	611,850	128,034
Receivables from related parties	196	-	-	196
Security deposits	140	-	140	-
	P741,253	P1,033	P611,990	P128,230

Liquidity Risk

Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to the possibility that adverse changes in the business environment and/or operations would result in substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

As discussed in Note 1, the ability of the Group to continue as a going concern will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any business that the Group may undertake. The Group is in default of its loan obligations since October 1998.

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

		As at December 31, 2016				
	Note	**Carrying Amount**	**Contractual Cash Flow**	**6 Months or Less**	**6 - 12 Months**	**Over One Year**
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	*8*	**P21,767**	**P21,767**	**P21,767**	**P -**	**P -**
Due to related parties	*9*	**2,097,272**	**2,097,272**	**2,097,272**	**-**	**-**
		P2,119,039	**P2,119,039**	**P2,119,039**	**P -**	**P -**

**Excluding withholding tax payable*

		As at December 31, 2015				
	Note	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	*8*	P21,785	P21,785	P21,785	P -	P -
Due to related parties	*9*	2,092,566	2,092,566	2,092,566	-	-
		P2,114,351	P2,114,351	P2,114,351	P -	P -

**Excluding withholding tax payable*

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rate. The Group's exposure to changes in interest rates relates primarily to the Group's due to related parties. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Group to cash flow interest rate risk.

For the year ended December 31, 2016 and 2015, interest expense recognized on amounts due to related parties amounted to P2.9 million and P271.6 million, respectively.

The Group manages its interest cost by using fixed rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charges on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

<u>Fair Values Sensitivity Analysis for Fixed-rate Instruments</u>

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

<u>Fair Values</u>

The carrying amounts of financial assets and liabilities approximate their fair values as at December 31, 2016 and 2015.

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments:

Cash in Banks and Receivables
The carrying amounts of cash in banks and receivables approximate their fair values due to the relatively short-term maturities of these financial assets. Receivables are reported at their net realizable amounts or at total amounts less allowances for estimated uncollectible accounts.

Security Deposits
The carrying amounts of and security deposits approximate their fair values since the Group does not anticipate the carrying amount to be significantly different from the actual values that these would eventually be collected. These are reported at their net realizable amounts or at total amounts less allowances for estimated uncollectible accounts.

Accounts Payable and Accrued Expenses and Due to Related Parties
The carrying amounts of accounts payable and accrued expenses and due to related parties approximate their fair values due to the relatively short-term maturities of these financial liabilities.

Capital Management
As discussed in Note 1 to the consolidated financial statements, significant events have occurred which indicate the existence of a material uncertainty which casts significant doubt about the ability of the Group to continue as going concern. The ability of the Group to continue as going concern will depend on the recoverability of the Group's claims for reimbursement from the PRA and on the success of any business that the Group may undertake.

The Group monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses and due to related parties. Total equity comprises capital stock, additional paid-in capital and deficit.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally-imposed capital requirements.

5. Receivables

This account as at December 31, 2016 and 2015 consists of receivables from:

	Note	
PRA		P611,850
MCRP Construction Corporation		114,460
Tenants		7,327
Others		6,247
	4	739,884
Less allowance for impairment losses on MCRP Construction Corporation, tenants and others		128,034
		P611,850

No impairment loss was recognized on the Subsidiary's receivable from the PRA, which arose from claims for reimbursements of reclamation costs and expenses paid for by the Subsidiary on behalf of the PRA. Management and its legal counsel believe that the receivable is collectible as the amount is supported by a Supreme Court decision (dated July 9, 2002) which provides for the reimbursement of expenses that directly benefited the PRA (see Note 1).

6. Project Development Cost

As at December 31, 2016 and 2015, this account consists of:

Excess of acquisition cost over net assets of the Subsidiary	P3,592,757
Project development cost:	
Professional and legal fees	1,128,566
Project and land development costs	1,107,434
Capitalized interest and bank charges	472,318
Project mobilization costs	254,736
Input tax	53,949
Documentary stamp tax	3,204
	6,612,964
Less allowance for impairment in value of:	
Project development cost	3,020,207
Excess of acquisition cost over net assets of the Subsidiary	3,592,757
	6,612,964
	P -

The excess of the Parent Company's acquisition cost of the shares of stock of the Subsidiary over the net assets of the Subsidiary pertains to the unbooked appraisal increase relative to the Three Islands, as discussed in Note 1. This appraisal increase was based on an independent appraisers' report dated March 20, 1996. The Hypothetical Development Approach in valuing the property was used in the appraisal.

7. Other Noncurrent Assets

This account consists of:

	Note	**2016**	2015
Prepaid taxes		**P3,429**	P3,256
Receivables from related parties	*4*	**196**	196
Security deposits	*4*	**140**	140
Others		**20**	20
		3,785	3,612
Less allowance for impairment losses on:			
Prepaid taxes		**2,693**	2,693
Receivables from related parties		**196**	196
Security deposits		**140**	140
Others		**20**	20
		P736	P563

Prepaid taxes consist of input taxes and tax refund.

8. Accounts Payable and Accrued Expenses

This account consists of:

	Note	2016	2015
Accrued expenses	*4*	**P19,828**	P19,846
Payable to a third party	*4*	**1,939**	1,939
Withholding tax payable		**17**	12
		P21,784	P21,797

Accrued expenses represent liabilities to suppliers for various expenses incurred by the Group. The settlement of this account is highly dependent on the collection of claims from the PRA.

Payable to a third party pertains to advances from Centasia Co. Ltd. It is non-interest bearing.

9. Related Party Transactions

In the ordinary course of business, the Parent Company has transactions with related parties summarized as follows:

Category	Year	Ref	Amount of Transaction	Outstanding Balances Due to Related Parties	Terms and Conditions	
Shareholders						
POPI						
Cash advance	**2016**	*a*	**P-**	**P6,968**	**Due and demandable; interest bearing**	**Unsecured**
	2015	*a*	-	6,968		
Interest expense	**2016**	*a*	**2,884**	**15,143**		
	2015	*a*	2,508	12,259		
Other Shareholders						
Cash advance	**2016**	*a*	-	**31,850**	**Due and demandable; interest bearing**	**Unsecured**
	2015	*a*	-	31,850		
Interest expense	**2016**	*a*	**-**	**2,031,173**		
	2015	*a*	269,090	2,031,173		
Primera Commercio Holding, Inc. (Primera)						
Cash advance	**2016**	*b*	**1,822**	**10,102**	**Due and demandable; non-interest bearing**	**Unsecured**
	2015	*b*	-	8,280		
Italian Thai						
Cash advance	**2016**	*c*	**-**	**2,036**	**Due and demandable; non-interest bearing**	**Unsecured**
	2015	*c*	-	2,036		
	2016			**P2,097,272**		
	2015			P2,092,566		

a) Cash advances from POPI and other shareholders bear interest at 15% per annum, compounded annually until fully paid. The payment terms are stipulated in the Repayment Agreement for such advances and were approved by the BOD on March 14, 2003.

At the option of the above shareholders, the advances shall be settled and paid according to any or a combination of the following:

- In cash by the Parent Company;

- In common shares of the Parent Company, through the issuance, at par value, by the Parent Company of new common shares. Under this option, the shareholder must exercise his right to convert the Project-related payable into common shares of the Parent Company when the weighted average market price of the shares within a 30 trading day period is at P0.95 or above, at a price approximate to the par value of the shares; and

- Through assignment by the Parent Company of all its rights, titles and interest in and to any salable portion of the reclaimed land in the Project, as identified by the above shareholders and subject to the BOD's approval.

In 2016, the Parent Company and the other shareholders entered into an agreement wherein the interest due on the advances under the Repayment Agreement will be waived and will no longer accrue starting in 2016 until the advances are fully paid, except for advances from POPI. Accordingly, interest accrued in 2016 pertains to the advances from POPI.

b) The Parent Company obtains cash advances from Primera to support its day-to-day operations. These advances are payable on demand. As at December 31, 2016, Primera has not provided options for the Parent Company's settlement of the advances other than through settlement in cash.

c) The Parent Company obtains non-interest bearing cash advances from Italian Thai to be settled in cash. These advances are due and demandable as at December 31, 2016 and 2015.

d) The Group has no key management personnel compensation in 2016 and 2015.

