

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS**

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter:

ALSONS CONSOLIDATED RESOURCES, INC.

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **59366**

5. BIR Tax Identification Code : **001-748-412**

6. Address of principal office : **Alsons Building, 2286 Don Chino Roces Avenue (formerly Pasong Tamo Extension), Makati City 1231, Philippines**

7. Registrant's telephone number, including area code: **(632) 982-3000**

8. Date, time and place of the meeting of security holders:

May 25, 2017 at 2:00 p.m.

Turf Room, Manila Polo Club

McKinley Road, Forbes Park, Makati City, Philippines 1220

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
May 4, 2017

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: **Alsons Consolidated Resources, Inc.**

Address and Telephone No.: **2/F Alsons Building, 2286 Don Chino Roces Avenue
Makati City 1231 Metro Manila; (632) 982-3000**

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱1.00 par value	6,291,500,000 Shares

12. Are any or all of these securities listed in the Stock Exchange?

Yes [X] No []

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange, Common Stock



ALSONS CONSOLIDATED RESOURCES, INC.
Notice of the Annual Meeting of the Stockholders

To All Stockholders:

Please be notified that the annual meeting of the stockholders of Alsons Consolidated Resources, Inc. (the "Company") will be held on Thursday, May 25, 2017 at 2:00 p.m., Turf Room, Manila Polo Club, McKinley Road, Forbes Park, Makati City, Philippines (the "Annual Stockholders' Meeting" or "Meeting"). The agenda will be as follows:

1. Call to Order;
2. Certification of Notice and Quorum;
3. Approval of the Minutes of the Annual Meeting of the Stockholders held on May 27, 2016;
4. Management & Annual Report;
5. Approval of the 2016 Audited Financial Statements;
6. Ratification of Acts of the Board and Management;
7. Appointment of Election Inspectors;
8. Appointment of External Auditors;
9. Election of Directors (including Independent Directors);
10. Other business that may properly be brought before the Meeting; and
11. Adjournment

Attached to this Notice, as Annex "A", is a brief statement of the rationale and explanation for each item in the agenda that requires the stockholders' approval. The information statement accompanying this Notice contains more detail regarding the rationale and explanation for each such item.

For the Meeting, only stockholders of record as of April 17, 2017 are entitled to notice, and to vote at the Meeting. Please bring some form of identification such as a driver's license, voter's ID, TIN card, SSS card or passport to facilitate registration, which will start at 1:00 p.m.

If you cannot attend the Meeting, but wish to be represented by proxy, you may submit your proxy form, enclosed, duly signed and accomplished, to the Corporate Secretary at the Alsons Building, 2286 Chino Roces Avenue, Makati City 1231 Metro Manila not later than the close of business on May 15, 2017, which is the deadline for the submission of proxies. Validation of proxies will take place at the Company's offices on May 19, 2017 at 1:00 p.m.

Makati City, March __, 2017

Roberto V. San Jose
Corporate Secretary

Annex "A" to Notice

EXPLANATION AND RATIONALE
For each item on the Agenda of the
2017 Annual Stockholders' Meeting
requiring the vote of the stockholders

Call to Order

The Chairman of the Board of Directors, and the President of the Company, Mr. Tomas I. Alcantara, will formally call the 2017 Annual Stockholders' Meeting to order, and introduce the Directors and senior Officers present.

Certification of Notice and Quorum

The Corporate Secretary, Atty. Roberto V. San Jose, will certify that copies of the Notice and the Information Statement have been sent to all stockholders of record as of April 17, 2017, and attest whether a quorum is present for the Meeting.

Approval of the Minutes of the Annual Meeting of the Stockholders held on May 27, 2016

Copies of the draft minutes have been distributed together with the Notice of the Stockholders Meeting and the Information Statement. The draft minutes are also available on the Company's website at <http://www.acr.com.ph/>. The Chairman will ask the stockholders to approve the draft minutes, and adopt the following resolution:

"RESOLVED, That the minutes of the Annual Meeting of the Stockholders of Alsons Consolidated Resources, Inc., held on May 27, 2016, be, as they are hereby, approved."

Management and Annual Report, and Approval of the 2016 Audited Financial Statements

The Chairman of the Board of Directors, and the President of the Company, Mr. Tomas I. Alcantara, will present his report to the stockholders, discuss initiatives undertaken, the challenges faced by the Company in 2017, and share his personal perspective of the Company's future.

The Executive Vice President, Mr. Tirso G. Santillan, Jr., will present the Management Report, the Company's operational highlights and financial results and the Audited Financial Statements for the year ended December 31, 2016. The Financial Statements were audited by the Company's independent external auditors, Sycip Gorres Velayo & Company (SGV), a member firm of Ernst & Young Global Limited, and approved by the Company's Audit Committee and Board of Directors. In compliance with regulatory requirements, the audited financial statements have also been submitted to the Securities & Exchange Commission and the Bureau of Internal Revenue.

Questions will be entertained from the stockholders after the presentations.

