

COVER SHEET

8 0 8

S.E.C. Registration Number

I S M
C O M M U N I C A T I O N S
C O R P O R A T I O N

(Company's Full Name)

3 F A L E G R I A A L T A B L D G
2 2 9 4 C H I N O R O C E S S T .
M A K A T I C I T Y

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

Jovita D.S. Larrazabal
Contact Person

310-1916
Company Telephone Number

1 2
Month

3 1
Day

Fiscal Year

SEC Form 17-A -
Annual Report

FORM TYPE

May 24 2016

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SEC Number 808
File Number _____

ISM COMMUNICATIONS CORPORATION
(formerly, ITOGON-SUYOC MINES, INC.)

(Company's Full Name)

3F Alegria Alta Building, 2294 Don Chino Roces Ext., Makati City

(Company's Address)

310-1916

(Telephone Number)

December 31 2016

(Fiscal Year Ending)
(month & day)

SEC Form 17-A (Annual Report)

Form Type

Amendment Designation (if applicable)

December 31, 2016

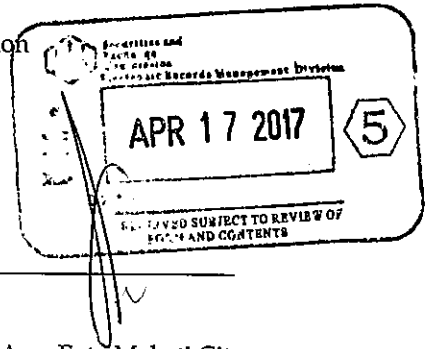
Period Ended Date

N/A

(Secondary License Type and File Number)
SEC FORM 17-A

**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 December 31, 2016
2. SEC Identification Number 808 3. BIR Tax Identification No. 000-162-935V
4. ISM COMMUNICATIONS CORPORATION (FORMERLY ITOGON-SUYOC MINES, INC.)
Exact name of issuer as specified in its charter
5. Philippines
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: _____ (SEC Use Only)
7. 3F Alegria Alta Building, 2294 Don Chino Roces Ave., Makati City
Address of principal office
8. (632) 310-1916 1232
Registrant's telephone number Zip Code
9. The Penthouse, Alphaland Southgate Tower, 2258 Don Chino Roces Ave. Ext., Makati City
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA



<u>Title of each Class</u>	<u>Number of shares of common stock outstanding as of December 31, 2016</u>
Common	1,074,324,234

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes
12. Indicate whether the issuer:
- a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 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 12 months (or for such shorter period the registrant was required to file such reports)
Yes
- b) has been subject to such filing requirements for the past 90 days
Yes

11. The aggregate market value of the voting stock held by non-affiliates of the registrant.

<u>Shares held by</u>	<u>Market value Per Share</u>	<u>Total Market Value</u>
<u>Non-affiliates</u>	<u>as of 31 December 2016</u>	
577,383,574	Php1.31	Php756,372,482.56

Part I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

ISM Communications Corporation (“ISM” or the “Company”) was, originally, a mining company incorporated in March 1925, under the name “Itogon-Suyoc Mines, Inc.”. In the early 2000, ISM was transformed to a company engaged in information technology, multimedia telecommunications, and other similar industries. On November 11, 2016, the Securities and Exchange Commission approved the amendment of the articles of incorporation of ISM to reflect its primary purpose as a holding company.

ISM continues to hold 32.%% in the German technooddy firm, Acentic GmbH (Acentic). Head quartered on Cologne, Germany, Acentic is a leading provider of Internet connectivity and in-room entertainment solutions for the hospitality industry offering digital and Internet protocol (IP) converged services to hotels, serviced apartments and healthcare facilities. Its digital television services and Internet access platforms are found in many of the world’s leading hotel rooms in more than 40 countries across Europe, the Middle East and Africa. In recent years, the global hospitality industry has undergone a technological re-assessment with major groups reducing their approved vendor partners via stringent accreditation processes (focused on technology, operational and support capabilities). Acentic has passed all of these assessments to date and is now fully accredited with Marriott, Hilton and InterContinental Hotels Group - the world’s top three largest groups - amongst others, driving growth in traditional markets but also supporting development in new regions. To accommodate this growth, Acentic has opened operations in South Africa and in Dubai to serve the Middle East and has already secured significant and high-profile contracts in both regions. Acentic equipment is installed in over 500 hotels with over 100,000 hotel rooms under contract across Europe, the Middle East and Africa. The UK, which accounted for 46% of Acentic’s EBITDA in 2016, is by far the most profitable market for hotels in Europe due to its greater number of international group-based hotels that have a broader supply of entertainment systems, allowing for more pull-through revenues and related margins. Europe represents the most significant geographic region for the business. However, the greatest growth is forecast from Middle East and Africa in line with the hotel industry’s own development in these regions. 90% of Acentic’s operating revenue is guaranteed through long-term contracts (between 3-5 years) with the majority of contracts renewed at maturity, highlighting the strength of Acentic’s commercial relationships and the relevance of its product.

Another significant investment held by ISM is its stake in the Philippine Bank of Communications (PBCOM). On June 13, 2011, the Executive Committee authorized the Chairman and/or the President of the Company, in conjunction with other investors (the “ISM Group”), to participate in the auction conducted by Macquarie Capital Advisers (“Macquarie”) for the sale of approximately 97.28% of the Philippine Bank of Communications (“PBCOM”) under such terms and conditions that management may deem to be in the best interest of the Corporation. On June 22, 2011, Macquarie informed the ISM Group that its bid was the highest one in the auction. On July 26, 2011, the Company, together with other investors, entered into a Memorandum of Agreement with the major shareholders of PBCOM to formalize the acquisition, subject to the appropriate regulatory approvals. The ISM Group purchased a total of 47,909,473 common shares and 120,000,000 preferred shares or a total of 167,909,473 voting shares of the Bank (the “Sale Shares”) at a purchase price of Php27.88 per share, regardless of class, or for a total purchase price of

Php4,681,316,107.24. This includes the Company's share of approximately 37.11% of the Bank. Thereafter, the ISM Group filed the necessary applications with the regulatory agencies - the *Bangko Sentral ng Pilipinas*, the Securities and Exchange Commission and the Philippine Deposit Insurance Commission, for their respective approvals of the acquisition. The ISM Group was able to obtain all the said approvals on December 22, 2011. The sale of the Sale Shares was crossed thru the facilities of the Exchange on December 23, 2011. On August 15, 2014, the Board of Directors of ISM, during a special meeting held that day, accepted the offer of Mr. Lucio L. Co, through his delegated entity, VFC Land Resources, Inc. ("VFC"), to purchase ISM's 59,241,438 common shares of the Philippine Bank of Communications (PBCOM) at a purchase price of Php33.00/per share. The sale agreement with VFC was signed on September 29, 2014. The said shares was successfully transferred to VFC, thru the facilities of the Philippine Stock Exchange, Inc., on October 1, 2014. As a result of the sale, the Company now owns 4,806,987 common shares of PBCOM, which is equivalent to 1.00% of PBCOM's outstanding capital stock.

