2016
ANNUAL REPORT

ATOK-BIG WEDGE CO., INC.

CONTENTS

ROBERTO V. ONGPIN
Chairman

ERIC O. RECTO
Vice Chairman, Director and President

LETTER TO SHAREHOLDERS

To Our Valued Shareholders,

Allow us to begin by thanking you, our shareholders, for your patience. We acknowledge the rather lengthy amount of time it has taken for our investments, particularly in Forum Energy Plc (FEP), to bear fruit due to circumstances totally beyond our control. As you may be aware, the stalemate between our government and China on our respective territorial claims remains unresolved. We however are now more optimistic that recent developments in the warming of the relationship between our governments will eventually result in a restart of the exploration activities in SC72. We are hopeful that efforts of both parties to find an amicable settlement will happen sooner rather than later.

With respect to our mining activities, we have become gravely concerned about the recent direction Government has taken on all mining-related activities. As you know, it has been a very tumultuous period for the industry, especially after the recent order to suspend operations of more than 20 of the largest mining companies in our country. We await the outcome of the independent review that President Duterte has ordered to verify if these closures are indeed warranted or not, but nevertheless, our concern remains. Your Company continues its investigative work involving four mining areas of about 5,015 hectares in the provinces of Agusan del Norte and Surigao del Norte, in the island of Mindanao. These areas are perceived to be prospective for copper and gold deposits. Our exploration team has continued to be diligent in trying to identify areas to be subjected to more detailed subsurface studies. Only if and when there is more clarity with respect to the Government's policy on the mining industry will we be able to decide whether or not to ramp up our activities or to wind them down.

Finally, we would like to report that your Company posted a lower net loss in 2016 amounting to Php33.4 million, which is a small improvement compared to the net loss of Php40 million in 2015. These losses are attributable mostly to the operating losses incurred by FEP, which we expect will continue as a result of low world crude oil prices.

In closing, we are keen to see our investments generate the returns that we have long been waiting for. At this point, however, most of the factors that will allow us to achieve these are simply beyond our control. We therefore must ask, as we have done before, for your continuing patience, which we expect will be rewarded in due course.

Very truly yours,

ROBERTO V. ONGPIN
Chairman

ERIC O. RECTO
Vice Chairman, Director
and President

ABOUT THE COMPANY

Atok-Big Wedge Co., Inc. (Atok) was the result of a merger between Atok Gold Mining Co. and Big Wedge Mining Co., both of which were incorporated in the early 1930s. This makes Atok-Big Wedge Co., Inc. one of the oldest mining companies existing in the country. Over the past eight decades, Atok-Big Wedge Co.,Inc. has established a strong foundation in the Philippine mining industry. We continue our legacy by having business in mining, oil, gas, and natural resources exploration and development.

DIRECTORS & EXECUTIVE OFFICERS

EXECUTIVE OFFICERS

ROBERTO V. ONGPIN
Chairman of the Board, Chief Executive Officer and Director

ERIC O. RECTO
Vice Chairman, Director and President

CRISTINA B. ZAPANTA
Vice President for Finance

JOSEPHINE A. MANALO
Treasurer

ATTY. CLIBURN ANTHONY A. ORBE
Corporate Secretary and Director

ATTY. JONAMEL G. ISRAEL- ORBE
Corporate Information Officer and Assistant Corporate Secretary

BOARD OF DIRECTORS

ROBERTO V. ONGPIN
ERIC O. RECTO
WALTER W. BROWN
ANNA BETTINA ONGPIN
MICHAEL ANGELO PATRICK M. ASPERIN
DENNIS O. VALDES
MARIO A. ORETA
JOHN PETER CHICK B. CASTELO
MARGARITO B. TEVES (INDEPENDENT)
GREGORIO MA. ARANETA III (INDEPENDENT)
CLIBURN ANTHONY A. ORBE

DIRECTORS AND EXECUTIVE OFFICERS

ROBERTO V. ONGPIN
Chairman of the Board, Chief Executive Officer and Director

ERIC O. RECTO
Vice Chairman, Director and President

WALTER W. BROWN
Director

ANNA BETTINA ONGPIN
Director

MICHAEL ANGELO PATRICK M. ASPERIN
Director

DENNIS O. VALDES
Director

MARIO A. ORETA
Director

JOHN PETER CHICK B. CASTELO
Director

MARGARITO B. TEVES
Independent Director

DIRECTORS AND EXECUTIVE OFFICERS

GREGORIO MA. ARANETA III
Independent Director

CRISTINA B. ZAPANTA
Vice President for Finance

JOSEPHINE A. MANALO
Treasurer

CLIBURN ANTHONY A. ORBE
Corporate Secretary and Director

JONAMEL G. ISRAEL- ORBE
Corporate Information Officer and
Assistant Corporate Secretary

DIRECTORS AND EXECUTIVE OFFICERS

ROBERTO V. ONGPIN
Chairman of the Board, Chief Executive Officer and Director

Mr. Ongpin, Filipino, 80 years old, was elected Director and Chairman of the Board on 12 November 2009. He was a Director of San Miguel Corporation (SMC), PAL Holdings, Inc. (PAL) and Petron Corporation (PCOR). He is also the Chairman of Alphaland Corporation (APHA) and Alphaland Balesin Island Club, Inc. (ABICI). In Hong Kong, he was the Non-Executive Director of Shangri-La Asia and was the Deputy Chairman of the South China Morning Post, both listed in the Hong Kong Stock Exchange. He was also a Non-Executive Director of Forum Energy PLC (United Kingdom). Mr. Ongpin graduated cum laude in Business Administration from the Ateneo de Manila University, is a Certified Public Accountant and has an MBA from the Harvard Business School.

ERIC O. RECTO
Vice Chairman, President and Director

Mr. Recto, Filipino, 53 years old, was elected Director on 12 November 2009 and appointed as Vice Chairman of the Board of Directors on 12 December 2009. He was appointed President on 1 September 2016. He is also the Chairman and CEO of ISM Communications Corporation (ISM), Chairman and President of Bedfordbury Development Corporation, Chairman of Philippine Bank of Communications (PBC), a Member of the Board of Supervisors of Acentic GmbH, and a Director of Petron Corporation (PCOR). 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.

WALTER W. BROWN
Director

Dr. Brown, 76, Filipino, is also the Chairman of A Brown Company, Inc., Palm Thermal Consolidated Holdings Corporation, International Cleanvironment Systems, Inc., North Kitanglad Agricultural Company, Inc., PhiGold and A Brown Energy & Resources Dev't. Inc., President of Monte Oro Resources and Energy Inc., and PBJ Corporation. He received two undergraduate degrees: B.S. Physical Science (1959) and B.S. Geology (1960), both from the University of the Philippines, and post graduate degrees from Stanford University: M.S. Economic Geology (1963), and Ph.D in Geology, and Major in Geochemistry (1965). He was a candidate in master of Business Economics (1980) from the University of Asia & the Pacific (formerly Center for Research & Communications). He is currently the Chairman and Director of Family Farm School (PPAI), Chairman and President of Studium Theologiae Foundation, Vice Chairman of the Board of Trustees of Xavier University, and Member of the Chamber of Mines of the Philippines, Inc., and the Geological Society of the Philippines.

ANNA BETTINA ONGPIN
Director

Ms. Ongpin, Filipino, 52, was elected Director on 16 August 2013. She is also the Vice Chairman and President of Alphaland Corporation, and The City Club at Alphaland Makati Place, Inc. and the Vice Chairman of Alphaland Balesin Island Club, Inc. Ms. Ongpin has more than 20 years of communications, marketing, project management, and operations experience in the management consulting and media fields. She holds a Bachelor's Degree in Political Science from Wellesley College.

DIRECTORS AND EXECUTIVE OFFICERS

MICHAEL ANGELO PATRICK M. ASPERIN
Director

Mr. Asperin, Filipino, 58 years old, was elected Director on August 28, 2014. He is also the President and Chief Executive Officer of Alphaland Balesin Island Club, Inc. (ABICI). He is also the Chief Operating Officer of Alphaland Corporation and handles various matters for the Alphaland Group of Companies including the development of the Balesin Island Club project, as well as the operations of the aviation and security divisions of the Group. Prior to joining ALPHA, he served as Senior Vice President for Security for Philweb Corporation (WEB) from 2009 to 2012. He graduated from the Philippine Military Academy in 1981.

DENNIS O. VALDES
Director

Mr. Valdes, Filipino, 55, was elected Director on 12 November 2009. He is also the President and a Director of Philweb Corporation (since 2006), and a Director of Alphaland Corporation (since 2011). His previous work experience includes 10 years with the Inquirer Group of Companies, as a Director of the newspaper, and he was also in charge of expanding their Internet, printing, and ink-making operations. He is a Certified Public Accountant, graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines and has an MBA from the Kellogg School of Management, Northwestern University.

MARIO A. ORETA
Director

Mr. Oreta, Filipino, 70 years old, was elected Director of the Company on 12 November 2009. He is also the Chairman of The City Club at Alphaland Makati Place, Inc. He graduated with honors from the Ateneo De Manila University with a degree in Bachelor of Laws and immediately joined the law firm of Siguion Reyna, Montecillo and Ongsiako. He is one of the managing partners of The Law Firm of Tanjuatco Oreta and Partners.

JOHN PETER CHICK B. CASTELO
Director

Mr. Castelo, Filipino, 51, was elected Director on 28 August 2014. He is presently the Senior Vice President for Business Development of Araneta Center Inc. and sits in the board of its various subsidiaries and affiliates. He had 27 years of experience in real estate and finance industries. He earned his Masters in Business Administration and Degree in Bachelor of Science in Electrical Engineering from the University of the Philippines in Diliman.