The stockholders will be requested to approve the annual report of the management as presented by the Chairman, and the audited financial statements for the year ended December 31, 2016. The following is the proposed resolution:

"RESOLVED, That the Annual Report of Management, as presented by the Chairman and President and the Executive Vice President, and the Company's Audited Financial Statements for the year ended December 31, 2016, be, as they are hereby, approved."

Ratification of the Acts of the Board and Management

The Company's performance was the result of the acts, contracts, resolutions and actions of the Board of Directors and Management of the Company, and the stockholders will be requested to ratify the same. The following is the proposed resolution:

“RESOLVED, That all acts, contracts, resolutions and actions, authorized and entered into by the Board of Directors and Management of the Company from the date of the last stockholders up to the present be, as they are hereby, approved, ratified and confirmed.”

Appointment of Election Inspectors

The stockholders will be asked to approve and/or ratify the appointment of election inspectors responsible for counting, tabulating, and/or validating the votes cast for the stockholders' meeting. In 2016, representatives of the independent external auditor were appointed as tabulators. This practice will be followed this year, and the following resolution will be proposed:

Resolution to be adopted: Shareholders will vote on a resolution approving the appointment of election inspectors to serve until the close of the next annual meeting.

“RESOLVED, That the appointment of the representatives of the independent external auditor as election inspectors, responsible for counting, tabulating, and/or validating the votes cast for the stockholders' meeting, be, as it is hereby, approved, ratified and confirmed.”

Appointment of External Auditors

Upon the favorable recommendation by the Company's Audit Committee, Management proposes that the Company reappoint the its independent external auditors for 2016, Sycip Gorres Velayo & Co., as the Company's independent external auditors for the year 2017, and to adopt the following resolution:

“RESOLVED, That the audit firm of Sycip Gorres Velayo & Co., be, as it is hereby, appointed as the Company's independent external auditors for the year 2017 -2018.”

Election of Directors, including Independent Directors

Management proposes to re-elect seven (7) regular directors and three (3) independent directors, and elect a new regular director, and has filed and Information/Proxy Statement in support of its proxy solicitation. The biographical profiles of the Directors-Nominees are provided in pages [8] to [12] of the Information/Proxy Statement that has been sent, together with copies of this Notice, to the stockholders of record. The Directors-Nominees under Management's slate are the following:

For Regular Directors:

1. Tomas I. Alcantara
2. Editha I. Alcantara
3. Alejandro I. Alcantara
4. Conrado C. Alcantara
5. Ramon T. Diokno
6. Honorio A. Poblador III
7. Tirso G. Santillan, Jr.
8. Nicasio I. Alcantara

For Independent Directors

9. Jose Ben R. Laraya
10. Jacinto C. Gavino, Jr.
11. Thomas G. Aquino

Other Matters

Stockholders may propose to discuss other issues and matters.

Adjournment

After all matters in the agenda have been taken up, the Chairman will entertain a motion to adjourn the Meeting.

Part I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

This Information Statement and Proxy Form shall be sent to security holders as soon as practicable after the approval of the Definitive Information Statement by the Securities and Exchange Commission but not later than May 4, 2017 in connection with the Annual Stockholders' Meeting of Alsons Consolidated Resources, Inc. (the "Corporation", "Company" or "ACR").

Item 1. Date, Time and Place of Meeting of Security Holders

The annual stockholders' meeting will be held on May 25, 2017 at 2:00 p.m., Turf Room, Manila Polo Club McKinley Road, Forbes Park, Makati City, Philippines (the "Annual Stockholders' Meeting" or "Meeting").

The complete mailing address of the principal office of the Company is 2/F Alsons Building, 2286 Don Chino Roces Avenue, Makati City 1231, Philippines.

The Agenda of the Meeting, as indicated in the accompanying Notice of Annual Meeting of Stockholders, is as follows:

12. Call to Order
13. Certification of Notice and Quorum
14. Approval of the Minutes of the Annual Meeting of the Stockholders held on May 27, 2016
15. Management & Annual Report
16. Approval of the 2016 Audited Financial Statements
17. Ratification of Acts of the Board and Management
18. Appointment of Election Inspectors;
19. Appointment of External Auditors
20. Election of Directors (including Independent Directors)
21. Other business that may properly be brought before the meeting
22. Adjournment

As in previous years, there will be an open forum before the approval of the Management & Annual Report and the Audited Financial Statements for the year ended December 31, 2016 is submitted to the vote of the shareholders. Questions will likewise be entertained for other items in the agenda as appropriate and consistent with orderly proceedings.

The Management Report and the Audited Financial Statements for the year ended December 31, 2016 are attached to this Information Statement. The Annual Report under Securities Exchange Commission ("SEC") Form 17-A is available on the Company's website (www.acr.com.ph). Upon written request of a shareholder, the Company shall furnish such shareholder with a copy of the said Annual Report on SEC Form 17-A as filed with the SEC, free of charge. The contact details for obtaining such copy are on page 17 of this Information Statement.