Amounts owed to related parties are to be settled in cash.

As at December 31, 2016 and 2015, the Group has receivables from related parties amounting to P0.2 million which is fully provided with allowance for impairment losses (see Note 7).

10. Capital Stock

Common Stock

The Parent Company had its only public offering for common stocks in 1991. The outstanding common stock as at December 31, 2016 and 2015 amounted to P6.32 million divided into 6.32 million shares. These shares are registered with the SEC and traded in the PSE.

Preferred Stock

The preferred stocks which may be issued in tranches or series, are redeemable at the option of the Parent Company, non-voting, entitled to preferential and cumulative dividends at a rate not exceeding 12% per annum, and shall have such other rights, preferences, restrictions and qualifications consistent with the Parent Company's By-laws and the Articles of Incorporation, as may be fixed by the BOD at the time of their issuance.

As a result of the conversion of payables to equity on November 13, 2012, the Parent Company issued shares in full settlement of payable to stockholders amounting to P647.0 million and loan payable amounting to P3.6 billion. The additional paid-in capital, net of direct transaction costs, amounted to P2.9 billion. Direct transaction costs for the issuance of shares amounted to P9.08 million.

The table below shows the equivalent number of common and preferred shares issued to the stockholders of the Parent Company in relation to the conversion of debt to equity:

	Number of Shares	
Stockholders	Common	Preferred
One Bacolod Express Holdings, Inc.	364,577,424	1,609,359,778
Primera	167,578,190	4,858,590,825
Cosco Land Corporation	56,132,206	-
David Go Securities Corporation	42,924,628	-
POPI	15,666,405	-
	646,878,853	6,467,950,603

In 2005, the BOD also approved the conversion to equity of the Parent Company's payable to POPI and Orion Land, Inc. (a wholly-owned subsidiary of POPI) amounting to P44.5 million and P2.4 million, respectively, as partial payment for their subscriptions. The application for conversion of debt to equity has not been filed with the SEC as at December 31, 2016.

11. General and Administrative Expenses

This account consists of:

	2016	2015	2014
Professional fees	**P1,427**	P1,572	P1,436
Listing fee and filing fee	**290**	305	715
Others	**200**	298	296
	P1,917	P2,175	P2,447

"Others" includes various penalties charged by the SEC and various expenses incurred relative to PRA claims and equity restructuring.

12. Income Taxes

The reconciliation of income tax benefit computed at the statutory income tax rate to income tax expense in profit or loss follows:

	2016	2015	2014
Loss before income tax	**(P4,799)**	(P273,769)	(P238,614)
Income tax benefit at statutory rate at 30%	**(P1,440)**	(P82,131)	(P71,584)
Reductions in (additions to) income tax benefit resulting from:			
Movement in unrecognized deferred tax assets	**573**	586	(3,908)
Expired MCIT	**-**	-	4,641
Nondeductible expenses	**867**	81,545	70,851
Income tax expense	**P -**	P -	P -

Deferred tax assets on the following deductible temporary differences and unused NOLCO have not been recognized as the Group may not have sufficient taxable income in the future to realize the benefits of the related deferred tax assets.

	2016	2015
Allowance for impairment losses on project development cost	**P6,612,964**	P6,612,964
Allowance for impairment losses on receivables	**128,034**	128,034
NOLCO	**6,317**	212,509
Allowance for non-recoverability of other noncurrent assets	**3,049**	3,049
	P6,750,364	P6,956,556

As at December 31, 2016, the composition of NOLCO that can be claimed as deduction from future taxable income is as follows:

Year Incurred	Amount Incurred	Expired During the Year	Remaining Balance	Year of Expiration
2013	P208,110	(P208,110)	P -	2016
2014	2,445	-	2,445	2017
2015	1,954	-	1,954	2018
2016	1,918	-	1,918	2019
	P214,427	(P208,110)	P6,317	

The Group's MCIT amounting to P4.6 million expired in 2014.

13. Basic and Diluted Loss Per Share

The following table represents information necessary to calculate loss per share:

	2016	2015	2014
Net loss (a)	**(P4,799)**	(P273,769)	(P238,614)
Weighted average number of shares (b)	**6,323,286**	6,323,286	6,323,286
Basic and diluted loss per share (a/b)	**(P0.001)**	(P0.043)	(P0.038)

As at December 31, 2016 and 2015 there are no dilutive debt or equity instruments.

14. Other Matter

The Subsidiary is contingently liable for lawsuits or claims filed by third parties and a creditor bank which are either pending decision by the courts or are under negotiation. The outcome of these lawsuits/claims is not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements.

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

The Board of Directors and Stockholders
Cyber Bay Corporation and a Subsidiary
Suite 2402, Discovery Centre, ADB Avenue
Ortigas Center, Pasig City

We were engaged to audit the accompanying consolidated financial statements of Cyber Bay Corporation and a Subsidiary (collectively referred to as the "Group") as at and for each of the three years in the period ended December 31, 2016, included in this form 17-A, on which we have rendered our report thereon dated April 5, 2017.

We were engaged for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management. Such additional components include:

- Schedule of Philippine Financial Reporting Standards
- Supplementary Schedules of Annex 68-E

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not required part of the consolidated financial statements. Such information is the responsibility of management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on the information referred to above.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 1386-A, Group A, valid until April 30, 2017
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-31-2016
Issued October 18, 2016, valid until October 17, 2019
PTR No. 5904948MD
Issued January 3, 2017 at Makati City

April 5, 2017
Makati City, Metro Manila

CYBER BAY CORPORATION AND A SUBSIDIARY
SEC Supplementary Schedules and Other Documents
December 31, 2016

Table of Contents

Schedule	*Description*	*Page*
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Partiesand Principal Stockholders (Other than Related Parties)	1
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	2
D	Intangible Assets - Other Assets	N/A
E	Long-term Debt	N/A
F	Indebtedness to Related Parties	3
G	Guarantees of Securities of Other Issuers	N/A
H	Capital Stock	4
I	Map of Conglomerate	N/A
J	Schedule of Philippine Financial Reporting Standards (PFRS)	5
K	Financial Soundness Indicator	N/A
L	Reconciliation of Retained Earnings Available for Dividend Declaration	N/A

SCHEDULE A. Financial Assets

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting period (iii)	Income received and accrued
Cash in Banks	P -	P754	P754	P -
Receivables	-	739,884	739,884	-
Receivables from related parties	-	196	196	-
Miscellaneous deposits	-	140	140	-
	P -	P740,974	P740,974	P -

SCHEDULE B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders

Name of debtor	Balance December 31, 2015	Additions	Amounts collected	Amounts written off	Balance December 31, 2016
MCRP Construction Corp.	P114,460	P -	P -	P -	P114,460
Tenants	7,327	-	-	-	7,327
Others	6,247	-	-	-	6,247
Allowance for doubtful accounts	(128,034)	-	-	-	(128,034)
	P -	P -	P -	P -	P -

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

Name and designation of debtor	Balance at the beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Advances							
Central Bay Reclamation and Development Corporation	P5,265,166,447	P222,754	P -	P -	P5,265,389,200	P -	P5,265,389,200

SCHEDULE F. Indebtedness to Related Parties

Name of affiliate	Balance December 31, 2015	Additions	Amounts paid	Balance December 31, 2016
Primera Commercio Holdings, Inc.	P8,280	P1,822	P -	P114,460
Italian Thai (BVI) Int'l.	2,036	-	-	7,327
POPI	19,227	2,884	-	6,247
Other Shareholders	2,063,023	-	-	(128,034)
	P2,092,566	P4,706	P -	P -

SCHEDULE H. Capital Stock

(Amounts in Thousands)

Title of Issue (i)	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
PREFERRED STOCK	7,000,000	6,467,951	-	-	-	-
COMMON STOCK	7,300,000	6,806,879	-	-	-	-
	14,300,000	13,274,830				