DIRECTORS AND EXECUTIVE OFFICERS

MARGARITO B. TEVES
Independent Director

Mr. Teves, Filipino, 73 years old, was elected Independent Director on August 31, 2011. He is also an Independent Director of Alphaland Corporation, Alphaland Balesin Island Club, Inc., and The City Club at Alphaland Makati Place, Inc. Mr. Teves is currently the Chairman of Think Tank, Inc., Member of the Board of Advisers of Bank of Communications. He obtained a Higher National Diploma (HND) in Business Studies, equivalent to a BSC in Business Economics from the City of London College and a Master of Arts (MA) in Development Economics from the Center for Development Economics, Williams College, Massachusetts, USA. He was recently conferred an Honorary Degree, Doctor of Laws, by Williams College, and named Senior Adviser to the China-Asean Economic and Culture Research Center and Visiting Professor at the Guilin University of Electronic Technology in China.

GREGORIO MA. ARANETA III
Independent Director

Mr. Araneta, III, Filipino, 69 years old, is also a Director and the Chairman of Philweb Corporation. He is an independent director of Alphaland Corporation, Alphaland Balesin Island Club, Inc. and The City Club at Alphaland Makati Place, Inc. He is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is President and Chairman of ARAZA Resources Corporation and Carmel Development Corporation, Chairman of Gregorio Araneta Inc., Gregorio Araneta Management Corporation, and Gamma Properties, Inc. Mr. Araneta studied at the University of San Francisco and Ateneo de Manila University where he earned his Bachelor of Arts Degree in Economics.

CRISTINA B. ZAPANTA
Vice President for Finance

Ms. Zapanta, Filipino, 53, was appointed Vice President for Finance on May 31, 2016. She is also the Vice President for Finance of Alphaland Corporation, Alphaland Balesin Island Club, Inc, and The City Club at Alphaland Makati Place, Inc. Prior to joining the Company, she was the Finance and Administration Head of Connectivity Unlimited Resources Enterprise, Inc (2006-2008), Accounting Head of Belle Corporation (1997-2006), and Treasury Manager of Benguet Corporation (1985-1997). She has more than 30 years experience in Finance, of which over half is in real estate industry. She is a Certified Public Accountant.

JOSEPHINE A. MANALO
Treasurer

Ms. Manalo, Filipino, 74, has been the Treasurer of the Company since May 31, 2016. She was Corporate Information Officer of the Company (until July 2014), Alphaland Corporation (until July 2014), Philweb Corporation (until July 2014), and ISM Communications Corp. (until December 2013). She has a Bachelor of Science in Business Administration degree from St. Theresa's College, Manila.

DIRECTORS AND EXECUTIVE OFFICERS

CLIBURN ANTHONY A. ORBE
Corporate Secretary and Director

Mr. Orbe, Filipino, 42, was appointed Corporate Information Officer since 12 March 2014 to present and as director of the Company since May 2014 up to the present. He is also Director (since May 2014 to present), Corporate Secretary (since March 31, 2016 to present), and Corporate Information Officer (since May 26, 2014 to present) of WEB, and Corporate Secretary (since 31 May 2016 to present) and Corporate Information Officer (since March 2014 to present) of ALPHA. He has a Bachelor of Laws degree from Mindanao State University where he graduated cum laude and class valedictorian. He is a member of the Integrated Bar of the Philippines.

JONAMEL G. ISRAEL-ORBE
Corporate Information Officer and Assistant Corporate Secretary

Ms. Israel-Orbe, Filipino, 44 years old, was appointed as Corporate Information Officer of the Company since March 12, 2014 to present, and as Assistant Corporate Secretary of the Company since August 28, 2014 to present. She is also the Assistant Corporate Secretary (since May 31, 2016 to present) and Corporate Information Officer (since March 2014) of Alphaland Corporation. She is a member of the Philippine Bar.

DISCLOSURES

January 05, 2016	List of Top 100 Stockholders
January 18, 2016	Public Ownership Report
February 15, 2016	Public Ownership Report
March 16, 2016	Public Ownership Report
April 01, 2016	Compliance Report on Corporate Governance
April 15, 2016	Public Ownership Report
April 15, 2016	List of Top 100 Stockholders
April 21, 2016	Information Statement
April 28, 2016	Annual Report
May 11, 2016	Information Statement
May 16, 2016	Public Ownership Report
May 16, 2016	Quarterly Report
June 14, 2016	Other SEC Forms, Reports and Requirements
June 14, 2016	Initial Statement of Beneficial Ownership of Securities
June 14, 2016	Initial Statement of Beneficial Ownership of Securities
June 14, 2016	Initial Statement of Beneficial Ownership of Securities
June 14, 2016	Public Ownership Report
July 05, 2016	List of Top 100 Stockholders
July 05, 2016	Public Ownership Report
July 25, 2016	Clarification of News Reports
August 02, 2016	Press Release
August 04, 2016	Public Ownership Report
August 17, 2016	Quarterly Report
September 14, 2016	Public Ownership Report
October 05, 2016	List of Top 100 Stockholders
October 06, 2016	Public Ownership Report
November 09, 2016	Public Ownership Report
November 14, 2016	Quarterly Report
December 13, 2016	Public Ownership Report

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Statement of Management's Responsibility

ATOK-BIG WEDGE CO., INC.

10th Floor, ALPHALAND SOUTHGATE TOWER
2258 CHINO ROCES AVENUE CORNER EDSA

TELEFAX NO.: 310-7100

January 27, 2017

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS"

The management of **Atok-Big Wedge Co., Inc.** (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016, 2015 and 2014, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

ROBERTO V. ONGPIN
Chairman & CEO

ERIC O. RECTO
President

CRISTINA B. ZAPANTA
Vice-President Finance

ATOK-BIG WEDGE CO., INC.

10th Floor, ALPHALAND SOUTHGATE TOWER
2258 CHINO ROCES AVENUE CORNER EDSA

TELEFAX NO.: 310-7100

SUBSCRIBED AND SWORN to before me this APR 0 4 2017 at Makati City, affiants exhibiting to me their respective identification documents, and personally known to me, follows:

NAME	COMPETENT EVIDENCE OF IDENTITY	DATE OF ISSUE	PLACE OF ISSUE
Roberto V. Ongpin	Passport No: EB5765525	06/27/2012	DFA Manila
Eric O. Recto	Passport No: EC3544131	02/27/2015	DFA Manila
Cristina B. Zapanta	License No: D16-97-154026	07/28/2014	LTO East Ave Quezon City

Doc. No. 651
Page No. 32
Book No. 711
Series of 2017

NOELLE S. GAVINO
Appointment No. M-420
Notary Public for Makati City
Until December 31, 2017
5th Floor, The City Club at Alphaland Makati Place
7232 Ayala Ave. corner Malugay St. Makati City
Roll No. 61296
PTR No. 5918354; 01/11/2017- Makati City
IBP No. 1069461, 01/24/2017 Makati City
MCLE No. V-0021546 / TIN No. 274-...

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Independent Auditor's Report

BOA/PRC Accreditation No. 4782
December 29, 2015, valid until December 31, 2018
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 982 9100
Fax : +632 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Atok-Big Wedge Co., Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Atok-Big Wedge Co., Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years ended December 31, 2016, 2015 and 2014, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2016 and 2015, and its financial performance and its cash flows for each of the three years ended December 31, 2016, 2015 and 2014 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Notes 1 and 7 to consolidated financial statements concerning the delay in one of the planned drilling programs of Forum Energy Ltd. (formerly Forum Energy Plc), an associate of a subsidiary. The ultimate outcome of the uncertainty related to this delay cannot presently be determined.

Key Audit Matter

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

Valuation of Investment in an Associate

The Group is required to review the carrying amount of its investment in an associate at each reporting date whenever there is any indication of impairment losses. The impairment review is significant to our audit since the carrying amount of investment in an associate of ₱490.3 million which represents 75% of the consolidated total assets as at December 31, 2016, is material to the consolidated financial statements. Further, the valuation of the investment involves management's judgment and estimate on the commencement and feasibility of the Associate's exploration projects, which are affected by future market or economic conditions, particularly the outcome of territorial deliberations in the West Philippine Sea.

Our audit procedures, included among others, the review of the assumptions used by the Group in the impairment assessment, in particular those relating to the forecasted cash flows from the Associate's Service Contracts. We also focused on the adequacy of the Group's disclosures pertaining to the status of the Associate's significant exploration projects and the financial information of the Associate as disclosed in Notes 1 and 7 to consolidated financial statements.

Other Information

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

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

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

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

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

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

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

Reyes Tacandong & Co.
FIRM PRINCIPLES. WISE SOLUTIONS.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Reyes Tacandong & Co.
FIRM PRINCIPLES. WISE SOLUTIONS.

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

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

REYES TACANDONG & CO.