Shareholders who cannot attend the Meeting may accomplish the attached Proxy Form. Please indicate your vote (Yes, No, Abstain) for each item in the attached form, and submit the same on or before **May 15, 2017** to the Office of the Corporate Secretary at the Company's principal office.

Proxies will be tabulated by the Company's stock transfer agent, Prime Stock Transfer Services, Inc. (2/F, Alsons Building, 2286 Chino Roces Avenue, Makati City 1231 Metro Manila) and will be voted in accordance with applicable rules.

Voting procedures are contained in this Information Statement and will be stated at the start of the Meeting. Cumulative voting is allowed; please refer to Item 4, page 2 and Item 19, page 18 for an explanation of cumulative voting.

Further information and explanation regarding specific agenda items, where appropriate, are contained in various sections of this Information Statement. This Information Statement constitutes notice of the resolutions to be adopted at the Meeting.

Item 2. Dissenters' Right of Appraisal

Any stockholder of the Corporation may exercise his appraisal right against the proposed actions which qualify as instances giving rise to the exercise of such right pursuant to and subject to the compliance with the requirements and procedure set forth under Title X of the Corporation Code of the Philippines.

There are no matters to be taken up during the Meeting on May 25, 2017 that will require the exercise of the appraisal right.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

None of the following persons have any substantial interest, direct or indirect, in any matter to be acted upon other than election to office:

1. Directors or officers of the Corporation at any time since the beginning of the last fiscal year;
2. Nominees for election as Directors of the Corporation;
3. Associate of any of the foregoing persons.

No incumbent Director has informed the Company in writing of an intention to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of April 6, 2017, there are 6,291,500,000 outstanding common shares entitled to notice and to vote during the Meeting. Each common share is entitled to one vote, except with respect to the election of Directors where the stockholders are entitled to cumulative voting. There are also 5,500,000,000 voting preferred shares that were subscribed, for which ₱26,583,333 was paid as of December 31, 2016. Only holders of the Company's common and preferred voting stock of record at the close of business hours on April 17, 2017, acting in person or by proxy on the day of the Meeting, are entitled to vote at the Annual Meeting to be held on May 25, 2017.

The election of the Board of Directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for Director in accordance with Section 24 of the Corporation Code. Section 24 provides that a stockholder may vote such number of shares registered in his name as of the record date for as many persons as there are Directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of Directors to be

elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholders should not exceed the number or shares owned by him as shown in the books of the Corporation multiplied by the whole number of Directors to be elected.

1. Security Ownership of Certain Record and Beneficial Owners

As of April 3, 2017, the Company knows of no one who beneficially owns in excess of 5% of its common stock except as set forth below:

Table 1 - Beneficial Owners of Voting Securities

Title of Class	Name and address of Record Owner	Relationship with Issuer	Name of Beneficial Owner and Relationship with record owner	Citizenship	Number of Shares Held	Percentage
Common	Alsons Corporation¹ Alsons Building, 2286 Chino Roces Avenue, Makati City 1231 Metro Manila	Affiliate	AC ²	Filipino	2,592,524,072	41.21%
Common	Alsons Power Holdings Corp.¹(APHC) Alsons Bldg., 2286 Don Chino Roces, Avenue Makati City	Affiliate	APHC ²	Filipino	1,249,999,600	19.87%
Common	Alsons Development & Investment Corp.¹ (ADIC) 329 Bonifacio St., Davao City	Affiliate	ADIC ²	Filipino	1,188,524,026	18.89%
Common	PCD Nominee Corporation³ (Fil) MSE Bldg., Ayala Ave., Makati City	None	Various ⁴	Filipino	1,098,212,151	17.46%

¹ The President and CEO of the Corporation, Tomas I. Alcantara, is the Chairman of the Board of Directors of the Company.

² The Alcantara Family beneficially owns AC, APHC and ADIC, and these stockholders will be represented at the Meeting by Mr. Tomas I. Alcantara.

³ The PCD Nominee Corporation is not related to the Company.

⁴ There are no holders of more than 5% of common stock under PCD. The clients of the various PCD participants have the power to decide how the Company's shares are to be voted.

2. Security Ownership of Management

The table on the next page shows the securities beneficially owned by all Directors, nominees, and Executive Officers of ACR as of April 3, 2017:

Table 2 - Security Ownership of Management

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership [Direct (d) or Indirect (i)]	Citizenship	Percent of Ownership
Directors:				
Common	Tomas I. Alcantara	1 (d)	Filipino	0.00%
Common	Editha I. Alcantara	100,000 (d)	Filipino	0.00%
Common	Alejandro I. Alcantara	1 (d)	Filipino	0.00%
Common	Jacinto C. Gavino, Jr.	1 (d)	Filipino	0.00%
Common	Ramon T. Diokno	1 (d)	Filipino	0.00%
Common	Jose Ben R. Laraya	100 (d)	Filipino	0.00%
Common	Conrado C. Alcantara	1 (d)	Filipino	0.00%
Common	Honorio A. Poblador III	100 (d)	Filipino	0.00%
Common	Thomas G. Aquino	100 (d)	Filipino	0.00%
Common	Tirso G. Santillan, Jr.	1 (d)	Filipino	0.00%
Sub-total		100,406 (d)		0.00%
Officers:				
Common	Tomas I. Alcantara	1 (d)	Filipino	0.00%
Common	Editha I. Alcantara	100,000 (d)	Filipino	0.00%
Common	Tirso G. Santillan, Jr.	1 (d)	Filipino	0.00%
Common	Roberto V. San Jose	500,000 (d)	Filipino	00.0%
	Robert F. Yenko	-	Filipino	-
	Angel M. Esguerra III	-	Filipino	-
Sub-total		600,002(d)		0.00%
Grand Total		600,406 (d)		

Voting Trust Holders of 5% or More

No person holds five percent (5%) or more of the issued and outstanding shares of stocks of the Company under a voting trust or similar agreement.

Changes in Control

There are no changes in controlling interest of the Company during the period covered by this report.

Item 5. Directors and Executive Officers

a. Board of Directors and Executive Officers

(i) The Board of Directors

The Company's Board of Directors is responsible for the overall management and direction of the Company. The Board meets regularly or as often as required, to review and monitor the Company's financial position and operations. Each Board member serves for a term of one year or until his successor is duly elected and qualified.

The following are the Directors and Officers of the Company and their business experience for the last five years:

Table 3 – Board of Directors

Office	Name	Nationality
Director, President, Chairman of the Board	Tomas I. Alcantara	Filipino
Director and Treasurer	Editha I. Alcantara	Filipino
Director, Executive Vice President and Chief Operating Officer	Tirso G. Santillan, Jr.	Filipino
Director	Alejandro I. Alcantara	Filipino
Director	Ramon T. Diokno	Filipino
Director (until June of 2016)	Carlos G. Dominguez	Filipino
Director	Conrado C. Alcantara	Filipino
Independent Director	Jacinto C. Gavino, Jr.	Filipino
Independent Director	Jose Ben R. Laraya	Filipino
Director	Honorio A. Poblador III	Filipino
Independent Director	Thomas G. Aquino	Filipino

Tomas I. Alcantara, 70, Filipino, became the Chairman of the Board of Directors and the President of the Company in August 2001. He holds a Bachelor of Science degree in Economics from the Ateneo de Manila University and a Masters in Business Administration (MBA) from Columbia University, and he attended the Advanced Management Program of the Harvard Business School. He is presently the Chairman of the Board of Directors and President of Alsons Development & Investment Corporation and Sarangani Agricultural Company, Inc., and other companies in the Alcantara Group (since August 2001).

Mr. Alcantara is also the Chairman of the Alsons Aidx Information Systems, Inc. (since August 2001). He is a Trustee of the European IT Service Center Foundation (since August 2002) and of the Foundation for Revenue Enhancement (August 2004). He has been a Director of Holcim Philippines, Inc. since July 2003, Philweb Corporation (May 2002) and DBP-Daiwa Capital Markets Phils., Inc. (July 1995).

Mr. Alcantara served as Undersecretary for the Industry & Investment Group of the Department of Trade and Industry, the Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995, and the Special Envoy of the Philippine President to Asia Pacific Economic Cooperation forum in 1996. He was also the Chairman of the Board of Directors and the President of Holcim Manufacturing Corporation (formerly Alsons Cement Corporation) from May 1997 to July 2003 and has served as a Director of that company since 1997. He was a Member of the Advisory Board of Rizal Commercial Banking Corporation (RCBC) from April 1997 to June 2007. Mr. Alcantara served as a Director of Philippine Reclamation Authority (formerly Public Estate Authority) from 2003 to April 2006 and Chairman of the Manila Economic & Cultural Office from March 2001 to August 2010.

Editha I. Alcantara, 68, Filipino, has served as Director of the Company since March 8, 1995. She holds a Business Administration degree from Maryknoll College and an MBA from Boston College. Ms. Alcantara became the President of C. Alcantara and Sons, Inc. in 1992 after serving as the Treasurer of that company. Presently, she is a Director (since 1980) and the Treasurer (since October 2000) of other companies in the Alcantara Group.

She is also a Director of the Philippine Wood Producers Association (since May 16, 1980), and has served as a Trustee for the Philippine Business for the Environment, Inc. since July 1995 and as a Trustee of Miriam College since December 1998.

Tirso G. Santillan Jr., 73, Filipino, became a Director of the Company in June 11, 1996. He has also been the Executive Vice-President since April 27, 1995. He holds a Bachelor of Arts degree in Engineering and a Masters in Business Management degree from the Ateneo de Manila University.

Presently, he heads the Power Business Unit of the Alcantara Group. He has been the Executive Vice-President of Alto Power Management Corporation since January 1996, Conal Holdings Corporation since June 1997, Southern Philippines Power Corporation and Western Mindanao Power Corporation since March 1996. He is also a Director of Sarangani Agricultural Co., Inc. since May 2002.