SCHEDULE J. Schedule of PFRS

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			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards - Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: PFRS version that a first-time adopter can apply			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Deletion of short-term exemptions for first-time adopters			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Meaning of 'vesting condition'			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Classification and measurement of contingent consideration			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope exclusion for the formation of joint arrangements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Changes in method for disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	Annual Improvements to PFRSs 2012 – 2014 Cycle: 'Continuing involvement' for servicing contracts			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Offsetting disclosures in condensed interim financial statements			✓
PFRS 8	Operating Segments			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Disclosures on the aggregation of operating segments			✓
PFRS 9	Financial Instruments		✓	
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Clarification of the scope of the standard		✓	
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers		✓	
PFRS 16	Leases		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 17	Leases			✓
PAS 18	Revenue			✓
PAS 19 (Amended)	Employee Benefits			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Discount rate in a regional market sharing the same currency – e.g. the Eurozone			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Definition of 'related party'	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRSs 2014 – 2016 Cycle: Measuring an associate or joint venture at fair value			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year 2016

2. Exact Name of Registrant as Specified in its Charter Cyber Bay Corporation

3. 2402 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City, 1605
   Address of Principal Office Postal Code

4. SEC Identification Number 165539

5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number 000-157-237-000

7. (632) 636-6080 / 633-9757
   Issuer's Telephone number, including area code

8. N/A
   Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS……… **4**
- 1) BOARD OF DIRECTORS
  - (a) Composition of the Board……… 4
  - (b) Corporate Governance Policy/ies……… 4
  - (c) Review and Approval of Vision and Vision……… 5
  - (d) Directorship in Other Companies……… 5
  - (e) Shareholding in the Company……… 6
- 2) CHAIRMAN AND CEO……… 6
- 3) PLAN FOR SUCCESSION OF CEO/MANAGING DIRECTOR/PRESIDENT AND TOP KEY POSITIONS… 7
- 4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS……… 7
- 5) CHANGES IN THE BOARD OF DIRECTORS……… 8
- 6) ORIENTATION AND EDUCATION PROGRAM……… 15

B. CODE OF BUSINESS CONDUCT & ETHICS……… **15**
- 1) POLICIES……… 15
- 2) DISSEMINATION OF CODE……… 15
- 3) COMPLIANCE WITH CODE……… 15
- 4) RELATED PARTY TRANSACTIONS……… 16
  - (a) Policies and Procedures……… 16
  - (b) Conflict of Interest……… 16
- 5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS……… 17
- 6) ALTERNATIVE DISPUTE RESOLUTION……… 17

C. BOARD MEETINGS & ATTENDANCE……… **17**
- 1) SCHEDULE OF MEETINGS……… 17
- 2) DETAILS OF ATTENDANCE OF DIRECTORS……… 17
- 3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS……… 18
- 4) QUORUM REQUIREMENT ……… 18
- 5) ACCESS TO INFORMATION……… 18
- 6) EXTERNAL ADVICE……… 19
- 7) CHANGES IN EXISTING POLICIES……… 19

D. REMUNERATION MATTERS……… 19
- 1) REMUNERATION PROCESS……… 19
- 2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS……… 19
- 3) AGGREGATE REMUNERATION ……… 19
- 4) STOCK RIGHTS, OPTIONS AND WARRANTS……… 20
- 5) REMUNERATION OF MANAGEMENT……… 20

E. BOARD COMMITTEES……… 21
- 1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES……… 21
- 2) COMMITTEE MEMBERS……… 21
- 3) CHANGES IN COMMITTEE MEMBERS……… 24
- 4) WORK DONE AND ISSUES ADDRESSED……… 25
- 5) COMMITTEE PROGRAM……… 25

F. RISK MANAGEMENT SYSTEM……… 25
- 1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM……… 25
- 2) RISK POLICY……… 25

3) CONTROL SYSTEM………25

G. INTERNAL AUDIT AND CONTROL……………………………………………………………………………………………26
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM…………………………………………..26
2) INTERNAL AUDIT
(a) Role, Scope and Internal Audit Function……………………………………………………………………..27
(b) Appointment/Removal of Internal Auditor………………………………………………………… 28
(c) Reporting Relationship with the Audit Committee………………………………………………..28
(d) Resignation, Re-assignment and Reasons………………………………………………………………28
(e) Progress against Plans, Issues, Findings and
Examination Trends……………………………………………………………………………………………28
(f) Audit Control Policies and Procedures……………………………………………………………………..28
(g) Mechanisms and Safeguards…………………………………………………………………………………..29
(h) State of Officers…………………………………………………………………………………………………..29

H. ROLE OF STAKEHOLDERS…...……………………………………………………………………………………………..29
I. DISCLOSURE AND TRANSPARENCY……………………………………………………………………………..…..30
J. RIGHTS OF STOCKHOLDERS………………………………………………………………………………………………32
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS……………………………….32
2) TREATMENT OF MINORITY STOCKHOLDERS……………………………………………………………………36
K. INVESTORS RELATIONS PROGRAM……………………………………………………………………………………….36
L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES……………………………………………………………….36
M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL………………………………………………………37
N. INTERNAL BREACHES AND SANCTIONS…………………………………………………………………………………37

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9

Actual number of Directors for the year	9

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Oscar L. Paras Jr.	ED		Raul G. Gerodias	Nov 2010	22 Dec 2016	Annual Meeting	6
Raul G. Gerodias	ED		Oscar L. Paras Jr.	Dec 2012	22 Dec 2016	Annual Meeting	4
Luis A. Vera Cruz, Jr.[1]	ID		Raul G. Gerodias / no relationship to ID	Jan 2017	20 Jan 2017	Special Meeting	N/A
Ricardo Jose G. Nicolas III	ID		Oscar L. Paras Jr./no relationship to ID	Dec 2012	22 Dec 2016 (4 years)	Annual Meeting	4
Raul Tito A. Estrella	NED		Oscar L. Paras Jr.	Dec 2011	22 Dec 2016	Annual Meeting	5
Cheryl S. Saldaña-de Leon	ED		Raul G. Gerodias	Nov 2010	22 Dec 2016	Annual Meeting	6
Jose Martin A. Loon[2]	NED		Raul G. Gerodias	Jan 2017	20 Jan 2017	Special Meeting	N/A
Jesus Emmanuel O. Morales, Jr.	NED		Raul G. Gerodias	Dec 2016	22 Dec 2016	Annual Meeting	N/A
Limuel P. Leal	ED		Raul G. Gerodias	Dec 2016	22 Dec 2016	Annual Meeting	N/A

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board respects the rights of the stockholders as provided for in the Corporation Code, namely: ·

(i) Right to vote on all matters which require their consent or approval;
(ii) Pre-emptive right to all stock issuances of the corporation;
(iii) Right to inspect corporate books and records;
(iv) Right to information;
(v) Right to dividends; and
(vi) Appraisal right.

The Board is transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders are encouraged to personally attend such meetings. lf they cannot attend, they are apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By- Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder`s favor.

---

[1] Luis A. Vera Cruz, Jr. was elected on 20 January 2017 to replace Evita C. Caballa whose resignation was accepted at the special meeting of the Board of Directors on 12 January 2017.

[2] Jose Martin A. Loon was elected on 20 January 2017 to replace Ryan V. Romero whose resignation was accepted at the special meeting of the Board of Directors on 20 January 2017.

The Board takes appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information is made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

The Board gives minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

(c) How often does the Board review and approve the vision and mission?

The Board believes that this may not be applicable to the Company due to its non-operational status. Once the Company revives its operations or when there are significant developments toward the revival of its operations, it shall review and approve its vision and mission.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[3]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Raul G. Gerodias	Central Bay Reclamation and Development Corporation	ED/Chairman
Cheryl S. Saldaña-de Leon	Central Bay Reclamation and Development Corporation	ED
Limuel P. Leal	Central Bay Reclamation and Development Corporation	ED

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Limuel P. Leal	Synergy Grid & Development Phils., Inc.	ED
Raul G. Gerodias	Leisure & Resorts World Corporation	NED

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group: N/A

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines: The Company has not set any limits of this nature.