Emmanuel V. Clarino

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1021-AR-1 Group A
Valid until April 30, 2017
BIR Accreditation No. 08-005144-5-2017
Valid until January 13, 2020
PTR No. 5908522
Issued January 3, 2017, Makati City

March 22, 2017
Makati City, Metro Manila

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Consolidated Statements of Financial Position

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2016**	2015
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱145,837,631**	₱172,753,406
Receivables	5	**5,672,078**	5,016,943
Other current assets	6	**7,530,172**	7,075,485
Total Current Assets		**159,039,881**	184,845,834
Noncurrent Assets			
Investment in an associate	7	**490,326,051**	462,150,899
Available-for-sale financial asset	8	**1,999,950**	1,999,950
Property and equipment	10	**125,610**	1,146,655
Other noncurrent assets		**2,966,579**	2,889,065
Total Noncurrent Assets		**495,418,190**	468,186,569
		₱654,458,071	₱653,032,403
LIABILITIES AND EQUITY			
Current Liabilities			
Payables and other current liabilities	11	**₱2,095,070**	₱14,163,217
Income tax payable		**18,111**	93,139
Total Current Liabilities		**2,113,181**	14,256,356
Equity			
Capital stock	13	**1,060,000,000**	1,060,000,000
Deficit		**(510,588,802)**	(477,224,220)
Cumulative translation adjustment	7	**102,933,692**	56,000,267
Total Equity		**652,344,890**	638,776,047
		₱654,458,071	₱653,032,403

See accompanying Notes to Consolidated Financial Statements.

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Consolidated Statements of Comprehensive Income

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	**2016**	2015	2014
		Years Ended December 31		
GENERAL AND ADMINISTRATIVE EXPENSES	14	**₱18,690,458**	₱21,927,639	₱25,607,883
OTHER INCOME (EXPENSES)				
Share in net results of operations of an associate	7	**(18,758,273)**	(22,208,252)	2,647,051
Interest income	4	**2,784,483**	2,843,539	3,055,442
Service fees		**1,479,480**	1,463,297	1,438,880
Others		**30,141**	27,643	88,012
		(14,464,169)	(17,873,773)	7,229,385
LOSS BEFORE INCOME TAX		**(33,154,627)**	(39,801,412)	(18,378,498)
CURRENT INCOME TAX EXPENSE	17	**209,955**	219,688	158,529
NET LOSS		**(33,364,582)**	(40,021,100)	(18,537,027)
OTHER COMPREHENSIVE INCOME				
Item that will be reclassified subsequently to profit or loss -				
Foreign exchange differences on translation of the financial statements of Tidemark Holdings Limited	7	**46,933,425**	40,540,500	1,905,745
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱13,568,843**	₱519,400	(₱16,631,282)
BASIC AND DILUTED LOSS PER SHARE	15	**(₱0.0350)**	(₱0.0420)	(₱0.0194)

See accompanying Notes to Consolidated Financial Statements.

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Consolidated Statements of Changes in Equity

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2016**	2015	2014
CAPITAL STOCK - ₱1 par value	13	**₱1,060,000,000**	₱1,060,000,000	₱1,060,000,000
DEFICIT				
Balance at beginning of year		**(477,224,220)**	(437,203,120)	(418,666,093)
Net loss		**(33,364,582)**	(40,021,100)	(18,537,027)
Balance at end of year		**(510,588,802)**	(477,224,220)	(437,203,120)
CUMULATIVE TRANSLATION ADJUSTMENT	7			
Balance at beginning of year		**56,000,267**	15,459,767	13,554,022
Foreign exchange differences on translation of the financial statements of Tidemark Holdings Limited		**46,933,425**	40,540,500	1,905,745
Balance at end of year		**102,933,692**	56,000,267	15,459,767
		₱652,344,890	₱638,776,047	₱638,256,647

See accompanying Notes to Consolidated Financial Statements.

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Consolidated Statements of Cash Flows

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years ended December 31		
	Note	**2016**	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(₱33,154,627)**	(₱39,801,412)	(₱18,378,498)
Adjustments for:				
Share in net results of operations of an associate	7	**18,758,273**	22,208,252	(2,647,051)
Interest income	4	**(2,784,483)**	(2,843,539)	(3,055,442)
Depreciation and amortization	10	**442,826**	856,500	1,666,771
Loss (gain) on sale of property and equipment	10	**7,102**	–	(85,590)
Operating loss before working capital changes		**(16,730,909)**	(19,580,199)	(22,499,810)
Increase in:				
Receivables		**(693,809)**	(824,640)	(287,202)
Other current assets		**(614,266)**	(861,916)	(841,224)
Increase (decrease) in payables and other current liabilities		**(12,068,147)**	5,115,027	4,674,840
Net cash used for operations		**(30,107,131)**	(16,151,728)	(18,953,396)
Interest received		**2,823,157**	2,847,382	3,302,615
Income tax paid		**(125,404)**	(162,410)	(754,191)
Net cash used in operating activities		**(27,409,378)**	(13,466,756)	(16,404,972)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment	10	**608,929**	–	85,590
Additions to:				
Property and equipment	10	**(37,812)**	(11,397)	(97,241)
Other noncurrent assets		**(77,514)**	(421,891)	(328,276)
Net cash provided by (used in) investing activities		**493,603**	(433,288)	(339,927)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(26,915,775)**	(13,900,044)	(16,744,899)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**172,753,406**	186,653,450	203,398,349
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱145,837,631**	₱172,753,406	₱186,653,450

See accompanying Notes to Consolidated Financial Statements.

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Notes to the Consolidated Financial Statements

1. **Corporate Matters**

Corporate Information

Atok-Big Wedge Co., Inc. (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 3, 1931. The Parent Company's corporate life was extended to another 50 years from September 25, 1981. The Parent Company's primary purpose is to engage in the business of exploration and development of mining, oil, gas and other natural resources.

The Parent Company listed its shares in the Philippine Stock Exchange (PSE) on January 8, 1948. As at December 31, 2016 and 2015, 953,963,474 of the Parent Company's shares are listed in the PSE.

The Parent Company's subsidiaries are as follows:

Subsidiary	Place of Incorporation	Nature of Business	Percentage of Ownership 2016	Percentage of Ownership 2015
Tidemark Holdings Limited (Tidemark)	Hong Kong	Holding	**100%**	100%
AB Stock Transfers Corporation (ABSTC)	Philippines	Stock Transfer Agency	**100%**	100%

The Parent Company and subsidiaries are collectively referred herein as "the Group."

As at December 31, 2016 and 2015, the Group, through Tidemark, has 27.14% interest in Forum Energy Ltd. (FEL, formerly Forum Energy Plc.). FEL's shares were listed and traded at the London Stock Exchange's Alternative Investment Market until June 26, 2015.

As at December 31, 2016 and 2015, the Parent Company is 69.75% owned by Boerstar Corporation, a holding company incorporated in the Philippines. The ultimate parent of the Group is Compact Holdings, Inc., a Philippine entity engaged in holding and investing activities.

On March 22, 2017, the Board of Directors (BOD) approved the subscription to additional 6,666,667 new shares of FEL (through Tidemark) at USD0.30 a share or a total of USD2.0 million. Together with the subscription simultaneously made by other major shareholder of FEL, this new subscription resulted to the Company owning 20.00% of FEL.

The Parent Company's registered address is 10th Floor, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City.

Status of the Significant Projects of FEL (Associate Entity)

Service Contract 72 (Reed Bank). FEL's principal asset is a 70% interest in Service Contract (SC) 72 which covers an area of 8,800 square kilometers in the West Philippine Sea. SC 72 is currently under Sub-Phase 2 of its exploration. However, the Philippine government was unable to grant FEL the permission to deploy vessels for drill site survey work due to the territorial deliberations in the West Philippine Sea.

On February 26, 2015, the DOE granted *Force Majeure* to SC 72 work commitments effective December 15, 2014. In view of this, all exploration activities in the block are suspended until the DOE notifies FEL to commence drilling. The DOE has also approved the Work Program and Budget for 2017 submitted by FEL consisting of License Administration and the conduct of geotechnical survey contingent on the lifting of the *Force Majeure* over SC 72. The ultimate outcome of the uncertainty on the conduct of drilling operations cannot be determined at this time.

Service Contract 40 (North Cebu). The Libertad Gas Field, a sub-block of the North Cebu Block covered by SC 40, continuously produced gas. However, on August 21, 2015, production was suspended due to fluctuating wellhead pressure on the L-95-1 well causing the engine to shut down.

Service Contract 14C-1 (Galoc). Production from SC14C-1 Galoc Phase 2 wells commenced on December 5, 2013, in addition to the initial Phase 1 wells which have been operating since 2008.

Service Contracts 14A (Nido), 14B (Matinloc) and 14B-1 (North Matinloc). The three fields produced oil on a cyclical basis in 2016 and 2015.

Other Service Contracts. FEL has participating interests in other SCs including SC6A (Octon) and SC14C-2 (West Linapacan), among others, which are currently under exploration phase.

Potential Acquisition of Certain Mining Rights

The Parent Company entered into various Memoranda of Understanding for the potential acquisition of certain mining rights. Total deposits to the mining rights holders amounted to ₱1.5 million as at December 31, 2016 and 2015. In view of the prevailing regulatory environment, the Parent Company is evaluating the continued feasibility of this potential acquisition.

Significant Corporate Acts of the Parent Company

Amendment to the Article III of the Articles of Incorporation. Through the approval by majority of the BOD and the vote of the stockholders on August 28, 2014, the Parent Company changed its principal office address to 10th Floor, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City, pursuant to the SEC Memorandum Circular No. 6, Series of 2014. This was approved by the SEC on February 9, 2015.

Stock Option Plan (SOP). In 2015, the BOD approved the SOP which provides among others the allocation of no more than 5% of the authorized capital for the SOP; each grant is for 3 years and will vest 1/3 for each of the succeeding years; and the strike price shall not be less than 80% of the market value at the time of grant. This was ratified by the stockholders on May 31, 2016.

As at December 31, 2016 and 2015, the Parent Company is still completing the requirements for the SEC's approval of the exemption from its registration requirements and the PSE's approval of the listing of the shares under the SOP. To date, no grants have been made under the SOP.

