

**COVER SHEET**

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SEC Registration Number

S E A F R O N T   R E S O U R C E S   C O R P O R A T I O N  
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(Company's Full Name)

7 T H   F L O O R   J M T   B U I L D I N G  
 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  
 \_\_\_\_\_

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

MILAGROS V. REYES  
 (Contact Person)

637-2917  
 (Company Telephone Number)

1 2   3 1  
 Month   Day  
 (Fiscal Year)

**Form Type**  
 1 7 - A

0 7   2 7  
 Month   Day  
 (Annual Meeting)

\_\_\_\_\_  
 (Secondary License Type, If Applicable)

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 Dept. Requiring this Doc.

\_\_\_\_\_  
 Amended Articles Number/Section

4,692  
 Total No. of Stockholders

Total Amount of Borrowings

_____	_____
Domestic	Foreign

To be accomplished by SEC Personnel concerned

\_\_\_\_\_  
 File Number  
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# SECURITIES AND EXCHANGE COMMISSION

## 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, 2019
2. SEC Identification Number 40979      3. BIR Tax Identification No. 000-194-465-000
4. Exact name of issuer as specified in its charter Seafront Resources Corporation
5. Metro Manila, Philippines      6.   
(SEC Use Only)  
Province, Country or other jurisdiction of      Industry Classification Code:  
incorporation or organization
7. 7th F, JMT Bldg., ADB Avenue, Ortigas Center, Pasig City      1605  
Address of principal office      Postal Code
8. (632) 637-2917  
Issuer's telephone number, including area code
9. Not Applicable  
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  

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common (par value of ₱1.00/share)</u>	<u>163,000,000</u>
11. Are any or all of these 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
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);  
Yes       No
  - (b) has been subject to such filing requirements for the past ninety (90) days.  
Yes       No
13. As of December 31, 2019 the aggregate market value of the voting stock held by non-affiliates of the Company is equivalent to Two Hundred Ninety Two Million Eight Hundred Eighty Thousand Seven Hundred Twenty Seven Pesos and 36/100. (P292,880,727.36) or 132,525,216 shares at P2.21/share.

DOCUMENTS INCORPORATED BY REFERENCE

- 2019 Audited Financial Statements (AFS)
- Sustainability Report

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## PART I - BUSINESS AND GENERAL INFORMATION

### Description of Business

#### Item 1 - Business Development

Seafront Resources Corporation (the “Company”) was registered with the Securities and Exchange Commission (SEC) on April 16, 1970 as an oil exploration and production company. On October 18, 1996, the Company amended its Articles of Incorporation which provides for the revision of its primary purpose from engaging in the business of oil exploration and production into a holding company and to include oil exploration and production business as one of its secondary purposes.

The Company’s shares of stock were listed on May 7, 1974 and are currently traded at the Philippine Stock Exchange.

The registered office address of the Company is 7th Floor, JMT Building, ADB Avenue, Ortigas Center, Pasig City.

#### Business of Issuer

##### **A. Investments in Financial Assets at Fair Value through Profit and Loss (FVTPL) (Note 8 of the AFS)**

The Company maintains a portfolio of investments in stocks traded in the Philippine Stock Exchange and investment in Government Securities. These financial assets at FVPL are carried at fair value as follows:

	2019	2018
Listed securities:		
Equity securities	<b>₱45,288,418</b>	<b>₱44,850,901</b>

##### **B. Investment in Financial Assets at Fair value through other comprehensive income (FVOCI) (Note 8 of the AFS)**

Financial assets at FVOCI consist of quoted and unquoted shares of stock held for long-term investment purposes and are carried at fair value. The carrying values of these investments are as follows

	2019	2018
Listed equity securities:		
PetroEnergy Resources Corporation (PERC)	<b>₱15,789,774</b>	<b>₱13,479,075</b>
Benguet Corporation	<b>2,833,593</b>	<b>3,761,406</b>
	<b>18,623,367</b>	<b>17,240,841</b>
Non-listed equity security:		
Hermosa Ecozone Development Corporation (HEDC)	<b>517,176,832</b>	<b>406,063,952</b>
Subscriptions payable to HEDC	<b>-</b>	<b>(12,353,884)</b>
	<b>517,176,832</b>	<b>393,710,068</b>
Investment in Government Securities	<b>4,610,013</b>	<b>5,402,780</b>
	<b>₱540,410,212</b>	<b>₱416,353,329</b>

#### *Investment in HEDC*

On January 31, 1997, the Company entered into a Project Shareholders’ Agreement with five other companies led by Investment and Capital Corporation of the Philippines and Penta Capital Investment Corporation to develop 500 to 600 hectares of raw land in Hermosa, Bataan into a new township consisting of industrial estates, residential communities, a golf and country club and a commercial center.

As of December 31, 2018, the Company has outstanding subscriptions payable to HEDC which amounted ₱12.35 million. The subscriptions payable are due on demand. Investment in HEDC, is presented in the statement of financial position at fair value net of subscription payable. On January 26, 2019, the Company has paid up all the subscription payable to HEDC.

The fair value of investment in HEDC is determined using the adjusted net asset method wherein the assets of HEDC consisting mainly of parcels of land are adjusted from cost to its fair value. The valuation of the parcels of

land was performed by a Securities and Exchange Commission - accredited independent valuer as at December 31, 2019 and 2018. This measurement falls under Level 3 in the fair value hierarchy.

Fair value measurement disclosures for the determination of fair value of unquoted equity securities are provided in Note 14 of the AFS.

**Products**

The Company has its investments in stocks (as discussed in the “Business of the Issuer”) as its principal product. Total revenue as of December 31, 2019 amounted to P34.646 million, bulk of which is from the dividend income from the investment in HEDC. Other than discussed, the Company has no principal product which contributes 10% or more to sales or revenues. No government approval is needed for its principal product.

**Percentage of sale or revenue and net income contributed by foreign sales**

There are no revenues from foreign sales.

**Distribution Method**

Not applicable

**Status of publicly –announced new product or service**

The Company has no new product or service.

**Competition**

The Company itself has no competitor because it is a holding company. Its major investment, HEDC has competitors such as Clark Development Corporation, Subic Gateway Park and other nearby industrial zones.

**Sources and Availability of Raw Materials and Names of Principal Suppliers**

The Company is not into manufacturing and has no need for raw materials for its business.

**Dependence on a single customer or few customers**

The Company is not dependent upon a single customer or a few customers.

**Transaction with and/or dependence on related parties**

Not applicable

**Summary of principal terms and expiration dates of all patents, trademarks, copy rights, licenses, franchises, concessions and royalty agreements**

The Company has no existing patents, trademarks, copyrights, licenses, franchises, concessions or royalty agreements.

**Need for Government approvals of Principal Products and effect of existing or probable governmental regulation**

No government approval is needed for its principal product.

**Research and development activities**

No amount of money was spent for development activities for the last three fiscal years. The Company does not intend to acquire additional properties in the next twelve (12) months. However, the Company can sustain its need for operating expenses in the ordinary course of business.

**Total number of employees**

The Company has no employees; PERC provides administrative, accounting and legal services to the Company. The Company does not anticipate any special undertaking that would warrant hiring some people for regular employment.