[3] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	N/A	N/A
Non-Executive Director	N/A	N/A
CEO	N/A	N/A

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Oscar L. Paras, Jr.	1	30,000	0.00002%
Raul G. Gerodias	1		0.00002%
Raul Tito A. Estrella	999		0.00002%
Luis A. Vera Cruz, Jr.[4]	1		0.00002%
Cheryl S. Saldaňa-de Leon	995		0.00002%
Jose Martin A. Loon[5]	1		0.00002%
Jesus Emmanuel O. Morales, Jr.	1		0.00002%
Ricardo Jose G. Nicolas, III	1		0.00002%
Limuel P. Leal	1		0.00002%
TOTAL	**202,000**	**30,000**	0.004%

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ■ No ☐

Identify the Chair and CEO:

Chairman of the Board	Oscar L. Paras Jr.
CEO/President	Raul G. Gerodias

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	The Chairman of the Board is responsible for the management, the development and the effective performance of the Board of Directors, and provides leadership to the Board for all aspects of the Board's work.	The Chief Executive Officer ("CEO") is responsible for leading the development and execution of the Company's long term strategy with a view to creating shareholder value.
Accountabilities	The Chairman acts in an advisory capacity to the President and Chief Executive Officer (CEO) and to other officers in all matters concerning the	The CEO's leadership role also entails being ultimately responsible for all day-to-day

4 Luis A. Vera Cruz, Jr. was elected on 20 January 2017 to replace Evita C. Caballa whose resignation as independent director was accepted at the special meeting of the Board of Directors on 12 January 2017.

5 Jose Martin A. Loon was elected on 20 January 2017 to replace Ryan V. Romero whose resignation was accepted at the special meeting of the Board of Directors on 20 January 2017.

	interests and management of the Corporation and, in consultation with the CEO, plays a role in the Corporation's external relationships.	management decisions and for implementing the Company's long and short term plans.
Deliverables	Chairs annual and special meetings of the shareholders. Plans and organizes all of the activities of the Board of Directors including: (i) the preparation for, and the conduct of, Board meetings; (ii) the quality, quantity and timeliness of the information that goes to Board members; (iii) the evaluation of the Board's effectiveness and implementation of improvements; (iv) the ongoing formal and informal communication with and among Directors.	The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management. The CEO also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

Due to the non-operational status of the Company, there are no employees or key officers aside from the Board of Directors. In a limited sense, the Board of Directors benchmark potential leadership. Benchmarking involves collecting information about potential successors. Benchmarking provides the Board with in-depth profiles of potential leaders, putting the Board in a better position to assemble quickly a list of potential CEO candidates and potential members of the Board. If the office of the President becomes vacant by death, resignation or otherwise, the Board of Directors by a majority vote may choose a successor who shall hold office for the unexpired term. In case of temporary absence of any officer of the Corporation or for any other person that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers and duties of such officer to another qualified person.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. It is required that the Nomination Committee pre-screens all candidates nominated to become a member of the Board. Nominees must have a practical understanding of the business of the corporation, must be a member of the relevant industry in good standing, or a member in good standing of business or professional organizations. Each nominee is thus required to submit a summary of his or her previous business experience.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. Nominees must have a practical understanding of the business of the corporation, must be a member of the relevant industry in good standing, or a member in good standing of business or professional organizations. Each nominee is thus required to submit a summary of his or her previous business experience.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	To design, develop and implement strategic plans for their organization in a cost-effective and time-efficient manner	To provide a creative contribution to the board by providing objective criticism.	To guard against and be a deterrent to fraud and mismanagement, inefficient use of resources, inequality and unaccountability of decisions; and as a forerunner for striking the right balance between individual, economic and social interests.
Accountabilities	Responsible for the day-	Takes responsibility	-Oversight of company financial

	to-day operation of the organization, including managing committees and staff and developing business plans in collaboration with the board for the future of the organization. In essence, the board grants the Executive Director the authority to run the organization	for monitoring the performance of executive management, especially with regard to the progress made towards achieving the determined company strategy and objectives	reporting process and disclosure of its financial information; -Review with management, the annual financial statements before approval by the board with particular reference to Directors Responsibility Statement, changes in accounting policy, major accounting estimates, audit findings adjustments, compliance with listing and other legal requirements, disclosure of related party transactions and qualification in the draft audit report. -Review financial statements of subsidiary companies with special attention to investments made by them
Deliverables	The Executive Director is a leadership role for an organization and often fulfills a motivational role in addition to office-based work. Executive Directors motivate and mentor members, volunteers, and staff, and may chair meetings. The Executive Director leads the organization and develops its organizational culture.	Non-executive directors are expected to focus on board matters and not stray into 'executive direction,' thus providing an independent view of the company that is removed from day-to-day running. Non-executive directors, then, are appointed to bring to the board: • independence; • impartiality; • wide experience; • special knowledge; • personal qualities.	Independent Directors shall: a. prepare thoroughly for the meeting b. be objective in forming sound decisions relating to the company and its business c. be open minded, free and frank in expressing their opinions and at the same be willing to engage in meaningful debates d. be committed to decisions made as a Board, e. continuously seeks information both from within and if required outside professional knowledge to keep abreast with the latest developments in the areas of the company's operations f. be informed on laws and regulations influencing their functioning as directors g. Utilize the expertise they possess to the good advantage of the company

Provide the company's definition of "independence" and describe the company's compliance to the definition.

The Company defines an independent director as a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The company has a term limit of five consecutive years for independent directors in accordance with the SEC Memorandum. The Company has yet to provide for rules for returning independent directors.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period: N/A

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors (ii) Non-Executive Directors	The election of the members of the Board is held during the Annual Stockholders' Meeting. In accordance with the Corporation's Manual for Corporate Governance (the "*Manual*"), the Nomination Committee shall pre-screened all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications set forth in the Manual.	In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code ("SRC") and other relevant laws, the Board may provide for additional qualifications which include, among others, the following: (i) College education or equivalent academic degree; (ii) Practical understanding of the business of the corporation; (iii) Membership in good standing in relevant industry, business or professional organizations; and (iv) Previous business experience.
(iii) Independent Directors	Only the nominees for Independent Directors whose names appear in this Information Statement shall be eligible for election as Independent Director. No further nomination shall be entertained or allowed on the floor during the actual Annual Meeting. The Chairman of the Annual Meeting shall inform all stockholders in attendance of the mandatory requirement of electing two Independent Directors. He shall ensure that two Independent Directors are elected during the Annual Meeting. Specific slots for Independent Directors shall not be filled by unqualified nominees. In case of failure of election for Independent Directors,	(i) Is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial stockholders (other than as an independent director of any of the foregoing); (ii) Does not own more than 2% of the shares in the Company and/or its related companies or its substantial stockholders; (iii) Is not related to any director, officer or substantial stockholder of the Company, any of its related companies or any of its substantial stockholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister; (iv) Is not acting as a nominee or representative of any director or substantial stockholder of the Company, and/or any of its related companies and/or any of its substantial stockholders; (v) Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial stockholders within the last 2 years; (vi) Is not retained, either personally or through his firm or any similar entity as

	the Chairman of the Annual Meeting shall call a separate election during the same meeting to fill up the vacancy.	professional adviser by the Company, any of its related companies or any of its substantial stockholders within the last 2 years; or (vii) Has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner and/or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm's length and are immaterial. (i) He shall have at least 1 share of stock of the Company; (ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the Company for at least 5 years; (iii) He shall possess integrity/probity; and (iv) He shall be assiduous.
b. Re-appointment		
(i) Executive Directors	Members of the Board shall serve for a term of one year and until their successors shall have been duly elected and qualified.	
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors		(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the SRC; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; (ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank,

		quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities. The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, SRC or any other law administered by the SEC or Bangko Sentral ng Pilipinas ("BSP"), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization; (iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; (iv) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the SEC or BSP, or any of its rule, regulation or order; (v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation; (vi) Any person judicially declared as insolvent; (vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above; (viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the
(ii) Non-Executive Directors		