Additionally, he has been the Managing Partner of Private Capital of Asia Ltd. since June 1991. Mr. Santillan worked with the First Pacific Group from February 1987 to May 1991.

Alejandro I. Alcantara, 62, Filipino, has served as a Director of the Company since July 2003. He graduated from the Ateneo de Davao with a degree in Economics. Mr. Alcantara has been a Director and the President of Aquasur Resources Corporation since 1993 and has served in the same capacity with Finfish Hatcheries, Inc. since 1995. He has also served as the Executive Vice President & General Manager of Sarangani Agriculture Company, Inc. since 1986 and of Alsons Aquaculture Corporation since 1998. He also became a Director of other companies in the Alcantara Group in 1986. Mr. Alcantara also served as a Director and the Treasurer of the Federation of Cattle Raisers Association of the Philippines from 1997 to December 2009.

Ramon T. Diokno, 69, Filipino, rejoined the Company as a Director in March 18, 2009. Previously, he served the Company as a Director from June 19, 2002 to June 29, 2006 and as its Chief Financial Officer from January 16, 2001 to June 30, 2006. He holds an Economics and Accountancy degree from the De La Salle University and a Masters of Science in Management degree from the Massachusetts Institute of Technology.

Mr. Diokno is also the Chief Financial Officer of Lepanto Consolidated Mining Co and its wholly-owned subsidiaries. He is currently also a Director of Alsons Insurance Brokers Corporation.

Carlos G. Dominguez, 71, Filipino, has served as Director of the Company since March 8, 1995. He holds an Economics degree and an MBA from the Ateneo de Manila University. He also attended the Executive Program at the Stanford University. Currently, he is the President of Retail Specialist, Inc. (1991), Philippine Tobacco Flue-Curing and Redrying Corporation, Baesa Redevelopment Corporation, Halifax Capital Resources, Inc. (1992), C.G. Dominguez and Associates, Inc., Huntly Corporation (1993) and Linden Suites, Inc. (1997). He is also a Director of RCBC Capital Corporation (1994), the Chairman of Philippine Eagle Foundation (2001) and a member of the Board of Trustees of the Ninoy and Cory Aquino Foundation (1995).

Mr. Dominguez also serves as Director of United Paragon Mining Corporation (since 1993), Transnational Diversified Corporation (1999), Alip River Development and Export Corporation (2000) and Diamond Star Agro Products, Inc. (2007).

He served as the Minister of Natural Resources during the Corazon C. Aquino Administration from 1986 to 1987 and as Secretary of Agriculture from 1987 to 1989. He was Chairman of the Board of Directors of Republic Planters Bank from 1987 to 1992, Chairman of the Board of Directors and the President of Philippine Airlines from 1993 to 1995, Chairman of the Board of Directors of RCBC Capital Corporation from July 1994 to May 2002, Chairman of the Board of Directors and the President of the Philippine Associated Smelting and Refining Corporation from 1999 to 2002, a Director of the Manila Electric Company from 2001 to July 2003, a Director of Roxas Holdings, Inc. from 1997 to May 2009, a Director of iPVG Corporation from October 2004 to June 2008 and President of Lafayette Philippines, Inc. from January 2006 to April 2008. In June of 2016, upon accepting his appointment to become the Secretary of Finance of the Republic of the Philippines, Mr. Dominguez resigned from the Board.

Conrado C. Alcantara, 44, Filipino, has served as Director of the Company since November 2010. He graduated from the Boston University with a degree in Political Science and attended a Post Baccalaureate Program in Management at Harvard University. He presently serves as a Director and President of Infinicor, Inc. He also became a Director of C. Alcantara & Sons, Inc. in July 2006 and of Alsons Land Corporation in July 2009.

Jacinto C. Gavino, Jr., 67, Filipino, has served as Independent Director of the Company since May 2005. He has been a full-time Faculty of the Asian Institute of Management (AIM) since 1990 and he presently holds the Fr. James F. Donelan, SJ, Professorial Chair in Business Ethics. He is on the core faculty of the Washington SyCip Graduate School of Business (WSGSB). He was also the Associate Dean of the Master in Management Program from 1993 to 1995, and Associate Dean for Research from 1995 to 1999.

He is currently a Director of Productronica Holdings, Inc. (2003), Aurotech Corporation (2000), Green Chemicals Corporation (2006), RNuable Energy Corporation (2011) and Sarangani Agricultural Co., Inc. (2005). He also serves as a Trustee of Fundacion Santiago (2002) and the Center for Family Ministries at the Loyola School of Theology (2006). He also does consultancy work for various businesses and non-profit organizations.

Professor Gavino holds a Bachelor of Science degree in Electrical Engineering from the University of the Philippines (1971), a Master in Business Administration degree from the Ateneo de Manila University (1984), and a Doctorate in Public Administration from the University of the Philippines (1993). He also taught in the Ateneo de Manila University, Maryknoll College, and the University of the Philippines.