**Risk Factors**

Political, Economic and Legal Risks in the Philippines

The Philippines has, from time to time, experienced military instability, mass demonstrations, and similar occurrences, which have led to political instability. The country has also experienced periods of slow growth, high inflation and significant depreciation of the Peso. The regional economic crisis which started in 1997 negatively affected the Philippine economy resulting in the decline of the Peso, higher interest rate, increased

unemployment, greater volatility and lower value of the stock market, lower credit rating of the country and the reduction of the country's foreign currency reserves. There has also been growing concerns about the unrestrained judicial intervention in major infrastructure project of the government.

There is no assurance that the political environment in the Philippines will be stable and that current or future governments will adopt economic policies conducive to sustained economic growth.

The general political situation in and the state of the economy of the Philippines may influence the growth and profitability of the Company. Any future political or economic instability in these countries may have a negative effect on the financial results of the Company.

#### Equity Partnership Risk

The Company entered into a Project Shareholder's Agreement with five other companies led by Investment and Capital Corporation of the Philippines and Penta Capital Investment Corporation to develop 500-600 hectares of raw land in Hermosa, Bataan. Into a township consisting of industrial estates, residential communities, a golf and country club and a commercial center. This situation may involve special risks associated with the possibility that the equity partner (i) may have economic or business interests or goals that are inconsistent with those of the Company; (ii) take actions contrary to the interests of the Company; (iii) be unable or unwilling to fulfill its obligations under the Project Shareholder's Agreement; or (iv) experience financial difficulties. These conflicts may adversely affect the Company's operations. To date, the Company has not experienced any significant problems with respect to its equity partners.

#### Financial Risk Management Objectives and Policies (Note 14 of AFS)

The Company's financial instruments comprise cash and cash equivalents, receivables, financial assets, accounts payable and accrued expenses and subscriptions payable. The main purpose of these financial instruments is to fund its own operations and capital expenditures. The BOD reviews and approves policies for managing these risks. Also, the Audit Committee of the BOD meets regularly and exercises oversight role in managing these risks.

#### ***Financial Risks***

The main financial risks arising from the Company's financial instruments are liquidity risk, market risk and credit risk.

##### *a. Liquidity Risk*

Liquidity risk is the risk that the Company is unable to meet its financial obligation when due. The Company has substantial investments in shares of stock which are not listed in the Philippine Stock Exchange and may not be readily convertible to liquid assets necessary to meet any potential additional liquidity requirements of the Company. Investments in unquoted equity securities classified as financial assets at FVOCI amounted to P517.18 million and P393.71 million, net of subscription payable, as of December 31, 2019 and 2018, respectively

The Company monitors its cash position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

The Company's accounts payable and accrued expenses are all settled on a monthly basis.

Please refer to Note 14 of the AFS for the maturity profile of the Company's financial assets and liabilities.

##### *b. Market Risk*

Market risk is the risk of loss on future earnings, on fair values or on future cash flows that may result from changes in market prices. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, commodity prices, equity prices and other market changes. The Company's market risk emanates from its holdings in debt and equity securities.

The Company closely monitors the prices of its debt and equity securities as well as macroeconomic and entity-specific factors which could directly or indirectly affect the prices of these instruments. In case of an expected decline in its portfolio of equity securities, the Company readily disposes or trades the securities for replacement with more viable and less risky investments.

### Equity Price Risk

The Company closely monitors the prices of its debt and equity securities as well as macroeconomic and entity-specific factors which could directly or indirectly affect the prices of these instruments. In case of an expected decline in its portfolio of equity securities, the Company readily disposes or trades the securities for replacement with more viable and less risky investments.

Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers, or factors affecting all instruments traded in the market.

### Interest Rate Risk

The Company's exposure to market risk for changes in fixed interest rates relates primarily to the Company's money market placements and debt securities.

There is no other impact on the Company's equity other than those already affecting net income.

### *c. Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. With respect to credit risk arising from cash and cash equivalents, receivables, financial assets at FVTPL and financial assets at FVOCI, the Company's exposure to credit risk is equal to the carrying amount of these instruments. The Company limits its credit risk on these assets by dealing only with reputable counterparties.

For cash and cash equivalents, the Company applies the low credit risk simplification where the Company measures the ECLs on a 12-month basis based on the probability of default and loss given default which are publicly available. The Company also evaluates the credit rating of the bank and other financial institutions to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers its cash and cash equivalents as high grade since these are placed in financial institutions of high credit standing. Accordingly, ECLs relating to these debt instruments rounds to nil.

The Company's receivables are aged current as of December 31, 2019 and 2018. No receivables are considered credit-impaired.

As of December 31, 2019 and 2018, the carrying values of the Company's financial instruments represent maximum exposure as of reporting date.

Please refer to Note 14 of the AFS for the maximum credit risk exposures on the financial instruments.

### Capital Management (Note 15 of the AFS)

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The Company monitors capital using a debt-to-equity ratio, which is total debt divided by total equity. The Company includes within total debt the following: accounts payable, accrued expenses and subscriptions payable. Total equity includes capital stock, net unrealized gains (losses) on financial assets at FVOCI and retained earnings (deficit).

The Company has no externally imposed capital requirements as of December 31, 2019 and 2018.

Please refer to Note 15 of the AFS for the table of the debt-to-equity ratios of the Company as of December 31, 2019 and 2018, respectively:

There were no changes in the objectives, policies or processes for the years ended December 31, 2019 and 2018.



**Item 2 - Properties**

Aside from the investments in Financial Assets discussed above, the Company owns two parking lot slots in Tektite Tower in Ortigas City. This property is accounted as investment property of the Company. In 2013, the Company fully depreciated the investment. Fair value of this investment is estimated at ₱800,000 - ₱1,000,000 per slot.

**Item 3 - Legal Proceedings**

There are no pending legal proceedings to which the Company is party or which any of its property is the subject.

**Item 4 - Submission of Matters to a Vote of Security Holders**

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

### Item 5 - Market for Registrant's Common Equity and Related Stockholder Matters

#### a) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

##### 1. Market Information

Stock Market Price and Dividend on Registrant's Common Equity (last 2 years)

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		1st Q
	2019	2018	2019	2018	2019	2018	2019	2018	2020
ParValue	P1.00	P1.00	P1.00	P1.00	P1.00	P1.00	P1.00	P1.00	P1.00
High	2.79	2.87	2.45	2.62	2.80	2.83	2.45	2.60	2.21
Low	2.25	2.53	2.38	2.55	2.41	2.55	2.20	2.20	1.90
Volume	.244M	2.14M	.194M	1.61M	.246M	1.29M	2.196M	0.194M	0.249M

##### 2. Holders

As of December 31, 2019, the Company has 4,692 stockholders.