Competitive Business Condition and the Registrant's Competitive Position in the Industry and Methods of Competition

The Company currently has no operating business. It is currently doing business as a holding company.

Sources and Availability of Raw Materials and Names of Principal Supplier

ISM is a holding company that does not require raw materials in its operations. It is not dependent on any principal supplier.

Dependence on One or a Few Major Customers and Identification of Such

ISM, as a holding company, has no sales of its own hence, there are no customers that accounts for 20% or more of its sales.

Patents, Trademarks, Licenses, Franchises, Concessions, and Royalty Agreements

ISM's application for registration of its trademarks with the Intellectual Property Office of the Philippines was approved by the said office last April 13, 2009.

Pending Applications for Registration of Trademarks

The Company has no pending trademark application.

Need for Governmental Approval of Principal Products or Services; Effect of Existing or Probable Governmental Regulations on the Business

The Company does not need any governmental approval in its products or services. In the event any of its future operations require government approval, ISMCC intends to comply with such requirement.

Estimate of Amount Spent for Research and Development Activities in the Next Three Years

The Company does not expect to make any significant investment or expenditure for research and development.

Costs and Effects of Compliance with Environmental Laws

The Company currently has no operations and thus do not require an environmental compliance certificate from the Department of Environment and Natural Resources. In the event that environmental laws and regulations cover any of its future operations, the Company intends to comply with such requirements.

Business Transactions with Related Parties

The Company has no material business transactions with related parties.

Labor

As of December 31, 2016, the Company only has three (3) full time employees. There is no union and neither a collective bargaining agreement with its employees. There have been no strikes or threats to strike in the past four years. Supplemental benefits given to qualified employees include stock option plan, among others.

Material Events

On November 28, 2014, the Board of Directors of ISM approved the conduct of an issuer tender offer by ISM for 1,200,000,000 of its common shares (the "Offer Shares") at an offer price equivalent to the prevailing market price of Php1.52 per share. With the current trading prices of its stocks at the market, ISM's Board of Directors decided to take advantage of the opportunity and reacquire its shares from the open market at the prevailing rate using its excess and unallocated cash. ISM believes that the reacquisition of its shares will result in enhancing shareholder value. The Tender Offer Period expired at 12 o'clock noon of January 23, 2015. A total of 1,412,212,410 common shares (the "Tendered Shares") of the outstanding capital stock of ISM were tendered. However, since the Tendered Shares were more than the Offer Shares, the Company only accepted the Tendered Shares on a pro rata basis, disregarding fractions. Thus, the Company only accepted a total of 1,199,999,993 of the Tendered Shares (the "Accepted Shares") at a price of Php1.52 per share or for a total consideration of Php1,823,999,989.36. Certificates representing the excess of the Tendered Shares, totaling 212,212,417 of the Tendered Shares, were returned to the tendering stockholders together with the payment of the consideration for their Accepted Shares. The Accepted Shares were crossed on the Philippine Stock Exchange on February 2, 2015.

On January 26, 2016, the Board of Directors of ISM approved the sale of a total of 358,108,078 Treasury Shares (the "Sale Shares") to its shareholders of record as of February 5, 2016 (the "Eligible Shareholders"). Under the terms approved by the Board, Eligible Shareholders were entitled to buy one Treasury Share for every two common shares held as of February 5, 2016 at a price of Php1.00 per Sale Share. The offer period of the sale began last February 9, 2015 and ended last March 15, 2016. With this sale, ISM intends to increase its cash reserves in preparation for certain investment opportunities, currently being evaluated by management. The sale of these shares will also provide ISM the opportunity to track down

its dormant shareholders as part of its corporate housekeeping activities, and improve the liquidity of the tradable shares.

ISM successfully concluded the sale of the Sale Shares on March 21, 2016. The Sale Shares were fully taken up by the participating shareholders and were successfully transferred to the latter via the facilities of the Exchange on March 21, 2016. Effective March 21, 2016, the changes in the capital structure of ISM is outlined in the table below:

	Before the Sale	After the Sale
Issued and Outstanding Shares	716,216,156	1,074,324,234
Treasury Shares	1,200,053,185	841,945,107
Issued and Subscribed Shares	1,916,269,341	1,916,269,341

Item 2. Properties

As of December 31, 2016, the Company reported property and equipment (net of depreciation) of ₱3,133,242 primarily consisting of ISMCC's transportation, computer equipment, furniture and fixture, and other fixed assets, net of accumulated depreciation and impairment losses.

No extraordinary purchase or sale of plant and equipment are expected beyond those in the regular course of operations of the Company. All purchases will be financed through internally generated funds and existing capitalization.

Item 3. Legal Proceedings

As of December 31, 2016, there are no material lawsuits or claims against ISM.

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

The following amendments to the articles of incorporation of the Company were approved by its Board of Directors on April 5, 2016, and was ratified and confirmed by the shareholders of ISM, representing at least 2/3 of the outstanding capital stock of ISM, during the duly constituted annual meeting held on May 24, 2016:

Article No.	From	To
II - Primary Purpose	To engage in the communications business	To engage in <u>the business of a holding company</u>
III - Principal Office Address	That the principal office of the corporation is to be established or located is Metro Manila, Philippines.	That the principal office of the corporation is to be established or located is <u>2F PBCOM Tower, 6795 Ayala Ave. corner V.A. Rufino St., Makati City.</u>
VI - Composition of Board of Directors	That the number of board of directors of said corporation shall be fifteen	That the number of board of directors of said corporation shall be <u>nine</u> ,

Article No.	From	To
		<u>which shall consist of such number of regular and independent directors as the stockholders may elect from time to time. In no case shall the number of independent directors of the board be less than two.</u>

The foregoing amendments were approved by the SEC on November 11, 2016.

Part II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market Price, Dividends and Related Stockholder Matters

Market Information

ISMCC's shares of common stock are listed in the Philippine Stock Exchange.

The following table sets forth the high and low closing sales prices per share of the common shares listed on the PSE during the respective periods indicated according to published financial sources.

	Price per Share	
	High	Low
2016		
First Quarter (ending March 2016)	1.37	1.28
Second Quarter (ending June 2016)	1.69	1.64
Third Quarter (ending September 2016)	1.44	1.40
Fourth Quarter (ending December 2016)	1.31	1.29
2015		
First Quarter (ending March 2015)	1.32	1.21
Second Quarter (ending June 2015)	1.31	1.26
Third Quarter (ending September 2015)	1.65	1.44
Fourth Quarter (ending December 2015)	1.40	1.35
2014		
First Quarter (ending March 2014)	1.65	1.60
Second Quarter (ending June 2014)	1.72	1.70
Third Quarter (ending September 2014)	1.62	1.60
Fourth Quarter (ending December 2014)	1.55	1.50

The closing price of the Company's common shares as of March 31, 2017 (the latest practicable trading date) was Php1.30 per share (high of Php1.35 and low of Php1.25).

Dividends

ISMCC has not declared any dividends for the last four (4) fiscal years and subsequent quarter.