Jose Ben R. Laraya, 77, Filipino, has served as Independent Director of the Company since March 1995. He holds a Commerce degree from De La Salle College and an MBA from the University of the Philippines. He also attended the Advanced Management Program at Harvard Business School. Currently, he serves as Chairman of the Board of Directors of Ultrex Management & Investments Corporation (1992) and Laraya Holdings, Inc. (2007). He also serves as President of Trully Natural Food Corporation (2004), and a Director of La Frutera, Inc. (1997).

Previously, he served as Vice-Chairman of Philcom Corporation from October 1996 to February 1999, President of National Steel Corporation from September 1980 to February 1989, Dole Asia from February 1989 to June 1992, and APC Group, Inc. from September 1995 to February 1999.

Honorio A. Poblador III, 71, Filipino, has served as a Director of the Company since March 8, 1995. He holds a Political Science degree from the Ateneo de Manila University. Currently, he serves as Chairman of the Board of Directors of Asuncion Realty Corporation (since 1995), Chairman of the Board of Directors and President of Asmaco, Inc. and President of Asian Aesthetic Excellence, Inc. and Mayriad Human Resources and Services, Inc.

He is also a Director of Philippine Communications Satellite Corporation, Philippine Overseas Telecommunications Corporation, and Elnor Investment Corp. (since 1983), Philcomsat Holdings Corporation (1998), the Philodrill Corporation (1997), F & C Realty Corporation and POB Corporation (2003).

Dr. Thomas G. Aquino, 68, Filipino, became an Independent Director of the Company in May 20, 2011. He is a Senior Fellow at the Center for Research and Communication of the University of Asia and the Pacific (UA&P). He was formerly the Senior Undersecretary of Philippine Department of Trade and Industry. He supervised the country's foreign trade promotions, trade negotiations under World Trade Organization & the ASEAN Free Trade Agreements as well as bilateral trade talks with the country's major economic trading nations. He served as overall lead negotiator for the country's first free trade agreement, namely the Philippines-Japan Economic Partnership Agreement and was country representative to the High Level Task Force on ASEAN Economic Integration. For public service, Dr. Aquino was conferred the Presidential Service Award (or Lingkod Bayan) for extraordinary contribution of national impact on public interest, security and patrimony and was recipient of the Gawad Mabini Award with the rank of Grand Cross (or Dakilang Kamanong) for distinguished service to the country both at home and abroad by the President of the Republic of the Philippines.

Before entering public service, Dr. Aquino held important roles in the fields of economics and business in the private sector as Vice President for Business Economics and Director of the Strategic Business Economics Program of UA&P. He returned to private practice as strategy consultant to companies and economic policy adviser to government entities. He is the Chairman of NOW Corporation and Independent Director of A Brown Company, both

publicly listed at the Philippine Stock Exchange. He obtained his Doctorate in Management from IESE Business School, University of Navarre (Spain) in 1980, an MS in Industrial Economics from presently the University of Asia and the Pacific in 1972 and an AB in Economics from the School of Economics, University of the Philippines in 1970.

He obtained a Doctorate in Management from IESE Business School, University of Navarre (Spain) in 1980, an MS in Industrial Economics from the University of Asia and the Pacific in 1972 and an AB in Economics from the School of Economics, University of the Philippines in 1970.

Nicasio I. Alcantara, 74, Filipino, is the nominee for the Board of Directors to replace Mr. Dominguez. Mr. Alcantara was appointed as a Non-Executive Director on March 29, 2017 and also serves as a Director in the Alcantara Group of Companies. He has over 45 years of involvement in both public and private companies, and in diverse industries that include manufacturing, banking and finance, property, information technology, agriculture, and power and energy, financial services, agriculture and diversified holdings. He was Petron Corporation's chairman from July 2001 to January 2009 as well as the company's chief executive officer from July 2002 to July 2003 and also from 2006 to January 2009. Mr. Alcantara is also a director of Seafront Resources Corporation, Philodril Corporation and Site Group International Limited.

He obtained his Business Administration degree from the Ateneo de Manila University and his Masters degree in Business Administration from Sta. Clara University, California U.S.A.

(ii) The Executive Officers

The following Company Executive Officers do not own more than 2% of ACR:

Table 4 – Executive Officers

Office	Name	Nationality
Director, President, Chairman of the Board	Tomas I. Alcantara	Filipino
Director and Treasurer	Editha I. Alcantara	Filipino
Director, Executive Vice President, Chief Operating Officer	Tirso G. Santillan, Jr.	Filipino
Chief Financial Officer	Robert F. Yenko	Filipino
Corporate Secretary	Roberto V. San Jose	Filipino
Assistant Corporate Secretary	Angel M. Esguerra III	Filipino

Robert F. Yenko, 56, Filipino, became the Company's Chief Financial Officer on January 25, 2017 following the retirement of Mr. Luis R. Ymson, Jr. Mr. Yenko previously served as Regional Treasurer and Finance Director of Intel Singapore for 25 years. He obtained his BS Management degree from the Ateneo de Manila University in 1981, and his MBA at the University of the Philippines in 1991. He also currently serves as the Vice-President for Finance and Administration of the Power Business Unit of the Alcantara Group.