Approval and Authorization for Issuance of Consolidated Financial Statements

The consolidated financial statements were approved and authorized for issue by the Executive Committee of the BOD on March 22, 2017.

2. **Summary of Significant Accounting Policies**

Basis of Preparation

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), and SEC provisions.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, the Group's functional and presentational currency. All values represent absolute amounts except when otherwise stated.

The consolidated financial statements of the Group have been prepared on the historical cost basis of accounting. Historical cost is generally based on the fair value of the consideration given in exchange for an asset. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

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

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

Level 1 – Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions made in measuring fair value is included in Note 18.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2016:

- Amendments to PFRS 10, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28 - *Investment Entities: Applying the Consolidation Exception* – The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

- Amendments to PAS 1, *Presentation of Financial Statements: Disclosure Initiative* – The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- Amendments to PAS 16, *Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation,* and PAS 38*, Intangible Assets – Clarification of Acceptable Methods of Amortization* – The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.

The adoption of the foregoing new and amended PFRS did not have any material effect on the consolidated financial statements. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2016 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2017 -

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.

Effective for annual periods beginning on or after January 1, 2018 -

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39 (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

  PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Effective for annual periods beginning on or after January 1, 2019 -

- PFRS 16, *Leases* – The most significant change introduced by the new standard is that almost all leases will be brought onto lessees’ statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

Subsidiaries - Subsidiaries are entities controlled by the Parent Company. The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. The Parent Company has control when it is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; or
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Functional and Presentation Currency - The consolidated financial statements are presented in Peso, which is the Parent Company's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency. When there is a change in those underlying transactions, events and conditions, the entity accounts for such change in accordance with the Group's policy on change in functional currency. At the reporting date, the assets and liabilities of Tidemark, a subsidiary whose functional currency is in United States (US) Dollar are translated into the presentation currency of the Parent Company using the foreign exchange closing rate at the reporting date, components of equity using historical exchange rate, and their statements of comprehensive income are translated at the foreign exchange weighted average daily exchange rates for the year. The exchange differences arising from translation are taken directly to a separate component of equity under the "Cumulative Translation Adjustment" account. Upon disposal of the foreign entity, the cumulative translation adjustment shall be recognized in the consolidated statements of comprehensive income.

Business Combinations and Goodwill - Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are recognized as expense.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured. Subsequent settlement is accounted for within equity. In instance where the contingent consideration does not fall within the scope of PAS 39, it is measured in accordance with the appropriate PFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. If the initial accounting for business combination can be determined only provisionally by the end of the period by which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts the combination using provisional values. Adjustments to these provisional values as a result of completing the initial accounting shall be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date and goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Transactions Eliminated on Consolidation - All intra-group balances, transactions, income and expenses and unrealized gains and losses are eliminated in full.

Accounting Policies of Subsidiaries - The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as that of the Parent Company.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. All regular way purchases and sales of financial assets are recognized using settlement date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the market place.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Fair value is determined by reference to the transaction price or other market prices. If such market prices are not readily determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities.

"Day 1" Differences. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated statements of comprehensive income. In cases where there is no observable data on inception, the Group deemed the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments. The Group classifies its financial assets into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities.

The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The Group does not have financial instruments classified as financial assets or financial liabilities at FVPL and HTM investments.

AFS Financial Assets. AFS financial assets are those non-derivative financial assets that are designated as such or are not classified as another category of financial assets. After initial measurement, AFS financial assets are subsequently carried at fair value with unrealized gains or losses recognized in other comprehensive income. These fair value changes are recognized in other comprehensive income until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. Investment in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are carried at cost.

This category includes the Group's investment in unquoted shares of stock.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. Gains and losses are recognized in consolidated statements of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are included in current assets if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

The Group's cash and cash equivalents, receivables (excluding advances to officers and employees) and refundable deposits presented under "Other noncurrent assets" account are classified under this category.

Other Financial Liabilities. Other financial liabilities at amortized cost pertain to issued financial instruments or their components that are not classified or designated at FVPL and contain obligations to deliver cash or another financial asset to the holder as to settle the obligation other than by the exchange of fixed amount of cash or another financial asset for a fixed number of own equity.

The Group's payables and other current liabilities (excluding statutory payables) are classified under this category.

The amortized cost of a financial liability is the amount at which the financial liability is measured at initial recognition minus the principal repayments plus or minus the cumulative accretion using the effective interest method of any difference between that initial amount and the maturity amount. Interest expense, including premiums payable on settlement or redemption and direct issue costs, is charged to the consolidated statements of comprehensive income on an accrual basis using the effective interest method. Interest expense is added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Derecognition of Financial Assets and Liabilities

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

a. the right to receive cash flows from the asset has expired;

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

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

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

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

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

Offsetting of Financial Assets and Liabilities. Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Impairment of Financial Assets
The Group assesses at each reporting date whether there is objective evidence that a financial or group of financial assets is impaired. Objective evidence includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that borrower will enter bankruptcy or other financial reorganization.

Financial Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

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

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Time value is generally not considered when the effect of discounting is not material. The amount of the loss shall be recognized in the consolidated statements of comprehensive income.

If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in the consolidated statements of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets. In the case of equity investments, evidence of impairment would include a significant or prolonged decline in fair value of investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized, is removed from other comprehensive and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in other comprehensive income.

Other Current Assets
Other current assets consist of excess of input value added tax (VAT) over output VAT, creditable withholding taxes (CWT) and prepayments.

VAT. Revenue, expenses and assets are recognized net of the amount of VAT. The net amount of VAT recoverable from the taxation authorities is recognized under "Other current assets" account in the consolidated statements of financial position.

CWT. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Prepayments. Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time. Prepayments that are expected to be incurred no more than 12 months after the reporting date are classified as current assets. Otherwise these are classified as noncurrent assets.

Investment in an Associate
The Group's investment in an associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, investment in an associate is carried in the consolidated statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

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

The share in net income (loss) of the associate is shown as "Share in the net results of operations of an associate" account in the consolidated statements of comprehensive income.

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

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

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value.

The initial cost of property and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property and equipment have different useful lives, these are accounted for as separate items (major components) of property and equipment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the property and equipment:

Asset Type	Number of Years
Exploration equipment	3
Leasehold improvements	5 or lease term, whichever is shorter
Furniture and fixtures	4
Office equipment	3
Transportation equipment	5

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated items are retained as property and equipment until these are no longer in use.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation, amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Deferred Mining Exploration Cost
Deferred mining exploration cost is carried at cost less accumulated impairment losses.

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of the mineral resource.

Exploration and evaluation activity includes:

- Gathering exploration data through geological studies;
- Exploratory drilling and sampling; and
- Evaluating the technical feasibility and commercial viability of extracting the mineral resource.

Deferred mining exploration cost is no longer classified as such when the technical feasibility and commercial viability of extracting the mineral reserve are demonstrable. Deferred mining exploration cost is assessed for impairment, and any impairment loss is recognized, before reclassification to mineral reserves.

Impairment of Nonfinancial Assets

The nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount exceeds its estimated recoverable amounts, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of comprehensive income.

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

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Unpaid subscriptions are recognized as a reduction of subscribed capital shares.

Deficit. Deficit represents the cumulative balance of net income or loss net of dividend declaration.

Cumulative Translation Adjustment. All resulting exchange differences arising from translation of financial statements of Tidemark are recognized in other comprehensive income and accumulated in "Cumulative Translation Adjustment" account, a separate component of equity.

Revenue Recognition

Revenue is recognized to the extent that the economic benefits will flow to the Group and the amount of the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. The Group has concluded that it is the principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Service Fee. Service fee is recognized in profit or loss when related services are rendered.

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

Other Income. Income from other sources is recognized when earned during the period.

Costs and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are recognized in profit or loss upon receipt of goods, utilization of services or when the expenses are incurred.

Loss per Share

The Group presents basic and diluted loss per share. Basic loss per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Group and held as treasury shares. Diluted loss per share is calculated in the same manner, adjusted for the effects of all the dilutive potential common shares.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Group as a Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

Short-term Employee Benefits

The Group provides short-term benefits to its employees in the form of basic pay, 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits.

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Income Taxes

Current Tax. Current tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, and carry forward benefits of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, excess MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

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

Foreign Currency Transactions

The Group determines its own functional currency and items included in the consolidated financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate at the reporting date. All differences are taken to the consolidated statements of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Related Parties

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

Segment Reporting
Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

Provisions and Contingencies
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

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

Events After the Reporting Date
Post year-end events that provide additional information about the Group's financial position at the end of reporting year (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

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3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

The following are the significant judgments, accounting estimates and assumptions made by the Group:

Determination of Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Parent Company, the functional currency of the Parent Company has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Parent Company operates.

Determination of Operating Segments. Determination of operating segments is based on the information about components of the Group that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Parent Company's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance. The Group reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) the assets of the segment are 10% or more of the combined assets of all operating segments.

The Group determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic segment.

As at December 31, 2016 and 2015, the Group's operating segments consist of its mining, exploration and development, and stock transfer agency activities.

Classification of Leases - Group as a Lessee. The Group has operating lease agreement for its office spaces. The Group has determined that the risks and rewards of ownership related to the leased property are retained by the lessor. Accordingly, the agreement is accounted for as an operating lease.

Rental expense amounted to ₱2.0 million, ₱2.2 million and ₱1.2 million in 2016, 2015 and 2014, respectively (see Note 16).