Hereunder is the list of the top 20 Stockholders (as of 31 December 2019):

Stockholders	Title of Class	No. of Shares	Percent of Class
1. PCD Nominee Corporation (Filipino)	Common	66,515,875	40.81%
2. Pan Malayan Mgmt & Inv. Corp. (PMMIC)	Common	30,469,858	18.69%
3. Alsons Consolidated Resources, Inc.	Common	15,544,911	9.54%
4. China Banking Corporation T/A-SCA-#0010	Common	14,178,625	8.70%
5. China Banking Corporation T/A-SCA-#0011	Common	10,204,120	6.26%
6. House of Investments, Inc.	Common	4,697,613	2.88%
7. Yuchengco, Alfonso T.	Common	1,283,348	0.79%
8. Hydee Management & Resources Corporation	Common	1,042,093	0.64%
9. China Banking Corporation T/A-SCA-#0013	Common	571,427	0.35%
10. China Banking Corporation T/A-SCA-#0012	Common	556,122	0.34%
11. PCD Nominee Corporation (NF)	Common	341,964	0.21%
12. Ong, Clemente	Common	287,644	0.18%
13. Pacific Basin Sec. Co., Inc.	Common	271,248	0.17%
14. Floreindo, Antonio O.	Common	214,104	0.13%
15. Paz, Wenceslao R. de la	Common	195,594	0.12%
16. A.T. Yuchengco, Inc.	Common	186,637	0.11%
17. Pua Yok Bing	Common	159,799	0.10%
18. Reyes, Vicenta S.	Common	147,850	0.09%
19. Santiago, Violeta G.	Common	147,655	0.09%
20. Kensigton Management Corporation	Common	138,207	0.08%
<b>Sub-Total</b>		<b>147,154,694</b>	<b>90.28%</b>
<b>Others</b>		<b>15,845,306</b>	<b>9.72%</b>
<b>Grand Total</b>		<b>163,000,000</b>	<b>100%</b>

- None of the holders of the Company's common shares registered under the name of PCD owns more than 5% of the Company's common shares.
- The corporate acts of PMMIC are carried out by its Board of Directors and Management. Ms. Helen Y. Dee is the current Chairman of the Company.
- The corporate acts of Alsons Consolidated Resources Inc. are carried out by its Board of Directors. Mr. Tomas I. Alcantara is the current President of the Company.
- CBC T/A-SSC#0010 and T/A-SSC#0011 are Trust Accounts between China Banking Corporation as Trustee. The Corporate acts of CBC are carried out by its Board of Directors and Management. Mr. William C. Whang is the current CBC President and COO.

As of December 31, 2019, the Company has a total of 163,000,000 shares issued and outstanding. Of the total outstanding common capital stock, 162,155,326 shares or 99.48% are owned by Filipino citizens, while 844,674 shares or 0.52% are owned by foreigners.

1. Minimum Public Ownership

The Company is compliant with the required Minimum Public Ownership of at least 10% of the total issued and outstanding capital stock, as mandated by Section 3, Article XVIII of the Continuing Listing Requirements of the Listing and Disclosure Rules. As of December 31, 2019, the Company's public float was 81.30%.

2. Dividends

In accordance with the Corporation Code of the Philippines, the Company intends to declare dividends (either in cash or stock or both) in the future. Shareholders of the Company are entitled to receive a proportionate share in cash dividends that may be declared by the Board of Directors out of surplus profits derived from the Company's operations. The same right exists with respect to a stock dividend, the declaration of which is subject to the approval of stockholders representing at least two-thirds (2/3) of the outstanding shares entitled to vote. The amount of dividend will depend on the Company's profits and its capital expenditure and investment requirements at the relevant time.

The Company did not declare any cash or stock dividends in the last two (2) fiscal years 2019 and 2018.

The last stock dividend (15%) was paid in 1997. Prior to 1997, the last cash/stock dividend paid was in 1990.

3. Recent sale of Unregistered Securities

There was no sale of unregistered securities for the past three years.

**b) Description of Registrant's Securities**

1. Common Stock

The details of the Company's capital stock are as follows:

	No. of Shares	Amount
Authorized (P 1.00 par value)	388,000,000	P388,000,000.00
Issued and outstanding	163,000,000	P163,000,000.00

2. Debt Securities - Not Applicable

3. Stock Options - Not Applicable

4. Securities Subject to Redemption call – Not Applicable

5. Warrants – Not applicable

6. Market Information for Securities Other than Common Equity – Not Applicable

7. Other Securities – Not Applicable

## **Item 6 - Management's Discussion and Analysis or Plan of Operation**

### **Management's Discussion and Analysis of Financial Conditions and Results of Operations**

#### **1. Financial Condition (As of December 31, 2019 and 2018)**

	<b>31-Dec-19</b>	31-Dec-18	% Change	% in Total Asset
<b>ASSETS</b>				
Cash & cash equivalents	<b>P43,037,269</b>	P10,402,418	313.72%	6.83%
Financial assets at fair value through profit or loss	<b>45,288,418</b>	44,850,901	0.98%	7.19%
Receivables	<b>406,512</b>	12,537,600	-96.76%	0.06%
Other current assets	<b>1,068,543</b>	981,625	8.85%	0.17%
Financial assets at fairvalue through other comprehensive income	<b>540,410,211</b>	416,353,329	29.80%	85.75%
<b>TOTAL ASSETS</b>	<b>630,210,953</b>	485,125,873	29.91%	100.00%
<b>LIABILITIES AND EQUITY</b>				
Accounts payable and accrued expenses	<b>582,595</b>	654,816	-11.03%	0.09%
Deferred tax liability	<b>62,568,371</b>	45,901,439	36.31%	9.93%
<b>TOTAL LIABILITIES</b>	<b>63,150,966</b>	46,556,255	35.64%	10.02%
<b>EQUITY</b>	<b>567,059,987</b>	438,569,618	29.30%	89.98%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P630,210,953</b>	P485,125,873	29.91%	100.00%

Total assets amounted to P630.211 million and P485.126 million as of December 31, 2019 and December 31, 2018, respectively. The net increase is mainly due to the increase in fair value re-measurement of the investment in HEDC shares based on current market valuation (of the land held for sale of HEDC) and income generated during the period.

The Company's cash and cash equivalents amounted to P43.037 million and P10.402 million as of December 31, 2019 and 2018, respectively. The 313.72% net increase was due to proceeds from dividend income during the year, net of payment of subscriptions payable and other working capital requirements during the period.

Financial assets at fair value through profit or loss amounted to P45.288 million and P44.851 million as of December 31, 2019 and as of December 31, 2018, respectively. The minimal change of 0.98% is due to net market value movements in the market values of investments in stocks traded at PSE.

Receivables account as of December 31, 2019 amounted to P0.407 million as compared to December 31, 2018 of P12.538 million. The 96.76% decrease mainly pertains to collection of HEDCs dividend declaration on August 2018; payable on January 2019.

Other current assets consists of prepayments, prepaid taxes and input tax carry-overs. This amounted to P1.069 million and P0.982 million as of December 31, 2019 and 2018, respectively. The 8.85% net increase in this account mainly represents additional input taxes recorded during the period.

Financial Assets at fair value through other comprehensive income account as of December 31, 2019 amounted to P540.410 million as compared to December 31, 2018 of P416.353 million. The net increase pertains to the upward adjustment of the revaluation of the investment in HEDC (please refer to Note 8 of the 2019 AFS).

Accounts payable and accrued expenses amounted to P0.583 million and P0.655 million as of December 31, 2019 and December 31, 2018, respectively. The 11.03% net decrease in this account is due to lower accrual of professional fees and other expenses during the period.