Roberto V. San Jose, 75, Filipino, has been the Corporate Secretary of the Company since June 1991. He received his Bachelor of Arts degree from De La Salle University and his law degree from the University of the Philippines. He is a member of the Philippine Bar and a Consultant of the Castillo Laman Tan Pantaleon and San Jose Law Offices. In addition to

serving as Corporate Secretary for the Company, he serves as Director, Officer and/or Corporate Secretary of Anglo Philippine Holdings Corp., CP Equities Corporation, Atlas Resources Management Group, MAA Consultants, Inc. and several other companies. He is also the Corporate Secretary of Premiere Horizon Alliance Corporation, Marc Ventures Holdings, Inc., Solid Group Inc., United Paragon Mining Corporation, FMF Development Corporation, Beneficial Life Insurance Co., Inc., The Metropolitan Club, Inc., and other client corporations of the Castillo Laman Tan Pantaleon and San Jose Law Firm.

Angel M. Esguerra III, 55, Filipino, was appointed as the Assistant Corporate Secretary of the Company on August 10, 2010. He is a member of the Philippine bar and obtained his Bachelor of Arts degree in Economics and his Law degree from the University of the Philippines. Mr. Esguerra practiced with several firms then joined a trans-national energy company with power plants in the Asia-Pacific Region as internal counsel, and served as the Corporate Secretary of its Philippine subsidiaries such as Batangas Power Corp. and Subic Power Corporation. In June of 2010, he joined the Alcantara Group as head of its Legal Services department and now serves as the Corporate Secretary of the group's other companies.

b. Family Relationship of Directors and Officers

Mr. Tomas I. Alcantara, Mr. Alejandro I. Alcantara, and Ms. Editha I. Alcantara are siblings, while Mr. Conrado C. Alcantara is their nephew. There are no other family relationships known to the Company up to the 4th civil degree.

c. Independent Directors

The following are the Company's Independent Directors. They are neither officers nor substantial shareholders of ACR:

- (1) **Jacinto C. Gavino, Jr.**
- (2) **Jose Ben R. Laraya**
- (3) **Thomas G. Aquino**

d. Compensation plan

Warrants and Options Outstanding

The Company has no share-based compensation plan granted to its employees, and does not grant warrants or options to any of its Directors or Executive Officers.

e. Pending Legal Proceedings

None of the Directors and officers are involved in any bankruptcy proceedings as of April 3, 2017 and during the past five years. None have they been convicted by final judgment in any criminal proceedings or been subject to any order, judgment or decree by a court or agency of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or found in action by any court of administrative bodies to have violated a securities or commodities law.

f. Significant employees

The Company does not expect persons, other than the Executive Officers, to make a significant contribution to the business.

g. Legal Proceedings where Property is the Subject

There are no material pending legal proceedings as of April 3, 2017 to which the Company or any of its subsidiaries or affiliates is a party or of which any of their property is the subject.

h. Certain Relationships and Related Transactions

During the last three (3) years, the Company was not a party to any transaction in which a Director or Executive Officer of the Company, any nominee for election as a Director, or any security holder owning more than 5% of any class of the Company's issued and outstanding shares and/or his/her immediate family member, had a material interest thereon.

In the normal conduct of business, the following are some of the Company's transactions with its affiliates and related parties disclosed in the audited financial statements under Notes 17 (Loans Payable), 18 (Long-term Debt), and 20 (Related Party):

(i) On October 9, 2015, the Company subscribed to 22 million redeemable preferred shares of Alsons Development and Investment Corporation ("ADIC" or "Aldevinco"), a shareholder of the Company, through a conversion of the Company's advances to Aldevinco amounting to ₱2.2 billion. The redeemable preferred shares have a par value of ₱100 per share with cumulative dividend of 4% per annum and are non-participating. The Company accounts for its investment in these redeemable preferred shares as part of AFS investment in the Financial Statements.

(ii) On December 27, 2011, the Company acquired 72% of the outstanding shares of C. Alcantara and Sons, Inc. ("CASI") from Aldevinco, for a total consideration of ₱ 1.226 billion, which represents the market value of Lanang Landholdings of CASI as determined by an independent third party appraiser.

In 2014, CASI obtained a Tax Clearance by the Bureau of Internal Revenue, and an approval by the SEC for CASI's liquidation effective March 31, 2014. As a result, ACR received the Lanang Landholdings of CASI as a liquidating dividend amounting to ₱1.226 billion.

(iii) On March 21, 2013, Aldevinco and ACIL Corporation (collectively referred to as "AG") and Ayala Land, Inc. ("ALI") entered into a joint venture agreement, wherein ALI would own 60%, and AG would own 40%, of the outstanding capital stock of a joint venture corporation, Aviana Development Corporation ("ADC"), which will develop the Lanang Landholdings in Davao. On September 17, 2013, ADC was incorporated, and ACR subscribed to 296 preferred shares, and 32 common shares, of ADC's capital stock, for 32.8% ownership in ADC.