Determination of Impairment Loss on Receivables. The Group maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, significant financial difficulties or bankruptcy, the length of the Group's relationship with the customer, the customer payment behavior, and known market factors. The Group identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

No provision for impairment losses on receivables was recognized in 2016, 2015, and 2014. Receivables, net of allowance for impairment losses, amounted to ₱5.7 million and ₱5.0 million as at December 31, 2016 and 2015, respectively. Allowance for impairment losses amounted to ₱41,550 as at December 31, 2016 and 2015 (see Note 5).

Determination of Impairment Losses on AFS Financial Asset. The Group assesses AFS financial asset as impaired when there has been a significant or prolonged decline in the fair value below its cost or whether other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Group treats 'significant' generally as 20% or more of the original cost of investment, and 'prolonged' as period more than 12 months. In addition, the Group evaluates other factors, including future cash flows and the discount factors for the unquoted equities.

No provision for impairment losses on AFS financial asset was recognized in 2016, 2015 and 2014. The carrying amount of the Group's AFS financial asset amounted to ₱2.0 million as at December 31, 2016 and 2015 (see Note 8).

Capitalization of Exploration and Evaluation Expenditures. The capitalization of exploration and evaluation expenditures requires judgment in determining whether there are future economic benefits from future exploitation or sale of reserves. The capitalization requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

As at December 31, 2016 and 2015, deferred mining exploration costs amounting to ₱2.6 million was fully impaired (see Note 9).

Estimation of Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation and amortization expense for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of the Group's property and equipment for the years ended December 31, 2016, 2015 and 2014.

Depreciation and amortization amounted to ₱0.4 million, ₱0.9 million and ₱1.7 million for the years ended December 31, 2016, 2015 and 2014, respectively. Property and equipment, net of accumulated depreciation and amortization amounted to ₱0.1 million and ₱1.1 million as at December 31, 2016 and 2015, respectively (see Note 10).

Estimation of Impairment Losses on Nonfinancial Assets. The Group assesses the impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. Factors that the Group considers in deciding when to perform impairment review of investment in an associate and property and equipment include the following, among others:

- A significant decline in market value of asset is more than would be expected from the passage of time or normal use.

- A significant adverse change in how the asset is being used or in its physical condition.

- A significant change in the technological, legal or economic environment in which the business operates.

- A current-period loss combined with a history of losses or a projection of continuing losses associated with the asset.

- A realization that the asset will be disposed of significantly before the end of its estimated useful life.

Factors that the Group considers in deciding when to perform impairment review of deferred mining exploration cost includes the following among others:

- The period for which the Group has the right to explore the specific areas has expired or will expire in the near future, and is not expected to be renewed.

- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

- Exploration and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of explored mineral resource is unlikely to be recovered in full from successful development or by sale.

- Significant under-performance of a business or product line in relation to expectations.

- Significant negative industry or economic trends.

- Significant changes or planned changes in the use of the assets.

In 2016, 2015 and 2014, management assessed that there are no impairment indicators relating to the Group's property and equipment.

As at December 31, 2016 and 2015, the recoverable amount from the Group's investment in FEL exceeds its carrying amount.

Accumulated impairment losses on deferred mining exploration costs amounted to ₱2.6 million as at December 31, 2016 and 2015 (see Note 9).

The carrying amount of investment in an associate, deferred mining exploration costs, and property and equipment are disclosed in Notes 7, 9, and 10 to consolidated financial statements, respectively.

Recognition of Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date are reviewed and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The Group has unrecognized deferred tax assets amounting to ₱19.2 million and ₱14.6 million as at December 31, 2016 and 2015, respectively (see Note 17). Management has assessed that it is not probable that future taxable profit will be available against which these deferred tax assets can be utilized.

4. Cash and Cash Equivalents

This account consists of:

	2016	2015
Cash on hand and in banks	**₱3,155,576**	₱2,991,299
Short-term placements	**142,682,055**	169,762,107
	₱145,837,631	₱172,753,406

Cash in banks earn interest at the prevailing bank deposit rates. Short-term placements are made for varying periods of up to three months and earn interest at the respective short-term placement rates.

Interest income earned on cash in banks and short-term placements amounted to ₱2.8 million in 2016 and 2015 and ₱3.1 million in 2014.

5. Receivables

This account consists of:

	Note	**2016**	2015
Receivable from related parties	12	**₱4,520,684**	₱4,186,156
Accounts receivable		**595,431**	188,624
Advances to officers and employees		**409,397**	472,563
Accrued interest		**17,188**	55,862
Others		**170,928**	155,288
		5,713,628	5,058,493
Less allowance for impairment losses		**(41,550)**	(41,550)
		₱5,672,078	₱5,016,943

Receivable from related parties are unsecured, noninterest-bearing, due and demandable and settlement occurs in cash.

Accounts receivable are unsecured, noninterest-bearing and normally settled in cash within 30 days from date of billing.

Advances to officers and employees are unsecured, noninterest-bearing and subject to liquidation.

6. **Other Current Assets**

This account consists of:

	2016	2015
Input VAT	**₱7,485,493**	₱6,746,995
CWT	–	159,579
Prepayments	**44,679**	168,911
	₱7,530,172	₱7,075,485

7. **Investment in an Associate**

Investment in an associate pertains to Tidemark's 27.14% ownership of FEL.

Movements of this investment are as follows:

	2016	**2015**
Cost	**₱767,159,868**	₱767,159,868
Accumulated Share in Net Results of Operation		
Balance at beginning of year	**(361,009,236)**	(338,800,984)
Share in net results of operations	**(18,758,273)**	(22,208,252)
Balance at end of year	**(379,767,509)**	(361,009,236)
Cumulative Translation Adjustment		
Balance at beginning of year	**56,000,267**	15,459,767
Foreign exchange differences	**46,933,425**	40,540,500
Balance at end of year	**102,933,692**	56,000,267
Carrying Amount	**₱490,326,051**	₱462,150,899

As discussed in Note 1, FEL encountered a delay in one of its drilling programs. It has submitted all the requirements for the issuance of required permits for the drilling program, however, the permit has not yet been issued by the relevant Government body.

Management determined that there is no impairment loss to be recognized in 2016 based on the most recent cash flow projections from FEL's service contracts.

The projections are based on financial budgets approved by the management covering a period of five (5) years and are determined from the past performances and expectations on market development. Cash inflows consider the existing contracts and management's estimate of the average price per barrel of oil and revenue growth range. The cash flow projections were discounted using a rate that reflects current market assessments of time value of money and the risk specific to FEL. The Management's assessment of the status of each service contracts is also discussed in Note 1.

Following are the summarized financial information of FEL as at and for the years ended December 31, 2016, 2015 and 2014 (in millions):

	2016	2015	2014
Current assets	**₱143.0**	₱109.4	₱103.8
Noncurrent assets	**1,661.1**	1,627.7	1,592.0
Current liabilities	**3.6**	3.3	59.4
Noncurrent liabilities	**1,096.4**	1,016.5	875.6
Equity	**704.1**	717.3	760.8
Net income (loss)	**(69.1)**	(81.8)	9.7

8. AFS Financial Asset

This account pertains to the Parent Company's investment in unquoted shares of stock which is carried at cost amounting to ₱2.0 million as at December 31, 2016 and 2015.

Fair value bases for the shares (i.e., quoted market prices) are neither readily available nor is there an alternative basis of deriving a reliable valuation as at reporting date.

9. Deferred Mining Exploration Cost

The realizability of deferred mining exploration cost is dependent upon the success of future exploration and development activities in proving the mining property's viability to produce minerals in commercial quantities, the outcome of which cannot be determined at this stage of the Parent Company's operations.

As at December 31, 2016 and 2015, deferred mining exploration cost of ₱2.6 million was fully impaired upon management's determination that the related projects were unsuccessful.

10. Property and Equipment

Movements of this account are as follows:

			2016			
	Exploration Equipment	Leasehold Improvements	Furniture and Fixtures	Office Equipment	Transportation Equipment	Total
Cost						
Balance at beginning of year	₱128,378	₱4,422,518	₱1,346,486	₱1,355,749	₱3,076,436	₱10,329,567
Additions	–	–	36,046	1,766	–	37,812
Disposals	(72,143)	–	–	(31,660)	(1,402,857)	(1,506,660)
Balance at end of year	56,235	4,422,518	1,382,532	1,325,855	1,673,579	8,860,719
Accumulated Depreciation and Amortization						
Balance at beginning of year	93,500	4,400,805	1,346,486	1,280,301	2,061,820	9,182,912
Depreciation and amortization	12,429	8,619	4,506	20,706	396,566	442,826
Disposal	(66,131)	–	–	(31,660)	(792,838)	(890,629)
Balance at end of year	39,798	4,409,424	1,350,992	1,269,347	1,665,548	8,735,109
Carrying Amount	₱16,437	₱13,094	₱31,540	₱56,508	₱8,031	₱125,610

	2015					
	Exploration Equipment	Leasehold Improvements	Furniture and Fixtures	Office Equipment	Transportation Equipment	Total
Cost						
Balance at beginning of year	₱128,378	₱4,422,518	₱1,346,486	₱1,352,383	₱3,068,405	₱10,318,170
Additions	–	–	–	3,366	8,031	11,397
Balance at end of year	128,378	4,422,518	1,346,486	1,355,749	3,076,436	10,329,567
Accumulated Depreciation and Amortization						
Balance at beginning of year	56,170	4,250,506	1,345,582	1,220,673	1,453,481	8,326,412
Depreciation and amortization	37,330	150,299	904	59,628	608,339	856,500
Balance at end of year	93,500	4,400,805	1,346,486	1,280,301	2,061,820	9,182,912
Carrying Amount	₱34,878	₱21,713	₱–	₱75,448	₱1,014,616	₱1,146,655

In 2016, the Group sold its property and equipment at the exploration site for a consideration of ₱0.6 million, resulting to a loss of ₱7,102.