There are no restrictions that limits the ability to pay dividends on common equity or that are likely to do so in the future.

Holders

There were 4,145 shareholders of record holding at least one board lot each of the Company's outstanding capital stock of 1,074,324,234 common shares as of March 31, 2017.

Top 20 Stockholders

ISM has one class of common stock. The top 20 stockholders of record as of March 31, 2017 (based on an outstanding capital stock of 1,074,324,234 net of treasury shares of 841,945,107 Shares) were:

	Name of Shareholder	No. of Shares	%
1.	PCD Nominee Corporation:	1,012,316,653	94.23%
	Filipino - 971,898,805		
	Non-Filipino - 40,417,848		
2.	Monfortino Holdings, Inc.	50,000,000	4.65%
3.	Tan, Estate of Luciano H.	997,284	0.09%
4.	Ortigas, Ignacio R.	571,879	0.05%
5.	Cham, Estate of Allen	544,568	0.05%
6.	Santillan, Juan Go	486,000	0.05%
7.	Young, Bartholomew Dy Buncio	333,062	0.03%
8.	Ortigas, Rafael B.	301,000	0.03%
9.	Lim, Amparo C.	221,406	0.02%
10.	Dees Securities Corporation	126,509	0.01%
11.	Manotok Securities, Inc.	116,021	0.01%
12.	Dee, K-Chiong Anthony Jr.	114,078	0.01%
13.	Alberto, Zoilo M. &/or Marco Alberto	111,718	0.01%
14.	Pulp & Paper Distributors, Inc.	109,655	0.01%
15.	Alberto, Luis M.	100,198	0.01%
16.	Torrens, Estate of Oswaldo Garcia	97,476	0.01%
17.	Viel, Mario S.	90,051	0.01%
18.	Araneta, Cecile C.	90,000	0.01%
19.	Rio, Alice del	90,000	0.01%
20.	Alberto, Gerardo M.	78,499	0.01%
	Alberto, Jr., Zoilo M.	78,499	0.01%

A total of 42,426,709 common shares of ISM, equivalent to 3.95% of its outstanding capital, are owned by foreigners as of March 31, 2017.

Recent Sales of Unregistered Securities:

On January 26, 2016, the Board of Directors of ISM approved the sale of a total of 358,108,078 Treasury Shares (the "Sale Shares") to its shareholders of record as of February 5, 2016 (the "Eligible Shareholders"). Under the terms approved by the Board, Eligible

Shareholders were entitled to buy one Treasury Share for every two common shares held as of February 5, 2016 at a price of Php1.00 per Sale Share. The offer period of the sale began last February 9, 2015 and ended last March 15, 2016. ISM successfully concluded the sale of the Sale Shares on March 21, 2016. The Sale Shares were fully taken up by the participating shareholders and were successfully transferred to the latter via the facilities of the Exchange on March 21, 2016. This sale of the Treasury Shares to ISM's existing shareholders is an exempt transaction under Section 10(e) of the Securities Regulation Code.

Aside from the recently concluded sale of treasury shares, there has been no sale in the past three years of any unregistered securities of ISMCC or securities that has not been approved exempt from such registration requirements.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

The current capitalization of the Company, and expected future revenues from its various investment activities are projected to sufficiently meet the Company's operating cash requirements. The Company intends to utilize internally generated funds to finance the acquisition of computer and other equipment, if any. These acquisitions, and facilities, are not expected to be of material amounts.

The Company does not expect to conduct any product research and development in the foreseeable future.

No extraordinary purchase or sale of plant and equipment are expected beyond those in the regular course of the Company's operations. All purchases will be financed through internally-generated funds and existing capitalization.

Hiring of employees will be done in the regular course of business, if necessary.

There are no known trends, events or uncertainties that are reasonably expected to have a material impact on the Company's revenues or continuing operations.

Performance for the Year Ended December 31, 2016

Income and Expenses

The Company ended 2016 with a net loss of ₱13.306 million.

Cash and Cash Equivalents

The Company's cash and cash equivalent totals ₱48.99 million at the end of 2016. This is ₱436.672 million lower than in 2015. Although there was a significant inflow of cash from the sale of the Treasury Shares in the First Quarter of 2016, this was offset when bulk of the said proceeds were placed in repurchase transactions and were thus reclassified to Receivables.

Receivables - net

The net receivables of the Company amounts to ₱1.346 billion at the end of 2016. There was an increase of ₱408 million from the 2015 net receivables of ₱940.6 million. The increase in

receivables was due to the increase in volume of the repurchase transactions amounting to ₱370.4 million, and the increase in the short-term loans, and the related interest receivables, granted to Acentic amounting to ₱24 million and ₱12.78 million, respectively.

Property and Equipment - net

As of December 31, 2016, property and equipment, net of depreciation aggregates to ₱3.13 million composed mainly of ISMCC's transportation, computer equipment, furniture and fixture, and other fixed assets, net of accumulated depreciation and impairment losses.

Investment in associates and shares of stock

The account at December 31 consists of the following:

a) Investment in Acentic

On December 22, 2009, the Company entered into an agreement relating to the sale and purchase in January 2010 of certain shares of Acentic GmbH with LBC Capital Sarl (LBC Capital), Host Union and Philweb Corporation.

On January 11, 2010, the Company completed the acquisition on 32.5% of Acentic GmbH, a Germany based company engaged in hotels and other multi-dwelling establishment thru Host Union in the amount equivalent to ₱660 million.

On November 15, 2012, ISM entered into an Investment Agreement with Wagas Consultants Limited (WCL), a company organized and existing under the laws of the British Virgin Islands, whereby ISM acquired 100% of WCL in exchange for ISMCC's 50% stake in Host Union. As a result, WCL became the 50% shareholder of Host Union.

The carrying value as at December 31, 2016 amounted to ₱327 million.

b) Investment in Philippine Bank of Communications (PBCOM)

ISMCC acquired 36.64% equity interest in PBCOM in 2011. The transfer of ownership was approved by the Bangko Sentral ng Pilipinas (BSP) and the Philippine Deposit Insurance Corporation late in 2011 and the transaction was finally done at the facilities of the Philippine Stock Exchange on December 23, 2011.

On April 12, 2012, the Company invested additional ₱22.71 million representing 814,666 new voting shares at ₱27.88 per share. As at December 31, 2012, the equity interest of the Company remains the same as the application for the increase in the authorized capital stock of PBCOM is still pending approval from the SEC. The increase in the authorized capital stock of PBCOM was approved by the SEC on March 11, 2013. Thus, as a result, the Company's stake in PBCOM was reduced to 21.38%.

On September 18, 2014, P.G. Holdings, Inc. (PGHI) subscribed 181,080,608 newly-issued common shares of PBCom. The subscription of PGHI was approved by the BSP on September 23, 2014. Subsequently, the Company's interest in PBCom was diluted to 13.33%. Correspondingly, the Company recognized a loss on dilution totaling ₱82.8 million and the proportionate amount of its share in the cumulative other comprehensive income of PBCom amounting to ₱405.0 million was recycled to profit and loss.