		Corporation Code committed within five (5) years prior to the date of his election or appointment.
(iii) Independent Directors		Same as above, and additionally, no person convicted by final judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the SRC committed within 5 years prior to the date of his election, shall qualify as an Independent Director
d. Temporary Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	A temporarily disqualified director shall, within sixty business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	The Board may provide for the temporary disqualification of a director for any of the following reasons: (i) Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists; (ii) Absence in more than fifty percent of all regular and special meetings of the Board during his incumbency, or any twelve-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election; (iii) Dismissal or termination for cause as director of any corporation covered by the Corporation Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination; (iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with; (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
e. Removal		
(i) Executive Directors		
(ii) Non-Executive Directors		
(iii) Independent Directors		Any person who has been finally convicted by a competent judicial or administrative body of the following: (a) any crime involving the purchase or sale of securities, e.g., proprietary or non-proprietary membership certificate, commodity futures contract, or interest in a common trust

		fund, pre-need plan, pension plan or life plan; (b) any crime arising out of the person's conduct as an underwriter, broker, dealer, investment company, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker; and (c) any crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; (ii) Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of the SEC or any court or other administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer; futures commission merchant; commodity trading advisor, or a floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities, and banking activities. Such disqualification shall also apply when such person is currently subject to an effective order of the SEC or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, SRC, or any other law administered by the SEC or BSP, or under any rule or regulation promulgated by the SEC or BSP, or otherwise restrained from engaging in any activity involving securities and banking. Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from associating with a member or participant of the organization; (iii) Any person finally convicted judicially or administratively of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury or other fraudulent act or transgressions; (iv) Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the SRC,

		the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP, or who has filed a materially false or misleading application, report or registration statement required by the SEC, or any rule, regulation or order of the SEC; (v) Any person judicially declared to be insolvent; (vi) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts; violations or misconduct similar to any of the acts, violations or misconduct listed in paragraphs (i) to (v) hereof; (vii) Any affiliated person who is ineligible, by reason of paragraphs (i) to (v) hereof to serve or act in the capacities listed in those paragraphs; (viii) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the Corporation Code, committed within 5 years prior to the date of his election or appointment; (ix) He becomes an officer or employee of THE COMPANY where he is such member of the board of directors/trustees, or becomes any of the persons enumerated in item (i) to (viii) hereof; (x) His beneficial security ownership exceeds 10% of the outstanding capital stock of THE COMPANY where he is such director; (xi) Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family; and (xii) Such other disqualifications which THE COMPANY's Manual provides.

Voting Result of the last Annual General Meeting:

Name of Director	Votes Received
Oscar L. Paras Jr.	Approx. 9,800,806,587 or 73.83% of the outstanding capital stock
Raul G. Gerodias	Approx. 9,800,806,587 or 73.83% of the outstanding capital stock
Evita C. Caballa[6]	Approx. 9,800,806,587 or 73.83% of the outstanding capital stock
Ricardo Jose G. Nicolas III	Approx. 9,800,806,587 or 73.83% of the outstanding capital stock
Raul Tito A. Estrella	Approx. 9,800,806,587 or 73.83% of the outstanding capital stock

[6] Evita C. Caballa's resignation was accepted at the special meeting of the Board of Directors on 12 January 2017. Her replacement, Luis A Vera Cruz, Jr. was nominated by Raul G. Gerodias who has no relationship with the former, as independent director to serve the unexpired portion of Ms. Caballa's term. Mr. Vera Cruz was elected at the special meeting of the Board of Directors on 20 January 2017.

Cheryl S. Saldaña-de Leon	Approx. 9,800,806,587 or 73.83% of the outstanding capital stock
Ryan V. Romero[7]	Approx. 9,800,806,587 or 73.83% of the outstanding capital stock
Jesus Emmanuel O. Morales, Jr.	Approx. 9,800,806,587 or 73.83% of the outstanding capital stock
Limuel P. Leal	Approx. 9,800,806,587 or 73.83% of the outstanding capital stock

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any. N/A

(b) State any in-house training and external courses attended by Directors and Senior Management[8] for the past three (3) years: N/A

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year. N/A

While the Company has a formal board in place, it is still establishing a suitable and practical director development program.

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees: Note: The Company has no employees or senior management.

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.	N/A	N/A
(b) Conduct of Business and Fair Dealings		N/A	N/A
(c) Receipt of gifts from third parties		N/A	N/A
(d) Compliance with Laws & Regulations		N/A	N/A
(e) Respect for Trade Secrets/Use of Non-public Information		N/A	N/A
(f) Use of Company Funds, Assets and Information		N/A	N/A
(g) Employment & Labor Laws & Policies		N/A	N/A
(h) Disciplinary action		N/A	N/A
(i) Whistle Blower		N/A	N/A
(j) Conflict Resolution		N/A	N/A

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? Yes.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

Since this is applicable to small group of individuals only, the Board itself implements and monitors compliance.

[7] Ryan V. Romero's resignation was accepted at the special meeting of the Board of Directors on 20 January 2017. His replacement, Jose Martin A. Loon, was nominated by Raul G. Gerodias, and elected at the same meeting.

[8] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions are limited to loans to or from substantial stockholders which has been thoroughly disclosed to the Commission, Exchange and the Stockholders. Other than these transactions and because of the non-operational status of the Company, there are no Related Party Transactions in 2016.

Related Party Transactions	Policies and Procedures
(1) Parent Company (2) Joint Ventures (3) Subsidiaries (4) Entities Under Common Control (5) Substantial Stockholders (6) Officers including spouse, children, siblings, parents (7) Directors including spouse, children, siblings, parents (8) Interlocking director relationship of Board of Directors	All related-party Transactions must be brought to the attention of the Board of Directors. The Board will determine whether the terms of the related-party Transaction are fair to the Company and on terms at least as favorable as would apply if the other party was not or did not have an affiliation with a director, executive officer of the Company; whether there are demonstrable business reasons for the Company to enter into the related-party transaction; whether the related-party transaction would impair the independence of a director; and whether the related-party transaction would present an improper conflict of interests for any director, executive officer of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer, the direct or indirect nature of the interest of the director, executive officer in the transaction, the ongoing nature of any proposed relationship, and any other factors the Board deems relevant. Any member of the Board who has an interest in the transaction under discussion will abstain from voting on the approval of the related-party Transaction.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	N/A
Name of Officer/s	N/A
Name of Significant Shareholders	N/A

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	N/A
Group	N/A

There is currently no structured mechanism adopted by the Company or its group to detect, determine and resolve possible conflict of interest, if any, between the Company and/or its group and their directors, officers and significant shareholders. However, the Company's nomination committee pre-screens candidates for members of the Company's board of directors to avoid any possible conflict of interest from arising. The Company's Compliance Officer and legal counsels also check for possible conflicts whenever the Company enters into transactions.

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[9] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
N/A	N/A	N/A

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
N/A	N/A	N/A

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
N/A	N/A	N/A

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

Due to the non-operational status of the Company, it does not have an alternative dispute resolution system to amicably settle conflicts or differences between the Company and its stockholders, between the Company and third parties, including regulatory authorities.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year? The Board strives to meet at least every quarter.

2) Attendance of Directors for the year 2016

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	OSCAR L. PARAS JR.	Dec 2012	3	3	100
Member	RAUL G. GERODIAS	Dec 2012	3	3	100
Member	RAUL TITO A. ESTRELLA	Dec 2011	3	3	100
Independent	LUIS A. VERA CRUZ, JR.[10]	Jan 2017	0	0	N/A

[9] Family relationship up to the fourth civil degree either by consanguinity or affinity.
[10] Luis A. Vera Cruz, Jr. was elected on 20 January 2017 to replace Evita C. Caballa whose resignation was accepted at

Independent	RICARDO JOSE G. NICOLAS III	Dec 2012	3	3	100
Member	CHERYL S. SALDAÑA-DE LEON	Nov 2010	3	3	100
Member	JOSE MARTIN A. LOON[11]	Jan 2017	0	0	N/A
Member	JESUS EMMANUEL O. MORALES, JR.	Dec 2016	1	1	100
Member	LIMUEL P. LEAL	Dec 2016	1	1	100

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

   None.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

   A quorum at any meeting of the directors shall consist of a majority of the entire membership of the board. A majority of such quorum shall decide any questions that may come before the meeting.

5) Access to Information

   (a) How many days in advance are board papers[12] for board of directors meetings provided to the board?

   Since the matters to be discussed are limited due to the non-operational status of the Company, board papers are provided to the board at least one (1) day before the date of such meeting.

   (b) Do board members have independent access to Management and the Corporate Secretary?

   Yes.

   (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc.?

   The Corporate Secretary has the following duties:

   (i) To keep the minutes of all meetings of the Board of Directors and of the stockholders;

   (ii) To keep the stock and transfer book and the corporate seal, which he shall stamp on all documents requiring such seal of the Corporation;

   (iii) To fill and countersign all the certificates of stock issued, asking corresponding annotations on the margins of stubs of such certificates upon issuance;

   (iv) To give, or cause to be given, all notices required by law or by-laws of the Corporation as well as notices of all meeting of the Board of Directors and of the stockholders.