The Company recognized deferred tax liability amounting to P62.568 million and P45.901 million. The increase

is due to the additional set-up of Deferred tax liability associated with the increase in the revaluation of the investment in HEDC, more particularly, the related 15% capital gains tax should there be any sale of HEDC shares. HEDC shares are not traded in the PSE, and thus, any gain on sale of such shares would be subject to 15% capital gains tax.

Total Stockholders' Equity as of P567.060 million or P3.48/share book value as compared to December 31, 2018 of P438.570 million or P2.69 book value per share.

## 2. Results of Operations (For the years ended December 31, 2019, 2018 and 2017)

	31-Dec-19	31-Dec-18	31-Dec-17	% Change 2019 vs. 2018	% in Total Revenue
<b>REVENUES</b>					
Dividend income	P 33,463,784	P 12,885,767	P 294,713	159.70%	96.59%
Net gains on fair value changes on financial assets at fair value through profit or loss	437,517	-	15,387,048	100.00%	1.26%
Interest income	415,615	117,951	96,516	252.36%	1.20%
Other income-net	328,897	352,337	352,337	-6.65%	0.95%
Foreign exchange gain	-	5,573	-	-100.00%	0.00%
<b>TOTAL REVENUES</b>	<b>34,645,813</b>	<b>13,361,628</b>	<b>16,130,614</b>	<b>159.29%</b>	<b>100.00%</b>
<b>COST AND EXPENSES</b>					
General & administrative	2,216,330	2,217,206	1,451,900	-0.04%	6.40%
Foreign exchange loss	1,232	-	-	100.00%	0.00%
Net loss on fair value changes on financial assets at fair value through profit or loss	-	17,994,390	-	-100.00%	0.00%
<b>TOTAL EXPENSES</b>	<b>2,217,562</b>	<b>20,211,596</b>	<b>1,451,900</b>	<b>-89.03%</b>	<b>6.40%</b>
<b>Income/(Loss) before income tax</b>	<b>32,428,251</b>	<b>(6,849,968)</b>	<b>14,678,714</b>	<b>-573.41%</b>	<b>93.60%</b>
<b>Provision for income tax</b>	<b>6,578</b>	<b>7,047</b>	<b>7,047</b>	<b>-6.66%</b>	<b>0.02%</b>
<b>NET INCOME (LOSS)</b>	<b>P 32,421,673</b>	<b>(6,857,015)</b>	<b>14,671,667</b>	<b>-572.82%</b>	<b>93.58%</b>

The Company posted a net income of P32.42 million or P0.1989/share as of December 31, 2019 as compared to net loss of P6.857 million in December 31, 2018. The upturn in the bottom-line figure is mainly due to the positive movements of the market values of the investments in stocks traded in the PSE and higher dividend received from investment in HEDC.

The significant increase in dividend income from P12.886 million as of December 31, 2018 to P33.464 million in 2019 is mainly due to higher cash dividend declaration of HEDC's during the period.

The changes in market values (of investment in stocks at FVPL) amounted to net gain of P0.437 million as of December 31, 2019 as compared to net loss of P17.994 million loss as of December 31, 2018, respectively. The upturn is mainly due to the positive movements of the market values of the investments in stocks traded in the PSE.

Interest income amounted to P0.416 million and P0.118 as of December 31, 2019 and December 31, 2018, respectively. The increase is attributed to higher interests from the RCBC trust account during the year.

Other income as of December 31, 2019 and 2018 pertains to recurring service income for accounting services rendered by the Company to HEDC and rental income.

General and administrative expenses amounted to P2.216 million and P2.217 million as of December 31, 2019 and December 31, 2018, respectively.

Provision for income tax pertains to the Minimum Corporate Income Tax (MCIT) set-up. The Company set-up MCIT rather than the 30% regular tax because most of its income are from unrealized market changes of investments and passive income subject to final tax.

### **3. Financial Conditions (As of December 31, 2018 and 2017)**

Total assets amounted to P485.126 million and P501.589 million as of December 31, 2018 and December 31, 2017, respectively. The decline is mainly due to the fair value re-measurement of the investment in HEDC shares based on current market valuation (of the land held for sale of HEDC).

The Company's cash and cash equivalents amounted to P10.402 million and P8.652 million as of December 31, 2018 and 2017, respectively. The 20.23% net increase was due to maturity of investment in Government Security which were previously accounted under Investment in AFS.

Financial assets at fair value through profit or loss amounted to P44.851 million and P62.845 million as of December 31, 2018 and as of December 31, 2017, respectively. The 28.63% net decrease is due to downward movement in the market values of investments in stocks traded at PSE.

Receivables account as of December 31, 2018 amounted to P12.538 million compared to P0.262 million as of December 31, 2017. The P12.27 million increase pertains to HEDC's dividend declaration on August 2018; payable on January 2019.

Other current assets consists of prepayments, prepaid taxes and input tax carry-overs. This amounted to P0.982 million and P0.900 million as of December 31, 2018 and 2017, respectively. The 9.05% net increase in this account mainly represents additional input taxes recorded during the period.

Financial Assets at fair value through other comprehensive income account as of December 31, 2018 amounted to P416.353 million as compared to December 31, 2017 of P428.930 million. The net decrease pertains to the downward movement of the investment in stocks.

Accounts payable and accrued expenses amounted to P0.655 million and P0.711 million as of December 31, 2018 and December 31, 2017, respectively. The 7.87% net decrease in this account is due to lower accrual of professional fees and other expenses during the period.

The Company recognized deferred tax liability amounting to P45.901 million and P45.730 million relative to the 15% deferred tax on unrealized gains on untraded shares of stock classified as AFS financial assets.

Total Stockholders' Equity as of December 31, 2018 amounted to P438.570 million or P2.69 book value per share as compared to December 31, 2017 of P455.149 million or P2.79 book value per share.

### **4. Results of Operations (For the years ended December 31, 2018 and 2017)**

The Company posted a net loss of P6.857 million in December 31, 2018 as compared to net income of P14.672 million or P0.09 earnings per share as of December 31, 2017. The downturn in the bottom-line figure is mainly due to the negative movements of the market values of the investments in stocks traded in the PSE.

The significant increase in dividend income from P0.295 million in 2017 to P12.886 million in 2018 is mainly due to HEDC's declaration of Dividends in August 2018, payable January 2019, none in 2017.

Interest income amounted to P0.118 million and P0.097 as of December 31, 2018 and December 31, 2017, respectively. The increase is attributed to higher interests from the RCBC trust account during the year.

Other income as of December 31, 2018 and 2017 pertains to recurring service income for accounting services rendered by the Company to HEDC and rental income.

The changes in market values (of investment in stocks at FVPL) amounted to net loss of P17.994 million loss and net gain of P15.387 million as of December 31, 2018 and 2017, respectively. The downturn is mainly due to the negative movements of the market values of the investments in stocks traded in the PSE.

General and administrative expenses amounted to P2.217 million and P1.452 million as of December 31, 2018 and December 31, 2017, respectively. The 52.71% increase is due to payment of the Company's share in the Plug and Abandonment (P&A) of TARA South-1 Well that the Department of Energy required for funding. As a result, SRC paid its original corresponding share in the P&A amounting to \$13,702.41 (P735,545).