In 2014, the Group sold fully depreciated exploration equipment for ₱85,590.

11. Payables and Other Current Liabilities

This account consists of:

	Note	**2016**	2015
Payables to related parties	12	**₱1,120,172**	₱12,112,428
Accruals:			
Utilities and other office expenses		**204,185**	992,942
Professional fees		**180,000**	220,000
Rent		**–**	47,000
Others		**590,713**	790,847
		₱2,095,070	₱14,163,217

Payables to related parties are non-interest bearing, due and demandable and payable in cash.

Accrued expenses and other payables are normally settled within a year.

12. Related Party Transactions

The Group, in its regular conduct of business, has transactions with its related parties. The following table summarizes the transactions with related parties (entities with common management) and the related outstanding balances as at December 31, 2016 and 2015.

		Amount of Transactions		Outstanding Balance	
	Nature of Transaction	**2016**	2015	**2016**	2015
Receivable from related parties					
Entities under common management:					
Alphaland Corporation (ALPHA)	Allocated costs	**₱–**	₱–	**₱2,794,966**	₱2,794,966
Choice Insurance Brokerage, Inc.	Allocated costs	**–**	–	**629,581**	629,581
Alphaland Heavy Equipment Corporation	Allocated costs	**–**	426,931	**426,931**	426,931
Alphaland Baguio Mountain Log Homes, Inc. (formerly Alphaland Holdings Company, Inc.)	Sale of asset	**418,019**	–	**418,019**	–
Philweb Cambodia Ltd.	Reimbursements	**–**	–	**190,450**	190,450
Acentic Philippines Inc.	Allocated costs	**–**	89,358	**27,441**	110,932
Alphaland Balesin Island Club, Inc.	Reimbursements	**–**	32,500	**32,500**	32,500
Alphaland Aviation Inc.	Reimbursements	**–**	796	**796**	796
				₱4,520,684	₱4,186,156

	Nature of Transaction	Amount of Transactions 2016	2015	Outstanding Balance 2016	2015
Payable to related parties					
Entities under common management:					
Philweb Corporation (Philweb)	Allocated rent, salaries and other shared costs	**₱4,614,938**	₱4,407,450	**₱350,621**	₱11,349,384
Alphaland Southgate Tower, Inc. (ASTI, formerly Alphaland Development, Inc.)	Lease of office space and utilities	**1,566,707**	1,799,494	**582,369**	572,862
Alphaland Makati Place, Inc. (AMPI)	Lease of office space and utilities	**117,387**	–	**–**	–
ALPHA	Reimbursements	**–**	–	**187,182**	187,182
Philweb, Alphaland, Atok Credit Cooperative	Employee cooperative contribution	**–**	3,000	**–**	3,000
				₱1,120,172	₱12,112,428

The Parent Company has an existing Cost Sharing Agreement with Philweb for its share in rental and salaries of shared corporate services and its key management personnel.

Details of shared costs charged to the Group are as follows (see Note 14):

	2016	2015	2014
Salaries and allowances	**₱3,234,369**	₱3,205,182	₱5,611,203
Rental	**1,380,569**	1,173,349	1,342,978
Others	**–**	28,919	–
	₱4,614,938	₱4,407,450	₱6,954,181

Receivable from and payable to related parties are unsecured, noninterest-bearing, due and demandable and settlement occurs in cash. The Group has not made any provision for impairment losses relating to the amounts owed by related parties.

Following are the intergroup balances presented under receivables account in the Parent Company's separate financial statements which were eliminated in the preparation of the consolidated financial statements:

	Nature of Transaction	Amount of Transactions 2016	2015	Outstanding Balance 2016	2015	Terms and Conditions
Receivable from related parties						
ABSTC	Allocated rent, salaries, utilities and reimbursements	**₱813,946**	₱773,350	**₱932,251**	₱445,588	Unsecured; non-interest bearing; payable on demand and are normally settled in cash
Tidemark	Advances	**–**	223,901	**223,901**	223,901	
				₱1,156,152	₱669,489	

13. **Capital Stock**

The composition of the Parent Company's capital stock consisting of all common shares as at December 31, 2016 and 2015 is as follows:

	Shares	Amount
Authorized - ₱1 par value	10,000,000,000	₱10,000,000,000
Issued and outstanding	953,963,474	₱953,963,474
Subscribed	1,591,036,526	1,591,036,526
	2,545,000,000	2,545,000,000
Less subscription receivable	–	1,485,000,000
	–	₱1,060,000,000

14. **General and Administrative Expenses**

This account consists of:

	Note	**2016**	2015	2014
Salaries and wages		**₱4,814,255**	₱5,783,506	₱5,918,995
Allocated expenses	12	**4,614,938**	4,407,450	6,954,181
Rent	16	**2,049,849**	2,170,757	1,188,087
PSE listing fee		**1,123,769**	1,123,769	1,717,134
Mining exploration cost		**976,428**	1,593,983	2,456,558
Professional fees		**831,507**	732,889	443,062
Utilities, dues and subscriptions		**705,502**	1,093,730	1,087,980
Representation		**643,841**	876,500	1,041,318
Medical and hospitalization		**563,139**	378,608	209,556
Communications		**464,104**	569,741	678,518
Depreciation and amortization	10	**442,826**	856,500	1,666,771
Supplies		**369,391**	302,578	254,814
Transportation and travel		**194,942**	291,704	842,127
Taxes and licenses		**55,833**	1,182,103	780,575
Others		**840,134**	563,821	368,207
		₱18,690,458	₱21,927,639	₱25,607,883

15. **Basic and Diluted Loss Per Share**

Basic and diluted loss per share is computed as follows:

	2016	2015	2014
Net loss (a)	**(₱33,364,582)**	(₱40,021,100)	(₱18,537,027)
Weighted average number of shares (b)	**953,963,474**	953,963,474	953,963,474
Basic and diluted loss per share (a/b)	**(₱0.0350)**	(₱0.0420)	(₱0.0194)

The Group has no dilutive potential common shares outstanding, therefore basic loss per share is the same as diluted loss per share.

16. Operating Leases

The Parent Company is a party to a noncancellable lease agreement with ASTI covering its office and parking spaces for a period of five years from January 1, 2010, renewable upon mutual consent of both parties. The lease agreement was extended until September 30, 2016.

In October 2016, the Parent Company entered into a lease agreement with AMPI for its office space. The term of the lease shall commence on October 10, 2016 until terminated by any party upon sixty (60) days advance written notice to the other party.

Under the terms of the covering lease agreements, the Parent Company is required to pay certain advance rental deposits which are shown as part of "Other noncurrent assets" in the consolidated statements of financial position amounting to ₱0.5 million as at December 31, 2016 and 2015. Also included in this account are security deposits totaling ₱1.0 million and ₱0.9 million as at December 31, 2016 and 2015, respectively, which will become refundable to the Parent Company at the end of the lease contract.

Rent expense on leased properties that qualified as operating lease amounted to ₱2.0 million, ₱2.2 million and ₱1.2million in 2016, 2015 and 2014, respectively (see Note 14).

Future minimum operating lease payable in less than one year amounted to ₱2.0 million and ₱1.8 million as at December 31, 2016 and 2015, respectively.

17. Income Taxes

In 2016, the provision for current income tax represents RCIT for ABSTC. The Parent Company has no provision for current tax expense in 2016 due to its tax loss position. In 2015 and 2014, the provision for current income tax represents MCIT for the Parent Company and RCIT for ABSTC.

The deferred tax assets on the following temporary differences remain unrecognized by the Group as management believes that it is not probable that future taxable profit will be available against which these deferred tax assets will be utilized.

	2016	2015
NOLCO	**₱18,375,642**	₱13,198,761
Excess MCIT over RCIT	**1,764**	586,450
Accumulated impairment losses on:		
Deferred mining exploration cost	**784,182**	784,182
Receivables	**12,465**	12,465
	₱19,174,053	₱14,581,858

The Parent Company has NOLCO as at December 31, 2016 which can be carried forward and claimed as deduction from future taxable income as follows:

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2016	₱–	₱17,256,270	₱–	₱17,256,270	2019
2015	20,317,195	–	–	20,317,195	2018
2014	23,678,676	–	–	23,678,676	2017
	₱43,995,871	₱17,256,270	₱–	₱61,252,141	

The Parent Company has excess MCIT over RCIT as at December 31, 2016 which can be carried forward and claimed as deduction against future income tax liability as follows:

Year Incurred	Beginning Balance	Incurred	Expired	Balance	Valid Until
2015	₱29	₱–	₱–	₱29	2018
2014	1,735	–	–	1,735	2017
2013	584,686	–	584,686	–	2016
	₱586,450	₱–	₱584,686	₱1,764	

The reconciliation between the income tax expense at statutory income tax rate and effective income tax rate is as follows:

	2016	2015	2014
Income tax benefit at statutory income tax rate	**(₱9,946,388)**	(₱11,940,424)	(₱5,513,549)
Add (deduct) tax effects of:			
Share in net results of operation of an associate	**5,627,482**	6,662,476	(794,115)
Interest income already subjected to final tax	**(835,345)**	(853,062)	(916,633)
Expired MCIT	**584,686**	29,203	–
Nondeductible expenses	**187,325**	255,511	312,047
Expired NOLCO	**–**	5,862,705	23,497,536
Changes in unrecognized deferred tax assets	**4,592,195**	203,279	(16,426,757)
Income tax expense at effective tax rate	**₱209,955**	₱219,688	₱158,529

18. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments consist of cash and cash equivalents, receivables (excluding advances to officers and employees), AFS financial asset, refundable deposits (presented under "Other noncurrent assets" account) and payables and other current liabilities (excluding statutory payables).

