

SEAFRONT RESOURCES CORPORATION
Minutes of the Board of Directors' Regular Meeting
May 19, 2016, 12:00 Noon
Conference Room 1, 47th Floor, Yuchengco Tower RCBC Plaza
6819 Cor. Sen. Gil J. Puyat and Ayala Avenues, Makati City

PRESENT:

Ms. Helen Y. Dee	–	Chairman
Ms. Milagros V. Reyes	–	Director/President
Mr. Perry Y. Uy	–	Director/Treasurer
Mr. Albert S. Yuchengco	–	Director
Ms. Yvonne S. Yuchengco	–	Director
Dr. Reynaldo B. Vea	–	Director
Mr. Medel T. Nera	–	Director
Mr. Nicasio I. Alcantara	–	Independent Director
Atty. Ernestine Carmen Jo D. Villareal–Fernando	–	Independent Director

ALSO PRESENT:

Mr. Porfirio S. De Guzman, Jr.		
Atty. Samuel V. Torres	–	Corporate Secretary
Atty. Arlan P. Profeta	–	Asst. Corporate Secretary
Ms. Carlota R. Viray	–	Chief Financial Officer

I. Procedural

A. Determination of Quorum/Call to Order

The Chairman presided over the meeting and requested the Corporate Secretary to certify the existence of a quorum. After confirmation of the presence of a quorum, the Chairman called the meeting to order.

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B. Approval of Minutes of the Previous Meeting

The Chairman requested the Board to review the Minutes of the February 19, 2016 meeting. Upon motion duly made and seconded, the Board approved the minutes of the previous meeting.

II. MANAGEMENT REPORT

The President, Ms. Milagros V. Reyes (MVR) updated the Board of Directors on the development in the Hermosa Ecozone Development Corporation (HEDC), as follows:

A. HEDC Investment

It was reported that HEDC is finally picking up. The industrial parks in the Calamba-Laguna-Batangas area are not only much more expensive, but are about to run out of space; so locators are now looking to invest in HEDC and Clark Field.

B. HEDC Annual Stockholders' Meeting

HEDC held its Annual Stockholders' Meeting in Bataan on May 5, 2016. The Board and Officers still have the same composition, as follows:

Board of Directors:

Saturnino G. Belen, Jr.	-	Chairman
Caesar S. Sylanteng	-	Vice Chairman
Roberto Jose L. Castillo	-	Director
William H. Chua	-	Director
Willy S. Co	-	Director
Jose Ma. De Leon	-	Director
Rommel M. Leuterio	-	Director
Richard Osmond	-	Director
Antonio S. Payumo	-	Director
Milagros V. Reyes	-	Director

Officers:

- Saturnino G. Belen, Jr. – Chairman/President/CEO
- Caesar S. Sylianteng – Vice Chairman
- Milagros V. Reyes – Treasurer
- William H. Chua – Assistant Treasurer
- Atty. Carlo L. Cruz – Corporate Secretary
- Atty. Felipe Cruz – Assistant Corporate Secretary

Executive Committee

- Chairman – Saturnino G. Belen, Jr.
- Members – Jose Ma. A. de Leon
- Rommel M. Leuterio
- Milagros V. Reyes
- Caesar S. Sylianteng

C. Operations Update

1. Sumitomo Philippines Wiring System Corporation (SPWSC)

MVR mentioned that the biggest locator in the Hermosa Ecozone Industrial Park (HEIP), Sumitomo Philippines Wiring System Corporation (SPWSC), has expanded its factory and has 5,000 employees already.

The construction progress of SPWSC Expansion (Phase 4) was already at 90% as of April 30, 2016, with target completion on May 31, 2016. Inauguration schedule is on July 5, 2016.

2. YH Green Energy Inc. (YH Green)

YH Green, a solar company owned by Penta Capital Investment Corporation, is presently leasing 25 hectares within HEDC's non-PEZA leisure area at a contract price of P10 Million per year for 20 years. The rent has an escalation of 10% every two years.

The 14.5 MW YH Green solar farm project is now supplying to the Luzon grid. The all-Filipino company has started delivering power on February 9, 2016, ahead of March 15 cut-off on the Feed-in-Tariff incentives.