Provision for income tax pertains to the Minimum Corporate Income Tax (MCIT) set-up. The Company set-up MCIT rather than the 30% regular tax because most of its income are from unrealized market changes of investments and passive income subject to final tax.

Except for items discussed above, there are no more changes in the financial statements that will reach the materiality threshold of 5%.

The Philippine economy is still affected by economic crisis, resulting in fluctuating foreign exchange rates and increase stock market uncertainties. Uncertainties remain as to whether the country will continue to be affected by regional trends in the coming months. The financial statements do not include any adjustments that might result from these uncertainties. Related effects will be reported in the financial statements, as they become known and estimable.

### **Key Performance Indicators (KPI)**

Please refer to Financial Soundness Indicators

### **Plan of Operations**

#### **A. Investment in AFS not traded in the market (Investment in HEDC)**

As of December 31, 2019 the Company holds 11.3% interest in its investment in Hermosa Development Corporation (HEDC).

The Management of HEDC is taking all efforts to sell its saleable property, proceeds of which will be used to finance the development of the undeveloped portions of the property.

#### **B. Investment in Financial Assets at FVPL and FVOCI traded in the market**

The Company will continue to closely monitor the prices of its securities as well as those specific factors which could directly or indirectly affect the prices of these instruments. Because such investments are subject to price risk due to changes in market values, an expected decline in the portfolio will prompt the Company to dispose or trade the securities for replacement with more viable and less risky investments in the future.

With the Company's current cash position, it can sustain its needs for its operating expenses. Its only possible material commitment is a cash call from HEDC for the development of Hermosa Ecozone Leisure Estate, of which is not expected to call in the next twelve months. Thus, it does not intend to raise additional funds.

Aside from the Company's investments stated above, there are no other researches or development plans, and purchase or sale of significant equipment that the Company expects perform.

### **Liquidity management**

The Company has substantial investments in shares of stock which are not listed in the Philippine Stock Exchange and may not be readily convertible to liquid assets necessary to meet any potential additional liquidity requirements of the Company. Investment in unquoted securities included in financial assets at FVOCI amounted to P517.176 million and P393.710 million as of December 31, 2019 and 2018.

Management of liquidity requires a flow and stock perspective. Constraint such as political environment, taxation, foreign exchange, interest rates and other environmental factors can impose significant restrictions on firms in management of their financial liquidity.

Seafront has considered the above factors and paid special attention to its cash flow management. The Company identifies all its cash requirements for a certain period and invests unrestricted funds to maximize interest earnings, i.e. money market placements.

### **Commitments**

The only material commitment of the Company is the balance on its subscription to HEDC in the amount of P12.354 million. This was called and settled by the Company in the 1<sup>st</sup> quarter 2019. Aside from the subscription

payable to HEDC, there are no known trends, demands, commitments, events or uncertainties that will have material impact on the Company's liquidity.

**Item 7 - Financial Statements**

The 2019 AFS of the Company are incorporated herein by reference. The schedules listed in the accompanying index to Supplementary Schedules are filed as part of this Form 17-A.

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

*Information on Independent Auditor*

The external auditor of the Corporation is the auditing firm SyCip Gorres Velayo & Co. (SGV). The same accounting firm has been endorsed by the Audit Committee to the Board. The Board, in turn, approved the endorsement and will nominate the reappointment of the said auditing firm for the stockholders' approval at the scheduled annual stockholders' meeting. The said auditing firm has accepted the Company's invitation to stand for re-election this year.

Audit services of SGV for the calendar year ended December 31, 2019 are the examination of the financial statements of the Company, review of income tax returns and other services related to filing of reports made with the Securities and Exchange Commission and Bureau of Internal Revenue.

Pursuant to SRC Rule 68 Paragraph 3 (b) (1V) (Re: Rotation of External Auditors), the Company has not engaged Ms. Ana Lea Bergado, partner of SGV & Co., for more than five (5) years. She was engaged by the Company for examination of the Company's 2019 AFS.

The company is compliant with the Rotation requirement of its external auditor's certifying partner as required under SRC Rule 68 (3)(b) (1V). A two year cooling off period shall be observed in the re-engagement of same signing partner or individual auditor.

*Disagreements with Accountants on Accounting and Financial Disclosures*

As of December 31, 2019, there are no disagreements with Accountants on Accounting and Financial Disclosure.

*Audit and audit-related fees*

External audit fees amounted to P366,912 (inclusive of VAT) as of December 31, 2019. Said fees are for the audit and review of registrant's annual financial statements and other services rendered in connection with filing of said financial statements with the government institution such as SEC and BIR.

There were no fees paid or accrued for the last two years relative to tax accounting, compliance, advice, planning and any other form of tax services.

The Audit Committee approved the above fees based on the services rendered and the amount paid from the previous year's audit.

It is the policy of the company that all audit findings are presented to its Audit Committee which reviews and make recommendations to the Board on actions to be taken thereon. The Board of Directors of the Company passes upon and approves the Audit Committee's recommendations. The members of the Audit Committee are as follows:

- |   |   |                                  |
|---|---|----------------------------------|
| Nicasio I. Alcantara                      | - | Chairman<br>Independent Director |
| Medel T. Nera                             | - | Member                           |
| Ernestine Carmen Jo D. Villareal-Fernando | - | Member<br>Independent Director   |



### PART III - CONTROL AND COMPENSATION INFORMATION

#### **Item 9 - Directors and Executive Officers of the Registrant**

Roberto Jose L. Castillo	-	Chairman of the Board
Milagros V. Reyes	-	President and Director
Ernestine Carmen Jo Villareal-Fernando	-	Independent Director
Nicasio I. Alcantara	-	Independent Director
Raul M. Leopando	-	Director
Victor V. Benavidez	-	Director
Yvonne S. Yuchengco	-	Director
Perry Y. Uy	-	Treasurer and Director
Medel T. Nera	-	Director

#### **Officers:**

Milagros V. Reyes	-	President
Perry Y. Uy	-	Treasurer
Samuel V. Torres	-	Corporate Secretary
Arlan P. Profeta	-	Asst. Corporate Secretary

#### **a) Board of Directors**

Seafront's Board of Directors is composed of nine (9) members elected by and from among the Company's stockholders. The Board is responsible for providing overall management and direction to the Company. Board meetings are held on a quarterly basis or as often as required to discuss the Company's operations, business strategy, policies and other corporate matters. A brief background of each member of the Company's Board of Directors is provided below:

#### **Directors:**

Name of Director	Age	Position	Nationality	Tenure
Roberto Jose L. Castillo	66	Chairman of the Board	Filipino	2018 to present
Milagros V. Reyes	78	Director/President	Filipino	1999 to present
Perry Y. Uy	74	Director/Treasurer	Filipino	2007 to present
Raul M. Leopando	68	Director	Filipino	2017 to present
Yvonne S. Yuchengco	66	Director	Filipino	2000 to present
Nicasio I. Alcantara	77	Independent Director	Filipino	1995 to present
Victor V. Benavidez	68	Director	Filipino	2017 to present
Medel T. Nera	64	Director	Filipino	2011 to present
Ernestine Carmen Jo D. Villareal-Fernando	58	Independent Director	Filipino	2012 to present

#### **Executive Officers:**

Name of officer	Age	Position	Nationality	Tenure
Milagros V. Reyes	78	President	Filipino	1999 to present
Perry Y. Uy	74	Treasurer	Filipino	2007 to present
Atty. Samuel V. Torres	55	Corporate Secretary	Filipino	2006 to present
Atty. Arlan P. Profeta	46	Asst. Corporate Secretary	Filipino	2008 to present

The members of the Board are elected at the Annual Stockholders' Meeting to hold office until the next Annual Stockholders' Meeting and until their respective successors have been appointed or elected and qualified.