The main purpose of the Group's dealings in financial instruments is to fund its operations and capital expenditures.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and detriment forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The main risk arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The BOD reviews and institutes policies for managing each of the risks and they are summarized below.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will adversely affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is subject to minimal transaction and translation exposures resulting from currency exchange fluctuations in relation to its financial instruments. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currency denominated assets and liabilities.

Credit Risk

Credit risk is a risk due to uncertainty in the counterparty's ability to meet its obligations. With respect to credit risk arising from the financial assets, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group trades mainly with recognized, creditworthy third parties as well as with related parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Group only deals with financial institutions duly evaluated and approved by the BOD.

The table below shows the credit quality per class of financial assets as at December 31:

	2016					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Total	Past Due but not Impaired	Impaired	Total
Cash in banks and cash equivalents	₱145,810,905	₱–	₱145,810,905	₱–	₱–	₱145,810,905
Receivables*	5,262,681	–	5,262,681	–	41,550	5,304,231
Refundable deposits**	966,318	–	966,318	–	–	966,318
	₱152,039,904	₱–	₱152,039,904	₱–	₱41,550	₱152,081,454

** Excluding advances to officers and employees*
*** Presented in "Other noncurrent assets" account*

	2015					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Total	Past Due but not Impaired	Impaired	Total
Cash in banks and cash equivalents	₱172,726,680	₱–	₱172,726,680	₱–	₱–	₱172,726,680
Receivables*	4,544,380	–	4,544,380	–	41,550	4,585,930
Refundable deposits**	913,804	–	913,804	–	–	913,804
	₱178,184,864	₱–	₱178,184,864	₱–	₱41,550	₱178,226,414

** Excluding advances to officers and employees*
*** Presented in "Other noncurrent assets" account*

The credit quality of the financial assets is managed by the Group using internal credit quality ratings. High grade consists of financial assets from counterparties with good financial condition and with relatively low defaults. This also includes transactions with related parties. Financial assets having risks of default but are still collectible are considered as standard grade accounts.

The Group has no financial assets that are past due but not impaired as at December 31, 2016 and 2015.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

As at December 31, 2016 and 2015, payables to related parties are due and demandable while other current liabilities will be settled in less than three (3) months.

Fair Value Measurement
The table below presents the financial assets and liabilities of the Group whose carrying amounts approximate fair values due to the short-term nature of the transactions:

	2016	2015
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	**₱145,837,631**	₱172,753,406
Receivables*	**5,262,681**	4,544,380
Refundable deposits**	**966,318**	913,804
	₱152,066,630	₱178,211,590
Financial Liabilities		
Other financial liabilities -		
Payables and other current liabilities***	**₱2,045,055**	₱13,996,096

** Excluding advances to officers and employees*
*** Presented in "Other noncurrent assets" account*
**** Excluding statutory payables amounting to ₱50,015 and ₱167,121 as at December 31, 2016 and 2015, respectively*

AFS Financial Asset. AFS financial assets pertain to an investment in unquoted securities that are measured at cost since the fair value of the shares are not readily available.

Capital Management Policy

The primary objective of the Group's capital management is to ensure its ability as a going concern and that it maintains healthy capital ratios in order to support its business operations and maximize shareholder value.

The Group considers its total equity amounting to ₱652.3 million and ₱638.8 million as at December 31, 2016 and 2015, respectively, as capital employed.

The Group monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt comprises of payable and other current liabilities. Total equity comprises all components of equity.

The debt-to-equity ratios as at December 31 are as follows:

	2016	2015
Total debt	**₱2,113,181**	₱14,256,356
Total equity	**652,344,890**	638,776,047
	0.003:1	0.022:1

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust its borrowings or raise capital. No changes were made in the objectives, policies or processes in 2016 and 2015.

19. Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing types of services (business segment) or in providing the services within a particular economic environment (geographic segment).

The table below present financial information on business segments as at and for the years ended December 31, 2016, 2015 and 2014:

	2016			
	Mining, Exploration and Development	**Stock Transfer Agency**	**Eliminations**	**Total**
Segment Revenue				
Revenue from external customers	**₱–**	**₱1,479,480**	**₱–**	**₱1,479,480**
Interest income	**2,757,642**	**26,841**	**–**	**2,784,483**
Other income	**28,704**	**1,437**	**–**	**30,141**
Income from other segments	**–**	**180,000**	**(180,000)**	**–**
Share in net results of operations of an associate	**(18,758,273)**	**–**	**–**	**(18,758,273)**
	(15,971,927)	**1,687,758**	**(180,000)**	**(14,464,169)**
Depreciation	**(435,643)**	**(7,183)**	**–**	**(442,826)**
Other general and administrative expense	**(17,464,468)**	**(963,164)**	**180,000**	**(18,247,632)**
Income tax expense	**–**	**(209,955)**	**–**	**(209,955)**
Segment Operating Profit (Loss)	**(₱33,872,038)**	**₱507,456**	**₱–**	**(₱33,364,582)**
Segment Assets	**₱1,568,202,537**	**₱4,166,780**	**(₱917,911,246)**	**₱654,458,071**

	2015			
	Mining, Exploration and Development	Stock Transfer Agency	Eliminations	Total
Segment Revenue				
Revenue from external customers	₱–	₱1,463,297	₱–	₱1,463,297
Interest income	2,833,830	9,709	–	2,843,539
Other income	26,261	1,382	–	27,643
Income from other segments	–	198,200	(198,200)	–
Share in net results of operations of an associate	(22,208,252)	–	–	(22,208,252)
	(19,348,161)	1,672,588	(198,200)	(17,873,773)
Depreciation	(854,704)	(1,796)	–	(856,500)
Other general and administrative expense	(20,340,454)	(928,885)	198,200	(21,071,139)
Income tax expense	(29)	(219,659)	–	(219,688)
Segment Operating Profit (Loss)	(₱40,543,348)	₱522,248	₱–	(₱40,021,100)
Segment Assets	₱1,548,377,682	₱3,281,031	(₱898,626,310)	₱653,032,403

	2014			
	Mining, Exploration and Development	Stock Transfer Agency	Eliminations	Total
Segment Revenue				
Revenue from external customers	₱–	₱1,438,880	₱–	₱1,438,880
Interest income	3,037,774	17,668	–	3,055,442
Other income	87,900	112	–	88,012
Income from other segments	–	180,000	(180,000)	–
Share in net results of operations of an associate	2,647,051	–	–	2,647,051
	5,772,725	1,636,660	(180,000)	7,229,385
Depreciation	(1,661,346)	(5,425)	–	(1,666,771)
Other general and administrative expense	(23,030,189)	(1,090,923)	180,000	(23,941,112)
Income tax expense	(1,735)	(156,794)	–	(158,529)
Segment Operating Profit (Loss)	(₱18,920,545)	₱383,518	₱–	(₱18,537,027)
Segment Assets	₱1,521,074,520	₱2,588,675	(₱876,356,780)	₱647,306,415

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

The Stockholders and the Board of Directors
Atok-Big Wedge Co., Inc. and Subsidiaries
10th Floor, Alphaland Southgate Tower
2258 Chino Roces Avenue corner EDSA
Makati City

We have audited the accompanying consolidated financial statements of Atok-Big Wedge Co., Inc. (the Parent Company) and Subsidiaries as at and for the year ended December 31, 2016, on which we have rendered our report dated March 22, 2017.

In compliance with Securities Regulation Code Rule 68, as amended, we are stating that the Parent Company has 2,987 stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until December 31, 2018
SEC Accreditation No. 1021-AR-1 Group A
Valid until April 30, 2017
BIR Accreditation No. 08-005144-5-2017
Valid until January 13, 2020
PTR No. 5908522
Issued January 3, 2017, Makati City

March 22, 2017
Makati City, Metro Manila

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
December 29, 2015, valid until December 31, 2018
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

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REPORT OF INDEPENDENT AUDITOR ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Atok-Big Wedge Co., Inc.
10th Floor, Alphaland Southgate Tower
2258 Chino Roces Avenue corner EDSA
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Atok-Big Wedge Co., Inc. (the Group) and have issued our report thereon dated March 22, 2017. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2016 are the responsibility of the Group's management. These supplementary schedules include the following:

- Financial Ratios
- Adoption of Effective Accounting Standards and Interpretations
- Schedules required by Part II of SRC Rule 68, as Amended
- Reconciliation of Retained Earnings Available for Dividend Declaration

These schedules are presented for purposes of complying with Securities Regulation Code Rule 68 Part II, as amended, and are not part of the financial statements. This information have been subjected to the auditing procedures applied in the audit of the financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the financial statements taken as a whole.

REYES TACANDONG & CO.

Emmanuel V. Clarino

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 102-084-004-000
BOA Accreditation No. 4782; Valid until December 31, 2018
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March 22, 2017
Makati City, Metro Manila

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

FINANCIAL RATIOS

DECEMBER 31, 2016, 2015 AND 2014

Below is a schedule showing financial soundness indicators in the years 2016, 2015 and 2014.