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D. Project Development Update

It was reported that project development of Phase 2 is being done in order to increase the number of interested parties to locate within the HEIP. It includes Stage 3 of the site grading, construction of retaining wall and perimeter fence, and the construction of roadways and underground utilities (drainage, sewer, and water lines). Budget for the site grading and road construction amount to P79,038,514 and P131,850,000, respectively.

In response to Director Medel T. Nera's query, MVR said that the number of people working inside the area is almost 8,000. She added that most of the workers do not come from Bataan, but rather from Pampanga. As a result, SPWSC is building dormitories to house its people.

Director Yvonne S. Yuchengco (YSY) suggested to plant more trees in the Industrial area. MVR mentioned that the locators planted only shrubs and have uniform landscaping. MVR said she will bring up the matter to the locators.

In response to YSY's query, MVR said that it may be possible to convert the leisure park into an industrial park.

E. Marketing Update

MVR mentioned that HEDC's marketing people have been in very serious discussions with potential buyers (the list is attached as Annex "A"). Should the sales materialize, the expected total sales would roughly be about P2.4 Billion and would only leave a small portion of the 156 ha HEIP.

F. Proposed Sale of HEDC Asset

The Company made its investment in 1997, and only received its first dividend in 2015 amounting to P7.8 Million. Since the area appears attractive now, the Company and EEI Corporation intend to sell their respective interests in HEDC. Other partners seem interested to do the same.

G. P5 Billion for 100% of HEDC

The 100% value of HEDC is based on the latest selling price of P2,700/square meter. Seafront would have a net gain on sale of about P423,438,333 compared to an investment cost of P87,646,116. The Return on Investment (ROI) in 19 years is 483%, while the ROI per annum is 25.42%.

On May 5, 2016, the Company gave the mandate to First Asia Realty Development Corporation to package the asset and to sell the property at not lower than P5 Billion. The engagement has a period of one year and will commence in June 2016.

G. Declaration of Dividends

MVR informed the Board that on December 31, 2014, HEDC was able to declare dividends amounting to P68.874 million, payable on May 31, 2015. The Company's share is P7.8 million. MVR also mentioned that the dividend declaration was the first dividend after 18 years.

III. FINANCIAL REPORT

A. Financial Highlights

Ms. Carlota R. Viray (CRV) presented the Financial Highlights for the month of April 2016 (attached hereto as **Annex "B"**).

B. Approval of the First Quarter 2016 Financial Statements

Mr. Nicasio I. Alcantara, Chairman of the Audit Committee, recommended to the Board the approval of the First Quarter 2016 Financial Report (SEC Form No. 17-Q) to be submitted to the Securities and Exchange Commission. See attached **Annex "C"**. Upon motion duly made and seconded, the Board of Directors approved the same, as follows:

RESOLVED, that the First Quarter 2016 Financial Report (SEC Form No. 17Q) be approved for submission to the Securities and Exchange Commission.

IV. OTHER MATTERS

1. Annual Stockholders' Meeting

The Board was reminded that the Annual Stockholders' Meeting follows at 1:30 p.m. at Rooms 527-528 YIAS, Level 5, Podium 4, RCBC Plaza Building, 6819 Ayala corner Sen. Gil J. Puyat Avenues, Makati City

V. ADJOURNMENT

There being no other matter to discuss, the meeting was adjourned.

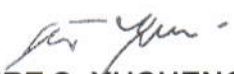

ATTY. SAMUEL V. TORRES
Corporate Secretary

Minutes read and approved:

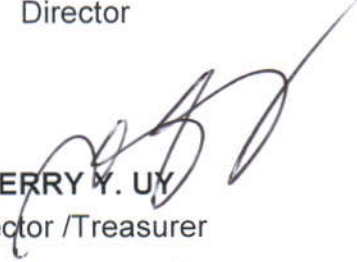

HELEN Y. DEE
Chairman


MILAGROS V. REYES
Director/President


YVONNE S. YUCHENGC
Director


ALBERT S. YUCHENGC
Director


REYNALDO B. VEA
Director


PERRY Y. UY
Director /Treasurer


**ERNESTINE CARMEN JO D.
VILLAREAL- FERNANDO**
Independent Director


MEDEL T. NERA
Director


NICASIO I. ALCANTARA
Independent Director

Annex "A"