Below is the list of the members of the Board and the corporate officers, and their business experience during the past five (5) years:

**Mr. Roberto Jose L. Castillo**, 66, Filipino, is presently the President & CEO of EEI Corporation, an 87-year old company that provides construction services in the Philippines, the Middle East, South Pacific and Africa. Mr. Castillo also oversees EEI subsidiaries namely: Equipment Engineers, EEI Construction and Marine, Inc., EEI Power Corporation, Al Rushaid Petroleum Investment Company in Saudi Arabia, EEI Realty Corporation and Gulf Asia International Corporation. EEI is a member of the Yuchengco Group of Companies. He is also a Director of the following: PetroWind Energy, Inc., PetroGreen Energy Corporation, PetroSolar Corporation, Brightnote Assets Corporation, Hermosa Ecozone Development Corporation, Kubota-Kasui Philippines Corporation, SQ Resources, Inc., SN Resources, Inc., Somerset Hospitality Holdings Philippines, Inc., Ascott Hospitality Holdings Philippines, Inc. and Tong Hsing Electronics Philippines, Inc. He is also Chairman of the Advisory Board, Carmelray Industrial Corporation and Chairman CJC Corporation. **Educational Background:** Master's degree in Business Administration, Wharton Graduate School of the University of Pennsylvania, Bachelor of Science in Commerce, University of Santo Tomas, Bachelor of Arts, University of Santo Tomas. **Professional Qualification:** Certified Public Accountant (CPA)

**Ms. Milagros V. Reyes**, 78, Filipino, is presently the Chairman/President of PetroGreen Energy Corporation, Chairman of Maibarara Geothermal, Inc. She is also the President of PetroEnergy Resources Corporation, an oil exploration and development company She is also a Director of Ipeople, Inc., Director/Treasurer of Hermosa Ecozone& Development Corporation. She was formerly a Director/Consultant of PNOC-EC and a Senior Vice President of Basic Petroleum and Minerals, Inc. **Educational Background:** Bachelor of Science in Geology and Physical Sciences (Double Degree) from the University of the Philippines. She pursued various technical trainings from the National Iranian Oil Co., University of Illinois and Ajman Fields in U.A.E.

**Mr. Perry Y. Uy**, 74, Filipino, is presently the President of Manila Memorial Park. He is a Director of La Funeraria Paz, Sucat. He is also an Ex-Com member of Manila Memorial Park and La Funeraria Paz, Sucat. He is formerly a member of the Board of Directors of various companies such as: RCBC Realty Corp., EEI Corporation, I People, Inc., Landev Corp., Hi-Esai, First Malayan Leasing, Subic Power Corporation, Malayan Colleges Laguna, Inc., Honda Cars, Inc. in Quezon City/Kalookan and Isuzu Manila. **Educational Background:** Bachelor of Science in Mechanical Engineering from De La Salle University, Master's Degree in Business Administration at Wharton Graduate School of the University of Pennsylvania.

**Mr. Raul M. Leopando**, 68, Filipino, He is the Chairman of RCBC Securities, Inc., President and Director of Investment Houses Association of the Phils. (IHAP), Consultant of RCBC Capital Corporation, Director, Bankard, Inc. He is also formerly Chairman of the Board and Nominee of Philippine Stock Exchange, Inc and formerly President and CEO of RCBCCapital Corporation. **Educational Background:** Bachelor of Arts in Economics from the University of the Philippines and Bachelor of Science in Commerce-Accounting from San Beda College.

**Ms. Yvonne S. Yuchengco**, 66, Filipino, is the President/Director of Malayan Insurance Company, Inc., Mico Equities, Inc., Philippine Integrated Advertising Agency, Inc., Alto Pacific Corporation, RCBC Land, Inc. She also holds the position of Chairperson of First Nationwide Assurance Corporation, The Malayan Plaza Cond. Owners Association, Inc., RCBC Capital Corporation and XYZ Assets Corporation. Chairperson/President of Royal Commons, Inc., Y Tower II Office Cond Corp., Yuchengco Tower Office Condominium Corp. Director/Treasurer and CFO of Pan Malayan Mgm't. &Inv't. Corp., Director and Treasurer PetroEnergy Resources Corporation; Honda Cars Kalookan, Mona Lisa Development Corporation, Asst. Treasurer, Enrique T. Yuchengco, Inc.; Member, Board of Trustees AY Foundation, Inc, Mapua Institute of Technology, Inc., Phil-Asia Assistance Foundation, Inc., Yuchengco Museum, Inc. She is a member of Advisory Committee of Rizal Banking Corporation. She also sits in the board of several companies such as: House of Investment, Inc., HYDee Management and Resource Corp., iPeople, inc., La Funeraria Paz, Inc.-Sucat, Luisita Industrial Park Corp., Malayan College Laguna, Inc., Malayan Colleges, Inc., Malayan High School of Science, Inc., Malayan Insurance (H.K.), Malayan International Insurance Corp., Manila Memorial Park, Inc., National Reinsurance Corporation of the Philippines, Pan Malayan Express, Inc., Pan Malayan Realty Corporation, Asia-Pac Reinsurance Co., Ltd., AY Holdings, Inc., DS Realty, Inc., Pan Pacific Computer Center, Inc.,Shayamala Corporation and YGC Corporate Services, Inc. **Educational Background:** Bachelor of Arts in Interdisciplinary Studies from the Ateneo De Manila University.

**Mr. Nicasio I. Alcantara**, 77, Filipino, He is presently the Chairman of Conal Corporation and Vice-Chairman of Aviana Development Corporation. He is a member of the Board of Directors of various companies such as:

Aces Technical Services, Inc., Acil Corporation, Alcor Transport Corporation, Alsing Power Holdings, Inc., Alsons Aquaculture Corporation, Alsons/AWS Information System, Inc. Alsons Corporation, Alsons Development & Investments Corp., Alsons Insurance Brokers Corp., Alsons Land Corporation, Alsons Power Holdings Corporation, Alsons Properties Corporation, Alsons Security Co., Inc., Aquasur Resources Corporation, BDO Private Banks, Inc., Buayan Cattle, Inc. Conal Holdings Corporation, Finfish Hatcheries, Inc., Indophil Resources NL, The Philodrill Corporation, San Ramon Power, Inc., Sarangani Agricultural Co., Inc., Sarangani Energy Corporation, Seawood Holdings Incorporated, Sunfoods Agri. Ventures, Inc., Site Group International, Ltd. Southern Philippines Power Corporation and Western Mindanao Power Corporation. **Educational Background:** Bachelor of Science in Business Administration from the Ateneo de Manila University, Master's in Business Administration from Sta. Clara University, California, USA.