   (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

   Yes.

   (e) Committee Procedures

   Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

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the special meeting of the Board of Directors on 12 January 2017.

[11] Jose Martin A. Loon was elected on 20 January 2017 to replace Ryan V. Romero whose resignation was accepted at the special meeting of the Board of Directors on 20 January 2017.

[12] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Yes ☐ No ■

Committee	Details of the procedures
Executive	N/A
Audit	N/A
Nomination	N/A
Remuneration	N/A
Others (specify)	N/A

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

The Company refers its directors to external counsels and other advisors whenever they have questions regarding the Company's transactions and to prepare them for board and committee meetings.

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

There were no changes introduced by the Board of Directors during its most recent term on existing policies that may have an effect on the business of the company.

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

The Board of Directors shall fix the compensation of the officers and agents of the Company. There is no particular process followed by the Board.

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

Due to the non-operational status of the Company, there is no significant remuneration or compensation package for the members of the Board of Directors.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

N/A

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	N/A	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A

(c) Per diem Allowance	N/A	N/A	N/A
(d) Bonuses	N/A	N/A	N/A
(e) Stock Options and/or other financial instruments	N/A	N/A	N/A
(f) Others (Specify)	N/A	N/A	N/A
Total	N/A	N/A	N/A

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A	N/A	N/A
2) Credit granted	N/A	N/A	N/A
3) Pension Plan/s Contributions	N/A	N/A	N/A
(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan	N/A	N/A	N/A
(g) Car Plan	N/A	N/A	N/A
(h) Others (Specify)	N/A	N/A	N/A
Total	N/A	N/A	N/A

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

The Company has not granted any stock rights, options or warrants over the Company's shares to any member of the Company's Board of Directors.

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
N/A	N/A	N/A

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year.

Due to its non-operational status, the Company no longer has any employees.

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Audit	1	1	1				
Nomination	2	-	1				
Remuneration	2	-	1				

2) Committee Members

(a) Executive Committee

The Company has no Executive Committee

(b) Audit Committee[13]

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Luis A. Vera Cruz, Jr.	Jan 2017				
Member (ED)	Raul G. Gerodias	Dec 2012				
Member (NED)	Jose Martin A. Loon	Jan 2017				

Disclose the profile or qualifications of the Audit Committee members.

Luis A. Vera Cruz, Jr.

Director:
Cyber Bay Corporation
Philippine Resources Savings Banking Corporation

Previous experience:
Angara Abello Concepcion Regala & Cruz, Of Counsel
San Miguel Corporation, Legal Consultant
Chemical Industries of the Philippines, Inc., Corporate Secretary
ACCRA Holdings, Inc. Director and President
ACCRA Investment, Inc, Corporate Secretary

Raul G. Gerodias

Director:
Fritz & Macziol Asia, Inc.
ParexGroup Inc.
Kyani Philippines, Inc.
Globalpeak Holdings, Inc.
The European Hair Factory, Inc.
Kewalram Philippines, Inc.

[13] Constituted at the Organizational Meeting of the Board of Directors on 20 January 2017

Elegant Infoventures, Inc.,
Metro Promo Concepts Corp.
Leisure & Resorts World Corporation
Zoraymee Holdings, Inc.
Terrabay Holdings, Inc.
MUSIC Group Limited
MUSIC Group Commercial BM Ltd. MUSIC Group Services SG (Pte.) Ltd. MUSIC Group Services US Inc.
MUSIC Group Services EU GmbH
MUSIC Group Commercial HK Limited MUSIC Group Services JP K.K.
MUSIC Group Macao Commercial Offshore Limited
Music Group Macao Commercial Offshore Limited (Philippines) ROHQ
MUSIC Group Commercial PH Inc.
MUSIC Group Services NV Inc.
MUSIC Group IP Ltd.
MUSIC Group Research UK Limited
Turbosound Ltd.,Behringer International Service Centre Limited, Zhongshan Eurotec Electronics Limited
Zhongshan Eurotec Electronics Limited (Shenzhen Branch)
MUSIC Group Commercial BM Ltd. (Philippines)
ROHQ and Music Group Services PH Corp. (PEZA)

Board of Trustees:
Community Waterhope Foundation, Inc.
Ateneo Law Alumni Association, Inc.

Chairman:
ALK Holdings and Management, Inc.
Skytrooper Charter Phils., Inc.
AirMaverick Inc.

President & Chairman:
GSE Management Services, Inc.,
Terramino Holdings, Inc.
Alpha Point Property Holdings, Inc.
AB Fiber Corp.

President:
Central Bay Reclamation and Development Corporation
Pixiedust, Inc.
Continuitas Corporation

Treasurer and Corporate Secretary:
Swiss Sense Worldwide, Inc.

Director and Treasurer:
Swiss Sense, Inc.

Director and Corporate Secretary:
AB Food and Beverages Phils. Inc.
Fujitsu Ten Corporation of the Philippines
Kiden Development Corporation
Diez Corporation
TKG Corporation
Unitel Productions, Inc.
Quento Media, Inc.
Transcosmos Information Systems Philippines, Inc.,
TD Outsourcing Philippines, Inc.
Adventure Bay Resort and Theme Park, Inc.
Ashwell Holdings, Inc.
Musungu, Inc.

Philippine Bio-Ethanol & Energy Investment Corp.

Corporate Information Officer &
Compliance Officer:

Resident Agent:
Music Group Macao Commercial Offshore Limited (Philippines) ROHQ
Shinko Electric Industries Co., Ltd.

Corporate Secretary:
AB Leisure Exponent, Inc. (Bingo Bonanza Corporation)
AB Leisure Global, Inc.
Fujitsu Die-Tech Corporation of the Philippines
Fujitsu Ten Solutions Philippines, Inc.
Harada Automotive Antenna (Philippines), Inc.
Harada Phils. Development and Management, Inc.
Universal Leaf Philippines, Inc.
Unistar Land and Property Corporation Union Leaf Holdings Corporation
UUU Realty Holdings, Inc.
I & Lu Tobacco Company, Inc.
Teleaccess, Inc.
Straight Shooters Media, Inc.
Healthwealth International Corp.
Middleby Philippines Corporation Middleby Worldwide Phils., Inc.
Ferrier Hodgson Philippines, Inc.
FH Corporate Services, Inc.
FH Asset Management Corp.
Ferrier Hodgson Management Services, Inc.
FTI Consulting Administrative Services, Inc.
Macondray Finance Corporation
Paragon Trading & Services Corporation
Masagana Realty Co., Inc.
Silver Finance, Inc.
Silver CDO Finance, Inc.
Five Star Finance Corporation
Silver WDC Finance Corporation
Silver Holdings Groups, Inc.
Ashwell Holdings, Inc.
Techno Holdings Corporation
Technolux Equipment & Supply Corporation
HKR Equipment Corporation
The Turf Company, Inc.
The Finix Corporation
Steltz International, Inc.
Geyser Global Sourcing Corporation
Culinary Best Source, Inc.
Createch Wellness Corp.
A & L Equities, Inc.
DACS Holdings, Inc.
La Deca Farm Corporation
LLF Farms, Inc.

<u>Jose Martin A. Loon</u>

Aquende Yebra Aniag Loon and Associates, Partner
Vamos Holdings Inc., Consultant
Enrique Zobel Inc., Consultant
Inigo & Mercedes Zobel, Executive Assistant
ZEE1 Resources Inc., Consultant

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee has the following responsibilities relative to the external auditor:

(i) Recommend nominees for external auditors;
(ii) Perform oversights functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
(iii) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expense of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
(iv) Review the reports submitted by the internal and external auditors;
(v) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;
(vi) Establish and identify the reporting line of the internal auditor to enable him to properly fulfil his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committees shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties;
(vii) Review and evaluation, on an annual basis (at the minimum), of the performance of the external auditors (including lead partner) and recommend to the Board of Directors the appointment of the external auditor;
(viii) Review the external auditor's proposed audit scope and approach;
(ix) On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed separately.