	2016	2015	2014
Current/Liquidity Ratio	**75.26:1**	12.97:1	21.77:1
Current assets	**₱159,039,881**	₱184,845,834	₱197,028,882
Current liabilities	**2,113,181**	14,256,356	9,049,768
Solvency Ratio	**(15.58):1**	(2.75):1	(1.86):1
Net loss before depreciation	**(₱32,921,756)**	(₱39,164,600)	(₱16,870,256)
Total liabilities	**2,113,181**	14,256,356	9,049,768
Debt-to-equity Ratio	**0.003:1**	0.02:1	0.01:1
Total liabilities	**₱2,113,181**	₱14,256,356	₱9,049,768
Total equity	**652,344,890**	638,776,047	638,256,647
Asset-to-equity Ratio	**1.00:1**	1.02:1	1.01:1
Total assets	**₱654,458,071**	₱653,032,403	₱647,306,415
Total equity	**652,344,890**	638,776,047	638,256,647
Profitability Ratio	**(0.05):1**	(0.06):1	(0.03):1
Net loss	**(₱33,364,582)**	(₱40,021,100)	(₱18,537,027)
Total equity	**652,344,890**	638,776,047	638,256,647

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

DECEMBER 31, 2016

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRS Practice Statement Management Commentary			✓

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts			✓
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments	✓		
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments: Classification and Measurement of Financial Assets	✓		
	Financial Instruments: Classification and Measurement of Financial Liabilities	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance	✓		
	Amendments to PFRS 10: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception	✓		
PFRS 11	Joint Arrangements			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓

Philippine Accounting Standards (PAS)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1 (Revised): Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1 (Revised): Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19 (Revised): Defined Benefit Plans: Employee Contributions			✓
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendment to PAS 38: Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets	✓		
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Investment Property – Clarifying the Interrelationship between PFRS 3, Business Combination and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF SRC RULE 68 AS AMENDED
DECEMBER 31, 2016

Table of Contents

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES and PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

December 31, 2016

			Deductions		Ending Balance		
Name and Designation of Debtor	Balance at beginning of period	Additions	Collected	Written Off	Current	Noncurrent	Balance at end of period
Alphaland Corporation	₱2,794,966	₱–	₱–	₱–	₱2,794,966	₱–	₱2,794,966
Choice Insurance Brokerage, Inc.	629,581	–	–	–	629,581	–	629,581
Alphaland Heavy Equipment Corporation	426,931	–	–	–	426,931	–	426,931
Alphaland Baguio Mountain Log Homes, Inc.	–	418,019	–	–	418,019	–	418,019
Philweb Cambodia Ltd.	190,450	–	–	–	190,450	–	190,450
Acentic Philippines Inc.	110,932	89,358	172,849	–	27,441	–	27,441
Alphaland Balesin Island Club, Inc.	32,500	–	–	–	32,500	–	32,500
Alphaland Aviation, Inc.	796	–	–	–	796	–	796
Total	₱4,186,156	₱507,377	₱172,849	₱–	₱4,520,684	₱–	₱4,520,684

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

December 31, 2016

			Deductions		Ending Balance		
Related Party	**Balance at beginning of period**	**Additions**	**Collections**	**Write Off**	**Current**	**Noncurrent**	**Balance at end of period**
AB Stock Transfers Corporation	₱445,588	₱813,946	₱327,283	₱–	₱932,251	₱–	₱932,251
Tidemark Holdings Limited	223,901	–	–	–	223,901	–	223,901
	₱669,489	₱813,946	₱327,283	₱–	₱1,156,152	₱–	₱1,156,152

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES

December 31, 2016

				Ending Balance		
Related Party	**Balance at beginning of period**	**Additions**	**Payment**	**Current**	**Noncurrent**	**Balance at end of period**
Philweb Corporation	₱11,349,384	₱4,614,938	₱15,613,701	₱350,621	₱–	₱350,621
Alphaland Southgate Tower, Inc.	572,862	1,566,707	1,557,200	582,369	–	582,369
Alphaland Makati Place, Inc.	–	117,387	117,387	–	–	–
Alphaland Corporation	187,182	–	–	187,182	–	187,182
Philweb, Alphaland, Atok Credit Cooperative	3,000	–	3,000	–	–	–
Total	₱12,112,428	₱6,299,032	₱17,291,288	₱1,120,172	₱–	₱1,120,172

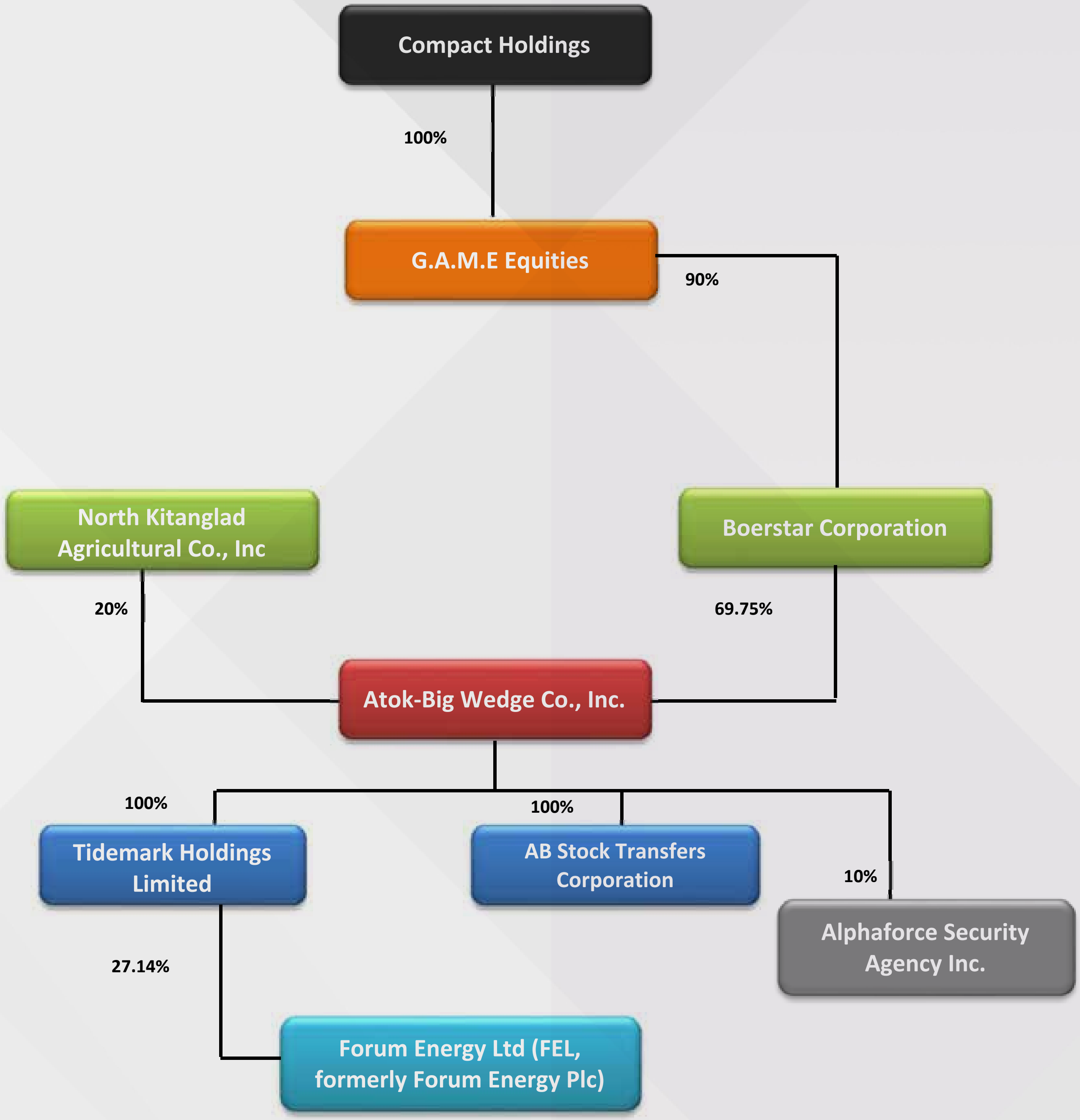
ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

SCHEDULE H - CAPITAL STOCK

December 31, 2016

		Number of shares issued and outstanding as shown under the statement of financial position caption				Number of shares held by		
Title of Issue	**Number of shares authorized**	**Paid-up**	**Subscribed**	**Total**	**Number of shares reserved for options, warrants, conversion & other rights**	**Related parties**	**Directors, officers and employees**	**Public**
Common stock - ₱1 par value per share	10,000,000,000	1,060,000,000	1,485,000,000	2,545,000,000	–	2,284,218,804	4,707	260,776,489

SCHEDULE I -MAP OF GROUP STRUCTURE



ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RECONCILIATION RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2016

Deficit at beginning of year	(₱341,282,719)
Add: 2012 impairment loss on investment in a subsidiary	223,495,475
Deficit as adjusted to amount available for dividend declaration, at beginning of year	(117,787,244)
Net loss during the year closed to retained earnings	(15,142,469)
Deficit available for dividend declaration, at end of year	(₱132,929,713)

LEGAL COUNSEL
ORBE & ALTUBAR
ANGARA ABELLO CONCEPCION REGALA & CRUZ

INDEPENDENT PUBLIC AUDITOR
REYES TACANDONG & CO.

BANKS
BANCO DE ORO UNIBANK
PHILIPPINE BANK OF COMMUNICATIONS
STERLING BANK OF ASIA

STOCK TRANSFER AGENT
AB STOCK TRANSFERS CORPORATION

ATOK-BIG WEDGE CO., INC. IS LISTED ON THE
PHILIPPINE STOCK EXCHANGE

TICKER SYMBOL : AB

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