**Mr. Victor V. Benavidez**, 68, Filipino, He is the Nominee of Alakor Securities Corporation, Director of Boulevard Holdings, Inc. Formerly: General Manager of Alakor Securities, Inc, Director, Mariwasa Siam Holdings, Anglo Philippines Holdings Corporation, VP and Director Mabuhay Holdings Corporation and Tagaytay Properties & Holdings Corporation, Columnist, The Daily Globe, Investment Research Consultant of James Capel, Manager/Corplan of Banco Filipino and Manager/Investment Research of Anselmo Trinidad & Co. **Educational Background:** Bachelor of Science in Economics from the University of Sto. Tomas, Master's Degree in Economics from the University of Sto. Tomas, Professional Development Program from CRC.

**MEDEL T. NERA**, 64, Filipino, is a **Director** of House of Investments, Inc. from 2011 to present. He is also a **Director** of iPeople inc., EEI Corp., Seafont Resources Corp., National Reinsurance Corporation and Generika Group. His past experiences include: **President & CEO** of House of Investments, Inc.; President of Honda Cars Kalookan, Inc., **Director and President** of RCBC Realty Corp.; **Chairman of the Board** of Greyhounds Security & Investigation Agency Corp., Zamboanga Industrial Finance Corporation, EEI Realty Corp., Hi-Eisai Pharmaceuticals Inc., Investments Manager Inc., Landev Corp., Malayan Colleges Laguna, Inc., Manila Memorial Park Cemetery Inc., YGC Corporate Services, **Director and Chairman of Risk Committee** of Rizal Commercial Banking Corp.; **Director and Treasurer** of CRIBS Foundation, Inc., and **Senior Partner** at Sycip Gorres Velayo & Co. **Educational Background:** Master in Business Administration from Stern School of Business, New York University, USA and Bachelor of Science in Commerce from Far Eastern University, Philippines, International Management Program from Manchester Business School, UK, Pacific Rim Program from University of Washington, USA.

**Atty. Ernestine Carmen Jo Villareal-Fernando**, 58, Filipino, is the Director of various corporation such as: Country Bankers Insurance Corporation, Country Bankers Life Insurance Corporation, Director and Treasurer of Jose E. Desiderio, Inc., Guesst Evaluator of Center for Asian Culinary Studies and Café Ysabel Group, Managing Director of Fernando Villareal Books, Legal Counsel, Committee on Art Auction, Ateneo Alumni Association, Senior Partner, Platon Martinez Flores San Pedro Leano Fernando PanagsaganBantilan Law Office. **Educational Background:** Bachelor of Laws from the University of the Philippines, A.B. Economics-College Scholar, Dean's Medal from the University of the Philippines, Certificate in Math and Computer Programming at Michigan State University, Computer Center.

**Atty. Samuel V. Torres**, 55, Filipino, is the Gen. Counsel/Corporate Secretary of AY Foundation, Alto Pacific Company, Inc. (Formerly: The Pacific Fund, Inc.), Bankers Assurance Corp., FBIA Insurance Agency, Inc., Bluehounds Security & Invt. Agency, Enrique T. Yuchengco, Inc., First Nationwide Assurance Corp., GPL Holdings, Inc. GPL Cebu Tower Office Cond. Corp., GPL Holdings, Inc., Grepaland, Inc., Grepa Reality Holding Corporation, Hexagon Integrated Financial & Insurance Agency, Hi-Eisai Pharmaceutical, Inc., Honda Cars Kalookan, Inc, House of Investments, Inc., Hexagon Integrated Fin. Ins. Agency, Inc., Hexagon Lounge, Inc., iPeople, Inc., Investment Managers, Inc., Landev Corporation, La Funeraria Paz-Sucat, Inc., Malayan High School of Science, Inc., Malayan Insurance Co., Inc., Mico Equities, Inc., Malayan Colleges, Inc., Malayan Colleges Laguna, Inc., Malayan Securities Corporation, Mapua Information Technology Center, Inc., MJ888 Corporation, Mona Lisa Development Corporation, Pan Malayan Management & Investment Corporation, Pan Malayan Realty Corporation, Pan Malayan Express, Inc., Pan Pacific Computer Center, Inc., People eServe Corporation, PetroEnergy Resources Corporation, Philippine Integrated Advertising Agency, Inc., Royal Commons, Inc., RCBC Forex Corporation, RCBC Realty Corporation, RCBC Land, RCBC Securities, Inc., RCBC Bankard Services Corporation, RCBC Securities, Inc., RP Land Development Corporation, Seafont Resources Corporation, Sun Life Grepa Financial, Inc., Yuchengco Museum, YGC Corporate Services, Inc., Y Realty Corporation, Y Tower II Office Condominium Corp., Yuchengco Tower Office Condominium Corp. and Xamdu Motors, Inc. **Educational Background:** Bachelor of Science in Business Economics from the University of the Philippines and Bachelor of Laws from Ateneo de Manila University.

**Atty. Arlan P. Profeta**, 46, Filipino, is the Asst. Corporate Secretary/Compliance Officer of PERC. He is the Corporate Secretary of Maibarara Geothermal, Inc., PetroGreen Energy Corporation and PetroSolar Corporation. Corporate Secretary of PetroWind Energy, Inc. and formerly Tax Manager of Punongbayan and Araullo. **Educational Background:** Bachelor of Science in Accountancy from San Beda College. He is a Certified Public Accountant. He took his Bachelor of Laws degree from the Arellano University School of Law.

**Significant Employees**

Other than the aforementioned Directors and Executive Officers identified in the item on Directors and Executive Officers in this report, there are no other employees of the Company who may have significant influence in the Company’s major and/or strategic planning and decision-making.

The Corporation values its human resources. It expects each employee to do his share in achieving the Corporation’s set goals.

There is no significant employee of the registrant that is expected to make significant contribution to the business.

The Directors of the Company are elected at the annual stockholders’ meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until the next annual stockholders’ meeting or until a successor shall have been elected, appointed or shall have qualified.

**Family Relationship**

There are no family relationships known to the Company.

**Involvement in Certain Legal Proceedings**

For the past five (5) years, none of the Directors or Executive Officers was involved nor has any such officer or director has been involved in any legal cases under the Insolvency Law or the Philippine Revised Penal Code either as defendant or accused, nor has any such officer or director been the subject of any court order, judgment or decree barring, suspending or otherwise limiting him from engaging in the practice of any type of business including those connected with securities trading, investments, insurance or banking activities.

**Certain Relationships and Related Transactions**

Please refer to Note 13 of the 2019 AFS for the disclosure of the related party transactions.

Aside from the disclosure in the Audited Financial Statements, there were no other related transactions or proposed transactions during the last two (2) years to which the registrant was or is to be a party.