(c) Nomination Committee[14]

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Luis A. Vera Cruz, Jr.	Jan 2017				
Member (ED)	Raul G. Gerodias	Dec 2012				
Member (NED)	Jose Martin A. Loon	Jan 2017				

(d) Remuneration Committee[15]

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Luis A. Vera Cruz, Jr.	Jan 2017				
Member (ED)	Raul G. Gerodias	Dec 2012				
Member (ED)	Jose Martin A. Loon	Jan 2017				

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes.
There were no changes in committee membership during the year.

[14] Constituted at the Organizational Meeting of the Board of Directors on 20 January 2017
[15] Constituted at the Organizational Meeting of the Board of Directors on 20 January 2017

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Due to the non-operational status of the Company, there were no significant issues addressed by any of the committees this year.

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Due to the non-operational status of the Company, there were no significant programs implemented by any of the committees this year.

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;
(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
(c) Period covered by the review;
(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
(e) Where no review was conducted during the year, an explanation why not.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Liquidity Risk	To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.	Management of Liquidity Risk

(b) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
The principal risk of the exercise of controlling shareholders' voting power to minority shareholders is that the minority shareholders will not be able to vote against matters voted upon by controlling shareholders. Despite this, the Company ensures that all matters to be decided upon by the shareholders are discussed during a stockholders' meeting and any objections on such matters by any shareholder are heard.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit and liquidity	Assessment and monitoring	To reduce credit risks, the Company

risks	are conducted initially by the Company's officers. These are then discussed with Management and the Board if necessary.	concentrates its main cash activities with a bank that has good financial ratings. Also the utilization of credit limits with the bank is regularly monitored. To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.
Legal risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with external counsels and other advisors, and with Management and the Board if necessary.	Company officers regularly consult with external counsels and other advisors to manage and control perceived legal risks. Directors also have direct access to external counsel, so they can prepare and get appropriate advice before corporate actions are taken.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit and liquidity risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with Management and the Board if necessary.	To reduce credit risks, the Company concentrates its main cash activities with a bank that has good financial ratings. Also the utilization of credit limits with the bank is regularly monitored. To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.
Legal risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with external counsels and other advisors, and with Management and the Board if necessary.	Company officers regularly consult with external counsels and other advisors to manage and control perceived legal risks. Directors also have direct access to external counsel, so they can prepare and get appropriate advice before corporate actions are taken.

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions.

Due to the non-operational status of the company, there is no such committee in charge of laying down and supervising these control mechanisms, and give details of its functions.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;
(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
(c) Period covered by the review;

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
(e) Where no review was conducted during the year, an explanation why not.

The Audit Committee carries out the following duties in relation to the Company's Internal Control:

- Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;
- Understanding the scope of external auditor's review of internal controls over financial reporting and review of repost on significant findings and recommendations, together with Management's responses;
- Adopt a suitable internal control framework (such as COSO-Internal Control Integrated Framework and Control Objectives for information and related technology);
- Monitor, oversee, and evaluate the duties and responsibilities of management, the internal auditor and the external auditor as those duties and responsibilities relate to the organization's processes for controlling its operations;
- Determine all major issues reported by internal auditor, external auditor and other outside advisors have been satisfactorily resolved;
- Reporting to the Board of Directors all important matters pertaining to the organization's control processes.

The directors have reviewed the effectiveness of the internal control system and consider them effective and adequate for purposes of the Company. The Board reviews the effectiveness of the internal control system at least on a yearly basis.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

The Audit Committee has the following functions in relation to the Internal Audit of the Company:

- Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- The Audit Committee shall ensure that, in performance of the work of the internal auditor, he shall be free from interference by outside parties;
- Review and approve the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it
  Review with Management of the charter, activities and the organizational structure of the internal audit function;
- Review of significant findings and Management's response including timetable for implementation to correct weaknesses; and any difficulties encountered by the auditors in the course of their audit (such as restrictions on the scope or access to information);
- Provide support to the internal audit function and provide high level follow up of audit recommendations when such action is needed;
- Review of the effectiveness of internal audit function, including compliance with the Standards for the Professional Practice of Internal Auditing;
- Confirm the appointment, replacement, or dismissal of the head of internal audit function;
- At least once a year, review the performance of the head of internal audit function and concur with annual compensation and salary adjustment;
- On a regular basis, meet separately with the head of the internal audit function to discuss any matter that the committee or internal audit believes should be discussed privately.

Role	Scope	Indicate whether In-house or Outsource Internal Audit	Name of Chief Internal Auditor/Auditing Firm	Reporting process

		Function		
Effectiveness of internal control system (Key financial controls)	Cash and Expenses	Outsource Internal Audit Function	Outsource Internal Audit Function	Quarterly
Financial Accounting Computerize/Data base system	Assessment of design and implementation process and procedures	Outsource Internal Audit Function	Outsource Internal Audit Function	Annual

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

The hiring or appointment of an internal auditor or auditors shall be determined by the Board of Directors.

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

The Audit Committee, at least once a year, review the performance of the head of internal audit function and concur with annual compensation and salary adjustment. On a regular basis, the Audit Committee shall meet separately with the head of the internal audit function to discuss any matter that the committee or internal audit believes should be discussed privately.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them. N/A

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	N/A
Issues[16]	N/A
Findings[17]	N/A
Examination Trends	N/A

The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

[16] "Issues" are compliance matters that arise from adopting different interpretations.
[17] "Findings" are those with concrete basis under the company's policies and rules.

Policies & Procedures	Implementation
The Audit Committee shall ensure that, in performance of the work of the internal auditor, he shall be free from interference by outside parties	Implemented
The Audit Committee shall review and approve the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it	Implemented

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Audit Committee has put in place safeguards to ensure that the independence of the audit is not compromised. Such safeguards include: a) Seeking confirmation that the auditor in their professional judgment is independent of the Company b) Obtaining from the external auditor an account of all relationships between the auditors and the company c) Monitoring the number of former employees of the external auditor currently employed in senior positions in the Company and assessing whether those appointments impair the auditor's judgment or independence d) Considering the various relationships between the company and the external auditor impair the auditor's judgment or independence e) Prohibiting the performance of services where the auditor: -may be required to audit their own work -participate in activities that would normally be undertaken by management -are remunerated through a "success fee" structure , where success is dependent on the audit and -act in an advocacy role for the company	N/A	N/A	N/A

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Oscar L. Paras Jr. – Chairman
Raul G. Gerodias – President

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

Due to the non-operational status of the Company, there are no policies and activities relative to Customer's welfare, supplier selection practice, environmentally friendly value-chain, community interaction, anti-corruption programs, and safeguarding creditors' rights.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

   Due to the non-operational status of the Company, there is no separate CR report.

3) Performance-enhancing mechanisms for employee participation.

   (a) What are the company's policy for its employees' safety, health, and welfare?

   (b) Show data relating to health, safety and welfare of its employees.

   (c) State the company's training and development programs for its employees. Show the data.

   (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

   Since the Company has no employees, there are no performance-enhancing mechanisms for employee participation.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behavior? Explain how employees are protected from retaliation.