The Company lost its significant influence over PBCom due to the dilution of the Company's interest. Consequently, the Company's remaining investment in PBCom was reclassified to AFS financial assets and recognized gain amounting to ₱764.0 million on the difference between the fair value of the investment over the carrying amount of the investment at the date the significant influence was lost. (as reported in the 2014 audited FS)

c) Investment in Alpha Force Security Agency

Earlier in 2011, ISMCC acquired 10% equity interest in Alpha Force Security Agency, Inc. for a total consideration of P1.00 million. Additional investment in 2013 amounted to P1.0 million.

Accounts Payable and Accrued Expenses

In 2016, Accounts Payable and Accrued Expenses decreased by ₱39.9 million from ₱40.9 million in 2015. The decrease can be attributed to the closure of the due to non-affiliated company account as a result of the full settlement of the related notes payable.

Notes Payable

As of December 31, 2016, the Notes Payable has been fully paid.

Capital stock

There is no increase in the capital stock structure of the Company that stood at ₱1,916 million at December 31, 2016.

Performance for the Year Ended December 31, 2015

Income and Expenses

The Company ended 2015 with a net loss of ₱459.8 million. This was significantly contributed by the ₱307.8 million provision for impairment of loss on receivables and ₱118 million impairment loss on AFS financial assets.

Cash and Cash Equivalents

The Company's cash and cash equivalent totals ₱485.6 million at the end of 2015. This is ₱2.0 billion lower than in 2014. The significant decrease is brought about by the pay-out and expenses incurred pursuant to the Issuer Tender Offer conducted during the first quarter.

Receivables - net

The net receivables of the Company amounts to ₱940.6 million at the end of 2015. There was a decrease of ₱488 million from the 2014 net receivables of ₱1.428 billion. The decrease in receivables was due to the collection from SMESI of ₱848 million. However, this was partially offset by the reclassification to receivables of ₱657.7 million and the provision of ₱307.7 million allowance for the impairment loss on receivables.

Property and Equipment - net

As of December 31, 2015, property and equipment, net of depreciation aggregates to ₱4.5 million composed mainly of ISMCC's transportation, computer equipment, furniture and fixture, and other fixed assets, net of accumulated depreciation and impairment losses.

Investment in associates and shares of stock

The account at December 31 consists of the following:

a) Investment in Acentic

On December 22, 2009, the Company entered into an agreement relating to the sale and purchase in January 2010 of certain shares of Acentic GmbH with LBC Capital Sarl (LBC Capital), Host Union and Philweb Corporation.

On January 11, 2010, the Company completed the acquisition on 32.5% of Acentic GmbH, a Germany based company engaged in hotels and other multi-dwelling establishment thru Host Union in the amount equivalent to ₱660 million.

On November 15, 2012, ISM entered into an Investment Agreement with Wagas Consultants Limited (WCL), a company organized and existing under the laws of the British Virgin Islands, whereby ISM acquired 100% of WCL in exchange for ISMCC's 50% stake in Host Union. As a result, WCL became the 50% shareholder of Host Union.

The carrying value as at December 31, 2015 amounted to ₱391 million.

b) Investment in Philippine Bank of Communications (PBCOM)

ISMCC acquired 36.64% equity interest in PBCOM in 2011. The transfer of ownership was approved by the Bangko Sentral ng Pilipinas (BSP) and the Philippine Deposit Insurance Corporation late in 2011 and the transaction was finally done at the facilities of the Philippine Stock Exchange on December 23, 2011.

On April 12, 2012, the Company invested additional ₱22.71 million representing 814,666 new voting shares at ₱27.88 per share. As at December 31, 2012, the equity interest of the Company remains the same as the application for the increase in the authorized capital stock of PBCOM is still pending approval from the SEC. The increase in the authorized capital stock of PBCOM was approved by the SEC on March 11, 2013. Thus, as a result, the Company's stake in PBCOM was reduced to 21.38%.

On September 18, 2014, P.G. Holdings, Inc. (PGHI) subscribed 181,080,608 newly-issued common shares of PBCom. The subscription of PGHI was approved by the BSP on September 23, 2014. Subsequently, the Company's interest in PBCom was diluted to 13.33%. Correspondingly, the Company recognized a loss on dilution totaling ₱82.8 million and the proportionate amount of its share in the cumulative other comprehensive income of PBCom amounting to ₱405.0 million was recycled to profit and loss.

The Company loss its significant influence over PBCom due to the dilution of the Company's interest. Consequently, the Company's remaining investment in PBCom was reclassified to AFS financial assets and recognized gain amounting to ₱764.0

million on the difference between the fair value of the investment over the carrying amount of the investment at the date the significant influence was lost. (as reported in the 2014 audited FS)

c) Investment in Alpha Force Security Agency

Earlier in 2011, ISMCC acquired 10% equity interest in Alpha Force Security Agency, Inc. for a total consideration of P1.00 million. Additional investment in 2013 amounted to P1.0 million.

Accounts Payable and Accrued Expenses

In 2015, Accounts Payable and Accrued Expenses increased by ₱8.89 million from ₱31.971 million in 2014. This can be attributed to the unpaid balances to non-affiliated companies for administrative services rendered in favor of the Company. It also includes foreign exchange gains and losses on the notes receivable being charged to the Company in accordance with their agreement.

Notes Payable

Notes Payable as of December 31, 2015 totals ₱408 million. This represents the ₱7.893 million loan from HSBC secured by Money Market Placement. The decreased from ₱429 million in 2014 to ₱408 million in 2015 is mainly due to foreign currency translation adjustment.

Capital stock

There is no increase in the capital stock structure of the Company that stood at ₱1,916 million at December 31, 2015.

Performance for the Year Ended December 31, 2014

Income and Expenses

The Company ended 2014 with a net loss of ₱586.0 million. This was significantly contributed by a ₱835.3 million loss on the sale of 59.24 million PBCom shares to VFC, ₱405.0 million share in the cumulative comprehensive loss of PBCom shares, and ₱66.6 million equity losses from Acentic. However, the losses were reduced by ₱764.0 million gain in the reclassification of PBCom investment to AFS financial assets.

Cash and Cash Equivalents

The Company's cash and cash equivalent totals ₱2.552 billion at the end of 2014. This is ₱1.9 billion higher than in 2013. The increase was brought about by the sale of 59,241,438 common shares of the Philippine Bank of Communications (PBCOM) at a purchase price of ₱33.00/per share to VFC Land Resources, Inc.

Receivables - net

The net receivables of the Company amounts to ₱1,428.9 million at the end of 2014. The decrease of ₱24.37 million is due to foreign currency translation adjustment.

Property and Equipment - net

As of December 31, 2014, property and equipment, net of depreciation aggregates to ₱0.895 million composed mainly of ISMCC's computer equipment, furniture and fixture, and other fixed assets, net of accumulated depreciation and impairment losses.