**Item 10 - Executive Compensation**

**Compensation of Directors and Executive Officers**

Summary Compensation Table (CEO and Top 4 Highest Paid Executive Officer)

<b>Name</b>	<b>Designation</b>	<b>Compensation *</b>
Milagros V. Reyes	President	-
Perry Y. Uy	Treasurer	-
Atty. Samuel V. Torres	Corporate Secretary	-
Atty. Arlan P. Profeta	Asst. Corporate Secretary	-

Summary Compensation Table (All Directors as a group)

Particulars	Year	Salary	Bonuses	Other Annual Compensation	Total
All Directors as a group*	2017	-	-	85,000	85,000
	2018	-	-	175,000	175,000
	2019	-	-	170,000	170,000
	2020*	-	-	175,000	175,000

\*all executive officers of the company do not receive any compensation.

\*\* 2020 projected per diem during BOD meetings.

There is no employment contract between the registrant and the Chairman and all others Executive Officers.

There are no other arrangements pursuant to which any director of the company was compensated, or is to be compensated, directly or indirectly.

**Item 11 - Security Ownership of Certain Record and Beneficial Owners and Management (as of December 31, 2019)**

a) Security Ownership of Certain Record and Beneficial Owners.

The following table sets forth information with respect to a record or beneficial owner directly or indirectly owning more than 5% of the Company's Capital Stock as of December 31, 2019.

Title of Class	Name, Address of Record Owner	Relationship with Issuer	Name of Beneficial Owner	Citizenship	No. of shares held	Percentage of Ownership
Common	PCD Nominee Corp. MSE Building, Ayala Ave., Makati City	Stockholder	Various clients (Note 1)	Filipino	66,857,839 *	41.02%
Common	PMMIC 10 <sup>th</sup> Floor, GPL Building, Buendia Ave., Makati City	Stockholder	Pan Malayan Management and Investment Corporation (Note 2)	Filipino	30,469,858	18.69%
Common	Alsons Cons. Res., Inc. 2286 Pasong Tamo Ext. Makati City	Stockholder	Alsons Consolidated Resources, Inc.(Note 3)	Filipino	15,544,911	9.54%
Common	CBC T/A-SCA#0010 CBC Building, Trust Dept. Paseo de Roxas, Makati City	Stockholder	China Banking Corp. (Note 4)	Filipino	14,178,625	8.70%
Common	CBC T/A-SCA#0011 CBC Building, Trust Dept. P. de Roxas, Makati City	Stockholder	-do-	Filipino	10,204,120	6.26%
Others					25,744,647	15.79%
Total					163,000,000	100.00%

NOTE:

- None of the holders of the Company's common shares registered under the name of PCD Nominee owns more than 5% of the company's common shares.
- The corporate acts of PMMIC are carried out by its Board of Directors and Management. Mrs. Helen Y. Dee is the Chairman of PMMIC.
- The Corporate acts of Alsons Cons. Res., Inc. are carried out by its Board of Directors. Mr. Tomas I. Alcantara is the current president of the Company.
- CBC T/A-SSC#0010 and T/A-SSC#0011 are Trust Accounts with China Banking Corporation as Trustee. The Corporate acts of CBC are carried out by its Board of Directors and Management. Mr. William C. Whang is the current CBC President and COO.

\* PCD total shares include Filipino and Non-Filipino.

b) Security Ownership of Management as of December 31, 2019.

The following are the number of shares owned of record by the Directors, the Chief Executive Officer and each of the key officers of the Company and the percentage of shareholdings of each:

Title of Class	Name of Beneficial Owner Name and Position	Amount and Nature of Beneficial Ownership	Citizenships	Percent of Class
Common	Roberto Jose L. Castillo Chairman of the Board	1 "Direct"	Filipino	-
Common	Milagros V. Reyes President and Director	1 "Direct"	Filipino	-
Common	Perry Y. Uy Director/Treasurer	1 "Direct"	Filipino	-
Common	Yvonne S. Yuchengco Director	1 "Direct"	Filipino	-
Common	Nicasio I. Alcantara Independent Director	425 "Direct" 2,834 "Indirect"	Filipino	-
Common	Medel T. Nera Director	1 "Direct"	Filipino	-
Common	Ernestine Carmen Jo D. Villareal-Fernando Independent Director	1 "Direct"	Filipino	-
Common	Raul M. Leopando Director	661 "Indirect"	Filipino	-
Common	Victor V. Benavidez Director	1,000 "Direct"	Filipino	-
Common	Samuel V. Torres Corporate Secretary	-	Filipino	-
Common	Arlan P. Profeta Asst. Corporate Secretary	-	Filipino	-
<b>Total</b>		<b>4,926 shares</b>		<b>0 .00%</b>

As of December 31, 2019, the Company's directors and executive officers owned an aggregate of **4,926** shares equivalent to **0.003%** of the Company's outstanding shares. None of the members of the Company's directors and management owns more than 2% or more of the outstanding capital stock of the Company.

**Voting Trust Holders of 5% or more-**The Company is not aware of any voting trust or similar arrangement among persons holding more than 5% of a class of shares.

**Changes in Control -** There had been no change in the control of the Company since the beginning of the last fiscal year. The Company has no existing voting trust or change in control agreements.

#### **Item 12 - Certain Relationships and Related Transactions**

There were no related transactions or proposed transactions during the last two (2) years to which the registrant was or is to be a party.

## PART IV - EXHIBITS AND SCHEDULES

### **Item 13 - Exhibits and Reports**

- a. 2019 and 2018 Audited Financial Statements
- b. Supplementary Information and Disclosures required on SRC Rule 68 and 68.1 as amended
- c. Organizational Structure (*not applicable*)
- d. Reports on SEC Form 17-Q (1<sup>st</sup> Quarter, 2<sup>nd</sup> Quarter, 3<sup>rd</sup> Quarter)
- e. Reports on SEC Form 17-C
  1. February 28, 2019 - Notice of Annual Stockholders' Meeting
  2. April 10, 2019 - Approval of AFS 2018
  3. May 30, 2019 - Results of Organizational Meeting of Board of Director
  4. May 30, 2019 - Results of Annual Stockholders' Meeting 2019
  5. October 7, 2019 - Change in Corporate Contact Details and/or Website

### **Item 14- General Notes to Financial Statements**

1. Assets subject to Lien and Restrictions on Sales of Assets  
As of December 31, 2019, there were no assets mortgaged, pledged or otherwise subject to lien.
  2. Subsequent Events  
There were no subsequent events that required adjustments on the December 31, 2019 Audited Financial Statements.
  3. Defaults -None
  4. The following are not applicable in the preparation of this report.
    - a. Adjustments made that lead to the revenue recognition but which adjustments cannot be properly supported.
    - b. Changes in estimates without proper disclosure which have the impact of improving results of operations.
    - c. Non-Application or misapplication of accounting principles and standards, misstatements, omissions, etc.
    - d. Other cases involving accounting and auditing matters resulting to possible concealment of a fraud or the creation of a risk for the commission of fraud.
- 
1. The Company has no liability guaranteed by others.
  2. There were no assets pledged against secured liabilities.
  3. Events after the date of Statement of Financial Position.
    - a. Dividends  
There is no dividend proposal or declaration neither after the Statement of Financial Position date nor before the financial statements are authorized for issue.
    - b. Discontinuing Operations  
There were no significant events after the Statement of Financial Position date but before the financial statements are authorized for issue that may warrant suspension of the Corporation's operations.
    - c. Earnings per share  
There are no significant events after the Statement of Financial Position date that will affect the computation of earnings per share.