   Since the Company has no employees, there are no performance-enhancing mechanisms for employee participation.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

   (a) Holding 5% equity or more

Shareholder	Number of Shares	Percent of Capital Stock	Beneficial Owner
PCD Nominee Corp. (Filipino) 37/F Tower I, The Enterprise Center 6766 Ayala Avenue cor. Paseo de Roxas Makati City	2,005,325,140 common shares	15.10%	*
Primera Commercio Holdings, Inc. 7064 Wilson St., Pio Del Pilar, Makati City	1,629,578,190 common shares 1,609,359,778 preferred shares	24.40%	Record Holder same as Beneficial Owner
Prime Orion Philippines, Inc. [formerly Guoco Holdings (Phils.) Inc.] 14/F B.A. Lepanto Bldg., Paseo de Roxas, Makati City	1,338,101,405 common shares	10.08%	Record Holder same as Beneficial Owner
UCPB TA#99-0196 5/F Trust Banking Division, UCPB Bldg., Makati City	1,000,000,000 common shares	7.53%	Skysetts, Inc.
One Bacolod Express, Inc. 2nd Floor Highway 54 Plaza, 986 Standford St., EDSA, Mandaluyong City	364,577,424 common shares 4,858,590,925 preferred shares	39.25%	Record Holder same as Beneficial Owner

** There are no beneficial owners under PCD Nominee Corporation which holds more than 5% shares in the Company.*

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Oscar L. Paras, Jr.	1	30,000	0.00023%
Raul G. Gerodias	1		0.00000%
Raul Tito A. Estrella	999		0.00001%
Luis A. Vera Cruz, Jr.[18]	1		0.00000%
Cheryl S. Saldaňa-de Leon	995		0.00001%
Jose Martin A. Loon[19]	1		0.00000%
Jesus Emmanuel O. Morales, Jr.	1		0.00000%
Ricardo Jose G. Nicolas, III	1		0.00000%
Limuel P. Leal	1		0.00000%
Total	**202,000**	**30,000**	0.00151%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education program attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	Reported in the Certification of Attendance
Attendance details of each director/commissioner in respect of meetings held	Reported in the Certification of Attendance
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

Due to the non-operational status of the Company, there are no fixed policies in place re: whistle blowing, training and continuing education program, etc.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
R.G. Manabat & Co.	Php368,200.00	N/A

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

[18] Luis A. Vera Cruz, Jr. was elected on 20 January 2017 to replace Evita C. Caballa whose resignation was accepted at the special meeting of the Board of Directors on 12 January 2017.

[19] Jose Martin A. Loon was elected on 20 January 2017 to replace Ryan V. Romero whose resignation was accepted at the special meeting of the Board of Directors on 20 January 2017.

- Reports filed with the SEC and PSE
- Disclosures filed with the PSE
- Email
- Ordinary mail
- Facsimile

5) Date of release of audited financial report: **April 5, 2017**

6) Company Website

   Due to the non-operational status of the company, the Company does not have a website for which up-to-date information are announced.

7) Disclosure of RPT

   Limited to advances to/from stockholders. These are properly disclosed in the Financial Statements of the Company.

   When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

   The Company engages independent third party advisors to help ensure RPTs are entered into at arm's length. Its independent directors participate in decisions involving RPTs.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

   (a) Quorum

   Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	A quorum at any meeting of the stockholders shall consist of a majority of the entire subscribed stock of the Company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, save and except in those several cases in which the laws of the Philippines require the affirmative vote of a greater proportion.

   (b) System Used to Approve Corporate Acts

   Explain the system used to approve corporate acts.

System Used	Manual Counting
Description	All issued and outstanding shares are common shares, with each share entitled to one vote. In respect of the Annual Meeting, all of the issued and outstanding shares have voting rights. All matters submitted for approval by the stockholders require the approval of the majority of the stockholders representing at least a majority of the issued and outstanding capital stock entitled to vote and constituting a quorum. Subject to the stockholders' right to cumulative voting in the election of the Directors and the guidelines on the election of Independent Directors set forth above, candidates receiving the highest number of votes shall be declared elected as members of the Board.

	Manual counting of votes shall be conducted by the corporate secretary. The election shall be done by ballots unless the stockholders adopt some other means of voting at the meeting. The corporate secretary shall be authorized to count the votes cast.

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code. N/A

Dividends

Declaration Date	Record Date	Payment Date
N/A	N/A	N/A

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	**Communication Procedure**
Notice of meetings to stockholders	Notices of meetings are sent to the stockholders via ordinary mail
Proxy Instrument	Stockholders who may not be able to attend meetings in person but wish to participate through a proxy are advised to send a Proxy Instrument to the Corporate Secretary via ordinary mail or personal delivery prior to the meeting
Nomination of Directors	Stockholders who wish to nominate candidates for directors, including independent directors may submit their nominations to the Nomination Committee via ordinary mail or personal delivery

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
   a. Amendments to the company's constitution
   b. Authorization of additional shares
   c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The stockholders are given notices of the holding of the meeting of the stockholders where matters requiring the approval of the stockholders will be discussed and approved.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? No. The Company observes a minimum of 15 business days.

   a. Date of sending out notices: 1 December 2016

   b. Date of the Annual/Special Stockholders' Meeting: 22 December 2016

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

   N/A

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of Minutes of Previous Stockholders' Meeting	Unanimous		
Approval of the Management Report	Unanimous		
Approval of Annual Report and Audited Financial Statements of Calendar Year 2015	Unanimous		
Ratification of acts of the Board	Unanimous		
Nomination and Election the 2015-2016 Members of the Board of Directors	Unanimous		
Appointment of R.G. Manabat & Co. as external auditor for 2015 and 2016	Unanimous		

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The results of the 2016 Annual Stockholders' Meeting were publicly reported through the filing by the Company with the Securities and Exchange Commission and the Philippine Stock Exchange of its SEC 17-C Report on 27 December 2016 and 22 December 2016, respectively.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification: N/A

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	5	22 Dec 2016	By poll	10.08%	63.75%	73.83%

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes. The stock and transfer agent is appointed to inspect/count/validate votes.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Stockholders who cannot attend the meeting in person may designate their authorized representative by submitting a Proxy instrument in accordance with Sec. 58 of the Corporation Code. Validation of the proxies shall be held on at least seven (7) days prior to the date of the Annual Meeting at the office of the Corporation's transfer agent, Banco de Oro Unibank, Inc. Stock Transfer Department, 15/F South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City.
Notary	
Submission of Proxy	
Several Proxies	
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Written Notice	Notice of meetings and the Information Statement (with prior clearance from the SEC) for every regular or special meeting of the stockholders shall be prepared and mailed to the registered port office address, whether within or outside the Philippines, of each stockholder not less than fifteen (15) days prior to the date set for such meeting, such notice stating the object or objects of the meeting.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	Approximately 720
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	01 December 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	01 December 2016
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	Yes

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes

An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	N/A
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The Company has no special set of rules on the treatment of minority shareholders. However, it adheres to the rights of minority shareholders provided under existing laws and regulations.	This is implemented in the conduct of the Company's stockholders' meetings and in its transactions.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

All stockholders who wish to nominate candidates for directors, including independent directors may submit their nominations to the Nomination Committee via ordinary mail or personal delivery.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

Stockholders or Investors may access the PSE and SEC website for our annual financial reports and certain disclosures made by our officers and directors, structured reports, and charter/constitutive documents, etc.

Due to the non-operational status of the Company, the Corporate Secretary and Compliance Officer works hand in hand in the gathering and dissemination of Company information and news.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

Cheryl S. Saldaña-de Leon
Corporate Secretary and Compliance Officer
Telephone: 633-9757
Email: loydeleon@gselawfirm.com

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The Company does not have any special rules and procedures in this regard. However, it will comply with applicable laws and regulations whenever it enters into any of the above transactions.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

N/A

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Due to the non-operational status of the Company, it does not have any corporate social responsibility initiatives during this time.

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

Aside from those related provision already discussed above, the Company does not presently have a system in place to assess the annual performance of its directors, board committees and officers.

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

The Board is responsible for determining, after notice and hearing, any violation or breach of the corporate governance manual, and for recommending to the Board of Directors the appropriate penalty or sanction, which can range from reprimand to removal from office.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Pasig on ___th day of April 2017.

(Signature Page Follows)

SIGNATURES

OSCAR L. PARAS JR. Chairman of the Board	RAUL G. GERODIAS President
RICARDO JOSE G. NICOLAS III Independent Director	CHERYL S. SALDANA-DE LEON Compliance Officer

SUBSCRIBED AND SWORN to before me this 18 APR 2017 day of April 2017, affiant(s) exhibiting to me their Tax Identification ID No., as follows:

OSCAR L. PARAS JR.	TIN 168-499-479
RAUL G. GERODIAS	TIN 129-434-349
RICARDO JOSE G. NICOLAS III	TIN 183-132-410
CHERYL S. SALDANA-DE LEON	TIN 202-946-957

Doc No. 415
Page No. 84
Book No. III
Series of 2017.

PAUL VINCENT T. CUNANAN
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2017
2404 Discovery Center 25 ADB Ave.,
Ortigas Center Pasig City
APPT. No. 97 (2016-2017) - Roll No. 64549
PTR No. 2495498; 01-10-2017; Pasig City
IBP No. 1060765; 01-09-2017; RSM
MCLE Compliance No. V-0011599; 11-09-2015