Investment in associates and shares of stock

The account at December 31 consists of the following:

a) Investment in Acentic

On December 22, 2009, the Company entered into an agreement relating to the sale and purchase in January 2010 of certain shares of Acentic GmbH with LBC Capital Sarl (LBC Capital), Host Union and Philweb Corporation.

On January 11, 2010, the Company completed the acquisition on 32.5% of Acentic GmbH, a Germany based company engaged in hotels and other multi-dwelling establishment thru Host Union in the amount equivalent to ₱660 million.

On November 15, 2012, ISM entered into an Investment Agreement with Wagas Consultants Limited (WCL), a company organized and existing under the laws of the British Virgin Islands, whereby ISM acquired 100% of WCL in exchange for ISMCC's 50% stake in Host Union. As a result, WCL became the 50% shareholder of Host Union.

The carrying value as at December 31, 2014 amounted to ₱405.0 million.

b) Investment in Philippine Bank of Communications (PBCOM)

ISMCC acquired 36.64% equity interest in PBCOM in 2011. The transfer of ownership was approved by the Bangko Sentral ng Pilipinas (BSP) and the Philippine Deposit Insurance Corporation late in 2011 and the transaction was finally done at the facilities of the Philippine Stock Exchange on December 23, 2011.

On April 12, 2012, the Company invested additional ₱22.71 million representing 814,666 new voting shares at ₱27.88 per share. As at December 31, 2012, the equity interest of the Company remains the same as the application for the increase in the authorized capital stock of PBCOM is still pending approval from the SEC. The increase in the authorized capital stock of PBCOM was approved by the SEC on March 11, 2013. Thus, as a result, the Company's stake in PBCOM was reduced to 21.38%.

On September 18, 2014, P.G. Holdings, Inc. (PGHI) subscribed 181,080,608 newly-issued common shares of PBCom. The subscription of PGHI was approved by the BSP on September 23, 2014. Subsequently, the Company's interest in PBCom was diluted to 13.33%. Correspondingly, the Company recognized a loss on dilution totaling ₱82.8 million and the proportionate amount of its share in the cumulative other comprehensive income of PBCom amounting to ₱405.0 million was recycled to profit and loss.

The Company loss its significant influence over PBCom due to the dilution of the Company's interest. Consequently, the Company's remaining investment in PBCom was reclassified to AFS financial assets and recognized gain amounting to ₱764.0

million on the difference between the fair value of the investment over the carrying amount of the investment at the date the significant influence was lost. (as reported in the 2014 audited FS)

c) Investment in Alpha Force Security Agency

Earlier in 2011, ISMCC acquired 10% equity interest in Alpha Force Security Agency, Inc. for a total consideration of P1.00 million. Additional investment in 2013 amounted to P1.0 million.

Accounts Payable and Accrued Expenses

In 2014 Accounts Payable and Accrued Expenses substantially increased by ₱22.725 million from ₱9.246 million in 2013 to ₱31.971 million by the end of 2014. This can be attributed to the unpaid balances to non-affiliated companies for administrative services rendered in favor of the Company. It also includes foreign exchange gains and losses on the notes receivable being charged to the Company in accordance with their agreement.

Notes Payable

Notes Payable as of December 31, 2014 totals ₱429 million. This represents the €7.893 million loan from HSBC secured by Money Market Placement. The decreased from ₱480 million in 2013 to ₱429 million in 2014 is mainly due to foreign currency translation adjustment.

Capital stock

There is no increase in the capital stock structure of the Company that stood at ₱1,916 million at December 31, 2014.

The Company's Key Performance Indicators for 2016

1. Current Ratio for 2016 was at 758.76:1 computed as current assets (P1,400,220,317) divided by current liabilities (P1,845,409). The Group's substantial assets are in receivables aggregating to P1.346 billion.
2. Debt to equity ratio for 2016 was at 0.0008:1 computed as total liabilities (P1,845,409) over total equity (P2,180,201,002).
3. Debt to total asset ratio for 2016 was at 0.0008:1 computed as total liabilities (P1,845,409) over total asset (P2,182,046,411).
4. Asset to equity ratio for 2016 was 1.0008:1 computed as total asset (P2,182,046,411) over total equity (P2,180,201,002).
5. Return on asset for 2016 was at -0.61% computed as net loss (-P13,306,432) over total assets (P2,182,046,411).
6. Return on equity for 2016 was -0.61% computed as net loss (-P13,306,432) over total equity (P2,180,201,002)

7. Interest rate coverage ratio for 2016 was -2.05:1 computed as EBIT (-P12,399,514) over interest expense (P6,053,980).
8. Market to book ratio of ISM's common share was 1.31:1.14 as of December 31, 2016. Book value per share is computed as equity attributable to holders of the company (P2,180,201,002) divided by total issued shares (1,916,269,341).

The Company's Key Performance Indicators for 2015

1. Current Ratio for 2015 was at 34.76:1 computed as current assets (P1,428,602,876) divided by current liabilities (P41,099,263). The Group's substantial assets are in receivables aggregating to P940.6 million.
2. Debt to equity ratio for 2015 was at 0.24:1 computed as total liabilities (P449,491,765) over total equity (P1,867,790,982).
3. Debt to total asset ratio for 2015 was at 0.19:1 computed as total liabilities (P449,491,765) over total asset (P2,317,282,747).
4. Asset to equity ratio for 2015 was 1.24:1 computed as total asset (P2,317,282,747) over total equity (P1,867,790,982).
5. Return on asset for 2015 was at -19.85% computed as net loss (-P459,883,543) over total assets (P2,317,282,747).
6. Return on equity for 2015 was -24.62% computed as net loss (-P459,883,543) over total equity (P1,867,790,982)
7. Interest rate coverage ratio for 2015 was -49.69:1 computed as EBIT (-P450,581,581) over interest expense (P9,067,104).
8. Market to book ratio of ISM's common share was 1.40:0.97 as of December 31, 2015. Book value per share is computed as equity attributable to holders of the company (P1,867,790,982) divided by total issued shares (1,916,269,341).

The Company's Key Performance Indicators for 2014

1. Current Ratio for 2014 was at 8.64:1 computed as current assets (P3,982,477,001) divided by current liabilities (P461,137,083). The Group's substantial assets are in cash and cash equivalent aggregating to P2,552.3 million.
2. Debt to equity ratio for 2014 was at 0.11:1 computed as total liabilities (P461,137,083) over total equity (P4,083,145,755).
3. Debt to total asset ratio for 2014 was at 0.10:1 computed as total liabilities (P461,137,083) over total asset (P4,544,282,838).
4. Asset to equity ratio for 2013 was 1.11:1 computed as total asset (P4,544,282,838) over total equity (P4,083,145,755).

5. Return on asset for 2014 was at -12.90% computed as net loss (-₱586,626,278) over total assets (₱4,544,282,838).
6. Return on equity for 2014 was -14.37% computed as net loss (-₱586,626,278) over total equity (₱4,083,145,755)
7. Interest rate coverage ratio for 2014 was -47:1 computed as EBIT (-₱574,148,115) over interest expense (₱12,210,260).
8. Market to book ratio of ISM's common share was 1.51:2.13 as of December 31, 2014. Book value per share is computed as equity attributable to holders of the company (₱4,083,145,755) divided by total issued shares (1,916,269,341).