Marketing Update				
PROJECT: THE COLOSSEUM AT BRIGHT PROPERTIES				
Country	Business	Lot	Area (sqm)	Value (USD)
Filipino (Pantolon Leather Goods Co., Inc. - Plus Bright Corp.)	Manufacture of Baseball Gloves	Lot 2, Block 2	4,489	19,977,119
Japanese	Manufacture of tobacco leaf filters	Lot 4, Block 2	10,001	30,000,000
Singaporean	Fabrication and maintenance of oil refinery equipment parts	Lot 4, Block 10	12,488	37,464,000
Filipino	Logistics services - cargo consolidation	Lot 1 & 2 Block 11	20,188	70,690,110
Japanese	Printing Production	Lot 2, Block 7	18,006	49,516,000
Sub-Total			65,002	207,145,000



Marketing Update				
PROJECT: THE COLOSSEUM AT BRIGHT PROPERTIES				
Country	Business	Lot	Area (sqm)	Value (USD)
Filipino	Assembly of Motorcycles	Lot 2, Block 3	9,544	28,024,000
Bright Properties and Dev't	Leasing of SFB	TBD	19,017	40,023,020
Bright Properties and Dev't	Leasing of SFB	TBD	4,119	11,027,350
American	Manufacture of personal and healthcare products	Lots in Block 11-15	5,110,000	1,500,000,000
Japanese	Manufacture of rubber parts for automotive	Lot 2 and 4 Block 3	26,017	88,500,000
Sub-Total			557,317	1,668,983,770



Marketing Update

			2015	2016
Taiwanese	Manufacture of electronics	Lots 2 & 4 BIR 17 Lots 7-15 BIR 15 and Lot 1, BIR 1	90,000	270,000,000
American	Manufacture of electronics	Lots 7-12 BIR 2	90,000	270,000,000
Philippine	Ammunition Cartridge	TBD	20,000	70,000,000
<i>Sub-Total</i>			<i>170,000</i>	<i>550,000,000</i>
<i>TOTAL</i>				



STATEMENTS OF FINANCIAL POSITION

ASSETS	30-Apr-16		31-Mar-16	
Cash and cash equivalents	Php	11,375,966	Php	11,490,058
Financial assets at FVPL		49,319,403		45,501,048
Available for sale financial assets		115,830,810		115,292,832
Receivables		353,050		339,746
Other assets		829,994		821,974
Total Assets	Php	177,709,223	Php	173,445,658

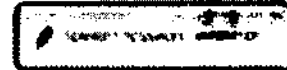
LIABILITIES AND STOCKHOLDERS' EQUITY	30-Apr-16		31-Mar-16	
Accounts payable and accrued expenses	Php	132,572	Php	137,125
Total Liabilities	Php	132,572	Php	137,125
Capital Stock	Php	163,000,000	Php	163,000,000
Unrealized gains on FV changes of AFS		8,182,080		7,641,408
Retained Earnings		6,394,571		2,667,125
Total Stockholders' Equity	Php	177,576,651	Php	173,308,533
Total Liabilities and Stockholders' Equity	Php	177,709,223	Php	173,445,658
Book value per share		1.09		1.06

STATEMENTS OF COMPREHENSIVE INCOME

	For the month		To Date	
	30-Apr-16		30-Apr-16	
REVENUES				
Interest income	Php	13,769	Php	34,182
Dividend income		47,000		100,717
Rental income		7,040		28,160
Income from services		22,321		89,286
Net unrealized gain on changes on FVPL		3,818,355		8,669,204
Total Revenues	Php	3,908,485	Php	8,921,549
EXPENSES				
General & admin expenses		180,452		633,542
Net Income before tax	Php	3,728,033	Php	8,288,007
Provision for Income Tax - MCIT		587		2,349
Net Income	Php	3,727,446	Php	8,285,658
Net unrealized gain on AFS		540,673		3,741,396
Total comprehensive loss	Php	4,268,119	Php	12,027,054

QUARTERLY REPORT

(in thousand pesos)



	Unaudited	
	31-Mar-16	31-Mar-15
Assets	173,446	180,054
Liabilities	137	242
Stockholder's Equity	173,309	179,812
Net Income (Loss)	4,558	(306)
Retained Earnings	2,667	7,289
Cash and Cash Equivalents*	11,490	28,463
Outstanding Capital Stock	163,000	163,000
Book Value per Share	1.06	1.10
Earnings (loss) per Share	0.028	N/A
*includes short term investments		