Key variable and other qualitative and quantitative factors

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

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

The current capitalization of the Company, and expected future revenues from its various activities are projected to sufficiently meet the Company's operating cash requirements. The Company intends to utilize proceeds from private placements and internally generated funds to finance the acquisition of computer and other equipment, if any. These acquisitions and facilities are not expected to be of material amounts.

No extraordinary purchase of plant and equipment are expected beyond those in the regular course of the Company's operations. All purchases will be financed through internally-generated funds and existing capitalization.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have material impact on the Company's revenues or continuing operations.

There are no significant elements of income that did not arise from the Company and its subsidiary's continuing operations.

There are no seasonal aspects that had a material effect on the Company's and its subsidiary's financial conditions or results of operations.

Item 7. Financial Statements

See attached.

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

There were neither changes in nor disagreements with accountants on accounting / financial disclosure.

Part III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

Directors and Executive Officers

As of December 31, 2016, ISM's Board of Directors was composed of nine (9) members. The Board is responsible for providing overall management and direction to the Company.

The names of the directors and officer of the Company, their respective ages, position, number of years in service and term of service is summarized below.

Eric O. Recto	53	Chairman/CEO/Director/Filipino/3 yrs. /1 year
Craig E. Ehrlich	59	Vice-Chairman/Director/American/13yrs./1yr.
Alberto M. Montilla	80	Director/Filipino/21 yrs./1yr.
Rafael B. Ortigas	44	Director/Filipino/22 yrs./1 yr.
Ignacio R. Ortigas	75	Director/Filipino/21 yrs./1 yr.
Roberto V. San Jose	74	Director/Filipino/12 yrs./1 yr.
Victor C. Macalincag	79	Independent Director/Filipino/6 yrs./1 yr.
Luis Y. Benitez	68	Independent Director/Filipino/3 yrs./1 yr.
Gregorio T. Yu	58	Independent Director/Filipino/1 month/1 yr.
Jovita D.S. Larrazabal	35	Corporate Secretary/Filipino/3 yrs./1 yr.

Mr. Eric O. Recto was elected Chairman and CEO of the Company on December 3, 2013. He was first elected as Director and President of the Company in March 2005. He is also the chairman of the Philippine Bank of Communications (PBC), chairman and president of Bedfordbury Development Corporation, vice chairman and director of Atok-Big Wedge Co., Inc., president and director of Q-Tech Alliance Holdings, Inc., a director of Petron Corporation, and a member of the Board of Supervisors of Acentic GmbH. Prior to joining the Company, Mr. Recto served as Undersecretary of Finance of the Republic of the Philippines from 2002 to 2005, in charge of handling both the International Finance Group and the Privatization Office. Before his stint with the government, he was chief finance officer of Alaska Milk Corporation and Belle Corporation. Mr. Recto has a degree in Industrial Engineering from the University of the Philippines as well as an MBA from the Johnson School, Cornell University.

Mr. Craig E. Ehrlich has been a Director of the Company since July 2003 and was elected as Vice Chairman in May 2006. Mr. Ehrlich currently serves as the lead independent director of Bharti Airtel, the chairman and co-founder of Novare Technologies Inc., and the chairman of GTI Beijing. He was formerly a director of PhilWeb Corporation, the chairman of the GSM Association, the chairman of Carmel Ventures Asia and the chairman of kbro Co., Ltd. He was formerly the managing director of Hutchison Cablevision and group operations director at Hutchison Telecommunications. He was formerly a board member of ECI (NASDAQ) Hutchison Telecom Group, Roamware and ITU Telecom. He is also a member of UCLA/Peking University Joint Research Institute Advisory Committee and the board chair as well as a founding member of the Center for Global Management at the UCLA Anderson School of Management. In 2015, Mr. Ehrlich, became a member of UCLA Foundation Board.

He holds a B.A. degree from the University of California, Los Angeles, a master's degree from Occidental College and a postgraduate fellowship with the Coro Foundation.

Mr. Rafael B. Ortigas was elected a Director of the Company in April 2002. He is the Chairman and President of Leafar Commercial Corporation, a Director of Sagitro, Inc. and of Philweb Corporation. He was a Director of Itogon-Suyoc Resources, Inc., Concrete Aggregates Corp., OCLP Holdings, Inc. and the former General Partner of Ortigas and Company Ltd. Partnership. He is also a Trustee and President of Leafar Foundation, Inc. and a Trustee of the Ortigas Foundation, Inc. He has a Bachelor of Science degree in Computer Science from De La Salle University and an MBA from the Ateneo de Manila Graduate School of Business.

Mr. Ignacio R. Ortigas has been a Director of the Company since 1993. He is President of Sagitro, Inc. and a General Partner of Ortigas & Co., Ltd.

Mr. Alberto M. Montilla was formerly President and Chairman of the Company from 1995 to 2001. He has been a Director since 1993. Mr. Montilla is currently the Vice Chairman and Corporate Secretary of Sagitro, Inc. He is also a Trustee of Ortigas Foundation, Inc. He is a member of Philippine Map Collectors Society (PHIMCOS) and Vice President of Memorare Manila. He is an Electrical Engineer.

Mr. Roberto V. San Jose was elected a Director of the Company in 2011. He was the Corporate Secretary of the Company from February 2002 to May 2011. He is also the Corporate Secretary of Alsons Consolidated Resources, Inc., Premiere Horizon Alliance Corporation, Marcventures Holdings, Inc., and Solid Group, Inc. He is a Director and/or Officer of various companies which are clients of Castillo Laman Tan Pantaleon and San Jose Law Offices where he is a consultant. He is a member of the Philippine Bar.

Mr. Victor C. Macalincag was elected as Independent Director of the Company in April 2012. He was an Independent Director of AB, Crown Equities, Inc., Semirara Mining Corporation, Republic Glass Holdings Corp., SEM Calaca Power Corporation, Philweb Corporation, Alphaland Corporation, Asian Alliance Investment Corporation, and ONE WEALTHY NATION (OWN) Balance Fund. He was the President of Trade & Investment Development Corporation of the Philippines which is presently known as PHILEXIM (formerly PhilGuarantee) from 1991 until his resignation in 2001. He was the Deputy Minister of Finance from 1981 to 1986 and Undersecretary of Finance from 1986 to 1991. He also held the position of National Treasurer from 1981 to 1988. Mr. Macalincag is a Certified Public Accountant. He has a Bachelor of Arts in Business Administration from the University of the East. He also earned a Master of Arts in Economics from the same university. He finished a fellowship program conducted by the Economic Development Institute of the World Bank, Washington D.C. U.S.A. in 1971.²

Mr. Luis Y. Benitez was first elected as an independent director of ISM on December 3, 2013. He was a Senior Partner of SyCip Gorres Velayo & Co., where he served as Vice Chairman and Head of the Assurance & Advisory Business Services. He is a member of the Makati Business Club, The Philippine British Business Council, and the Philippine Institute of Certified Public Accountants. Mr. Benitez holds a Master of Business Administration degree from New York University, Stern School of Business. He is a graduate of the Pacific Rim Bankers Program, University of Washington. He holds a Bachelor of Science in Business

² *Mr. Macalincag passed away on March 30, 2017.*

Administration degree, Major in Accounting from the University of the Philippines. Mr. Benitez is a Certified Public Accountant.

Mr. Gregorio T. Yu was appointed as an independent director of the Company last December 1, 2016 to fill-up the vacancy left by the recent resignation of Mr. Gregorio Ma. A. Araneta III. Mr. Yu, Filipino, 58 years old, at present, is Chairman of the Board of Auto Nation Group Inc., CATS Automobile Corporation and American Motorcycles, Inc. and Vice Chairman of the Board and Chairman of the Executive Committee of Sterling Bank of Asia. He is also a Director of the Philippine Bank of Communications, PAL Holdings, Inc., CATS Asian Cars, Inc., PhilEquity Management Inc., Vantage Equities Inc., I-Remit Inc., Unistar Credit and Finance Corporation, Prople BPO Inc., Glyph Studios, Inc., WSI Corporation, Nexus Technologies and Jupiter Systems Corporation. Mr. Yu is a member of the board of trustees of Xavier School Inc., and Chairman, Ways and Means of Xavier School Educational and Trust Fund, a Board Member of Ballet Philippines and The Manila Symphony Orchestra. In the past, he was a member of the Board of Trustees of the Government Service Insurance System, President & CEO of Belle Corporation, Vice Chairman of APC Group and Philippine Global Communication. He was formerly a director of CATS Motors Inc., International Exchange Bank, Philequity Fund Inc., Filcredit Finance, Yehey Corporation, iRipple, RS Lim & Co., and a Director and Vice President at Chase Manhattan Asia Limited. Mr. Yu graduated summa cum laude with a degree of Bachelor of Arts in Economics from De La Salle University and holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania.

Officer

Ms. Jovita D.S. Larrazabal was elected Corporate Secretary of the Company on December 3, 2013. Before that, she was the Assistant Corporate Secretary of the Company elected in May 2011, and served as one of the Company's legal counsel. She used to be the Corporate Secretary of the Philippine Bank of Communications, Assistant Corporate Secretary of Alphaland Corporation and Atok-Big Wedge Co., Inc. Before being an in-house counsel, she was an associate of Sycip Salazar Hernandez & Gatmaitan and Martinez Vergara Gonzalez & Serrano. She is a member of the Philippine Bar. Ms. Larrazabal holds a Juris Doctor degree from the Ateneo De Manila University-College of Law and a Bachelor of Arts degree major in Management Economics from the College of Arts and Sciences of the same university.

Except for Mr. Macalincag, all the foregoing directors will be nominated for re-election to the Board of Directors at the meeting. No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

As of the date of this Annual Report, the Company has two (2) incumbent independent directors, Messrs. Luis V. Benitez and Gregorio T. Yu.

Directorships in Other Reporting Companies

Mr. Recto is also the chairman of Philippine Bank of Communications and a director of Petron Corporation and Atok-Big Wedge Co., Inc.

Mr. Macalincag was a director of Semirara Mining Corporation and Crown Equities, Inc. and an independent director of Atok-Big Wedge Co., Inc.

Mr. Rafael B. Ortigas is also a director of Philweb Corporation.

Mr. Gregorio T. Yu is also a director of Philippine Bank of Communications, PAL Holdings, Inc., I-Remit, Inc. and Vantage Equities, Inc.

Shares of Atok-Big Wedge Co., Inc. (AB), Philippine Bank of Communications (PBC), Petron Corporation (PCOR and PPREF), I-Remit, Inc. (I), PAL Holdings, Inc. (PAL), Vantage Equities, Inc. (V), Semirara Mining Corporation (SCC), Crown Equities, Inc. (CEI) and PhilWeb Corporation (WEB) are all listed in the PSE.

Significant Employees

Except for the foregoing, there are no other significant employees of the Company.

Family Relationships

Mr. Alberto M. Montilla is the brother-in-law of Atty. Ignacio Ortigas. Mr. Rafael B. Ortigas is a nephew of Messrs. Ortigas and Montilla.

Other than the foregoing, none of the directors and officers is related to each other by consanguinity or affinity.

Involvement in Certain Legal Proceedings

None of the current director or senior corporate officer of the Company during the past five (5) years has been subject to:

- (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, including the nature of the offense, in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) 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; or
- (d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange 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

There were no compensations paid to its directors as a group for fiscal years 2014, 2015 and 2016. Directors are entitled to a per diem of Twenty Five Thousand Pesos (Php25,000.000) for their attendance in every board meeting. Except for this, the Company does not intend to pay any compensation for its directors for the fiscal year 2017. A fixed salary is provided for the Company's Chairman and CEO and its corporate secretary.

Name	Year	Salary	Bonus/Other Annual Compensation
Eric O. Recto Chairman (elected in December 2013) President (elected in March 2005)			
Craig E. Ehrlich Vice Chairman (elected in July 2003) (elected Vice Chairman in May 2006)			
Mario J. Locsin President (elected in Dceember 2013; resigned in September 2014) (elected in October 2008)			
Aggregate compensation paid to all officers as a group unnamed	2016	₱10,561,800	₱889,000
	2015	₱10,564,700	₱893,667
	2014	₱8,626,900	₱723,333

There are no standard arrangements with regard to election, bonus, profit sharing, pension/ retirement plan granting or extension of any option, warrant or right to purchase any securities. There were no material terms of any other arrangement given to officers and directors.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

No executive officer has an employment contract with the Company.

There have been no terminations of employment and neither have there been any change-in-control arrangements with the present management.

Item 11. Security Ownership of Certain Record Beneficial Owners and Management

1) Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2017, the Company knows of no one who beneficially owns more than 5% of its common stock except as set forth in the table below:

<i>Title of Class</i>	<i>Name and Address of Record Owner and Relationship with the Company</i>	<i>Name of Beneficial Owner and Relationship with Record Owner</i>	<i>Citizenship</i>	<i>Amount and Nature of Record/Beneficial Ownership (indicate "r" or "b")</i>	<i>Percent of Class</i>
Common	Monfortino Holdings, Inc. 18/F, Liberty Center, 104 H.V. dela Costa St., Salcedo Village, Makati City (Stockholder)	Mr. Eric O. Recto - controlling shareholder	Filipino	282,825,395 (r)	26.33%
Common	Sagitro, Inc. 10/F Ortigas Bldg. Ortigas Ave., Pasig City (Stockholder)	Same as stockholder of record	Filipino	95,100,000 (r)	5.90%

Except as stated above, the Board of Directors and Management of the Company have no knowledge of any person who, as at Record Date, was indirectly or directly the beneficial owner of more than 5% of the Company's outstanding shares of common stock or who has voting power or investment power with respect to shares comprising more than five percent of the outstanding shares of common stock. There are no persons holding more than 5% of the Company's common stocks that are under a voting trust or similar agreement.

2) Security Ownership of Management

As of March 31, 2017, the security ownership of the members of the Board of Directors and that of management are as follows:

<i>Title of Class</i>	<i>Name of Director/Officer</i>	<i>Citizenship</i>	<i>Number of Shares and Nature of Beneficial Ownership</i>	<i>Percent of Class</i>
Common	Eric O. Recto (Chairman /CEO/Director)	Filipino	21,645,215 (direct) 282,825,395 (indirect)	28.34%
Common	Craig E. Ehrlich (Vice Chairman/Director)	American	31,882,600 (direct)	2.97%
Common	Rafael B. Ortigas (Director)	Filipino	13,800,001 (direct)	1.28%
Common	Ignacio R. Ortigas (Director)	Filipino	16,462,616 (direct) 8,807,481 (indirect)	2.35%
Common	Alberto M. Montilla (Director)	Filipino	12,561,403 (direct) 12,561,414 (indirect)	2.34%
Common	Luis Benitez	Filipino	100 (direct)	0.00%

<i>Title of Class</i>	<i>Name of Director/Officer</i>	<i>Citizenship</i>	<i>Number of Shares and Nature of Beneficial Ownership</i>	<i>Percent of Class</i>
	(Independent Director)			
Common	Gregorio T. Yu (Independent Director)	Filipino	1000(direct)	0.00%
Common	Roberto V. San Jose (Director)	Filipino	250 (direct)	0.00%
Common	Jovita D.S. Larrazabal (Corporate Secretary)	Filipino	0 (direct/indirect)	0.00%
Aggregate Ownership of Directors and Officers as a Group			400,547,475	37.28%

There are no voting trust agreements or any other similar agreement that may result in a change in control of the Company of which the Company has any knowledge.

Item 12. Certain Relationships and Related Transactions

The Company is not aware of any transaction in the last two (2) years, or proposed transaction to which the registrant is a party, in which the following persons have direct or indirect material interest, that were out of the ordinary course of business:

1. any director or executive officer
2. any nominee for election as director
3. any security holder named above
4. any member of the immediate family of the above-named persons

Except as disclosed in the Company's notes to financial statements contained in the Company's audited financial statements, there has been no material transaction to which the Company was or is to be a party in which any of the incumbent directors or nominee director or executive officer of the Company or owners of more than ten percent of the Company's voting shares has or is to have a direct or indirect material interest. In the ordinary course of business, the Company has transactions with other companies in which some of such persons may have an interest. Such transactions are negotiated on an arm's length basis comparable or better than that which can be provided by independent third parties.

The transactions with related parties/affiliates are carried out under commercial terms and conditions. Pricing for the sales of products are market driven. For purchases and other services, the Company's practice is to solicit competitive quotes from third parties. Transactions from any related party are evaluated on arm's length commercial terms.

No person, natural or juridical, owns more than 50% of the Company's voting securities.

Part IV - EXHIBITS AND SCHEDULES

Item 14. Exhibit and Reports on SEC Form 17-C

- a. Exhibit
None
- b. Reports on SEC Form 17-C

Date of Report	Contents of Report
January 26, 2016	The Company disclosed that its board of directors approved the sale of 358,108,078 treasury shares to its existing shareholders at a ratio of 1:2 at a price of Php1.00 per share.
February 23, 2017	The Company disclosed the extension of the offer period for the sale of its treasury shares for an additional 10 days or until March 15, 2016.
March 22, 2016	The Company disclosed the successful conclusion of the sale of its 358,108,078 treasury shares to its existing shareholders.
April 7, 2016	<p>The Company disclosed that the board of directors decided to set the Annual Stockholders' Meeting for this year on May 24, 2016 at 11a.m. at the Manila Golf & Country Club. The record date for the meeting was set at April 20, 2016.</p> <p>The Company also disclosed the approval of management to amend the articles of incorporation of the Company to reflect the following:</p> <ul style="list-style-type: none"> a. change in the principal address of the Company; b. change in the primary purpose of the Company; c. reduction in the number of members of the Board of Directors of the Company.
May 24, 2016	<p>The Company disclosed the results of the annual meeting of its stockholders, which included the election of the following individuals as members of its board of directors:</p> <ol style="list-style-type: none"> 1. Eric O. Recto 2. Craig E. Ehrlich 3. Gregorio Ma. Araneta III 4. Pablo L. Lobregat 5. Alberto M. Montilla 6. Ignacio R. Ortigas 7. Rafael B. Ortigas 8. Roberto V. San Jose 9. Victor C. Macalincag (independent) 10. Eugene Ellis (independent) 11. Luis Y. Benitez (independent) <p>The Company also disclosed the approval of its stockholders the proposed</p>

Date of Report	Contents of Report
	<p>amendments to the articles of incorporation of the Company to reflect the following:</p> <ul style="list-style-type: none"> d. change in the principal address of the Company; e. change in the primary purpose of the Company; f. reduction in the number of members of the Board of Directors of the Company. <p>The re-appointment of the firm of KPMG R.G. Manabat & Co. as the Company's external auditor for the year 2016 was also disclosed.</p>
November 24, 2016	The Company disclosed the resignation by one of its independent directors, Mr. Eugene Ellis. Mr. Lobregat resigned to pursue his other business interests.
November 28, 2016	The Company disclosed the resignation by one of its directors, Mr. Pablo Lobregat. Mr. Lobregat resigned to pursue his other business interests.
November 29, 2016	The Company disclosed the resignation by one of its directors, Mr. Gregorio Ma. A. Araneta III. Mr. Araneta resigned to pursue his other business interests.
December 1, 2016	<p>The Company disclosed the approval of the Commission of the approval of the amendments to its articles of incorporation, which included the reduction of the number of members of its board of directors, the change of its primary purpose to that of a holding company and the change of the address of its principal office.</p> <p>The Company also disclosed the election of Mr. Gregorio T. Yu as one of its independent directors.</p> <p>It also disclosed the appointment of its corporate officers and the members of the various board committees.</p>

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 Makati on April 6, 2016.

By:



ERIC O. RECTO
Chairman & Chief Executive Officer



JOVITA D.S. LARRAZABAL
Corporate Secretary



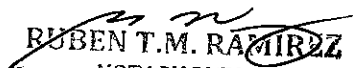
JUSTINNE D. DE LUZURIAGA
Finance Director

APR 07 2017

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2017 affiants exhibiting to me their TIN as follows:

Name	TIN
Eric O. Recto	TIN 108-730-891
Justinne D. De Luzuriaga	TIN 223-989-186
Jovita D.S. Larrazabal	TIN 920-856-572

Doc No. 421
Page No. 52
Book No. 108
Series of 2017.


RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2017
IBP NO. 1052369 / 11-22-16 / Appointment # M-23
ROLL NO. 28947/MCLE-A NO. 0006324/6-19-12
PTR NO. MKT. 5969552/1-3-17 MAKATI CITY