(iv) On December 11, 2015, the Company and AC entered into Deed of Assignment of Shares (share swap) agreements with Alsons Prime Investments Corporation ("APIC"), whereby the Company and AC assigned and transferred to APIC all their interests in Indophil Resources N.L., an Australian entity ("IRNL" or "Indophil") in exchange for ownership interests in Indophil Resources Philippines, Inc., a Philippine corporation ("IRPI"). Accordingly, the Company recognized the investment in IRPI, amounting to ₱1.213 billion, as representing the carrying value of the investment at the date of the share swap agreements. The Company still exercises significant influence over IRPI due to the Company's representation in IRPI's Board of Directors and its Operating Committee. Accordingly, ACR treats its investment in IRPI as an "Investment in associate" using the equity method in the 2015 consolidated financial statements.

There were no transactions to which the Company was a party during the past two (2) fiscal years where a Director, Executive Officer, nominee for Director, or stockholder owning more than 10% of the outstanding shares of the Company had a direct interest.

The Company retains the law firm of Castillo Laman Pantaleon and San Jose Law Offices for legal services, where Atty. Roberto V. San Jose is a Consultant. During the last two fiscal years, ACR paid ₱2,228,643 and ₱1,557,560 in 2016 and 2015, respectively. Included in the amount paid in 2016 amounting to ₱1,825,442 pertains to legal advisory services on the Fixed-rate Corporate Note facility documentation and review. The Company believes that the legal fees are reasonable for the services rendered.

With the Company's issuance of the voting preferred shares, the Company's ultimate parent company is Alsons Corporation, which owns 68.63% of the common shares, and all of the preferred shares. The Company's outstanding common shares, which are all listed in the Philippine Stock Exchange, are owned and controlled by the following companies: Alsons Corporation - 41.21%; Alsons Power Holdings Corporation - 19.87%; and Alsons Development & Investment Corporation - 18.89%.

Item 6. Compensation of Directors and Executive Officers

A Director's compensation consists of a per diem of ₱30,000 for every meeting of the Board of Directors' and ₱15,000 for every meeting of the Executive Committee or Audit Committee.

Sections 9 and 10 of the Amended By-laws, which pertain to compensation and other arrangements with the Directors, read:

Section 9. Compensation of Directors. Each Director shall receive, for his services as Director such amount as may be fixed by the stockholders for each regular or special meeting of the Board actually attended by him provided, that nothing herein contained shall be construed to preclude any Director from serving the company in any other capacity and receiving such compensation therefore as may be fixed from time to time by the Board of Directors.

Section 10. Profit Sharing. The Board of Directors shall be authorized and empowered to pay or distribute to the members of the Board of Directors and the Executive Committee, and the officers of the Corporation, amounts of up to five percent (5%) of the net income before tax in each year, to be allocated at its discretion. If the income arises from the consolidation, or equity accounting of earnings of subsidiaries or affiliates, the computation of net income subject to profit sharing, shall be based on the cash or property dividends declared and actually received by the Company during the year.

The aggregate amounts paid by the Company to its Directors and Executive Officers as a group were ₱2,655,000 and ₱3,210,000 for the years 2016 and 2015, and ₱3,145,000 in 2014, respectively. For 2017, the Company estimates that it will pay an aggregate amount of ₱3,525,000 as compensation to its Directors and Executive Officers.

Table V - Summary of Compensation of Directors and Executive Officers

Name and Principal Position	Year	Salary (₱)	Bonus (₱)	Other Annual Compensation Income (₱)
1. Tomas I. Alcantara Chairman and President	2017est 2016	₱ -	₱ -	₱315,000 225,000

	2015	-	-	285,000
	2014	-	-	310,000
2. Editha I. Alcantara Director & Treasurer	2017est	-	-	405,000
	2016	-	-	240,000
	2015	-	-	255,000
	2014			345,000
3. Tirso G. Santillan, Jr. Director, EVP & COO	2017est	-	-	405,000
	2016	-	-	300,000
	2015	-	-	375,000
	2014			405,000

4. Jose Ben R. Laraya Director	2017est	-	-	405,000
	2016	-	-	300,000
	2015	-	-	345,000
	2014			405,000
5. Ramon T. Diokno Director	2017est	-	-	300,000
	2016	-	-	285,000
	2015	-	-	300,000
	2014			270,000
6. All other Officers and Directors as a group unnamed	2016est.	-	-	1,695,000
	2016	-	-	1,305,000
	2015	-	-	1,650,000
	2014			1,410,000

Annual Compensation received from ACR consists of per diems given for every attendance in meeting of the Board, Executive Committee, or Audit Committee. The disclosure on the compensation of Key Management Personnel as a Group is presented in Note 20 of the consolidated financial statements. The Company has no current compensation plan.

The Company and the Executive Officers are not involved in any of the following transactions:

1. Standard arrangement and any material arrangements;
2. Employment contract (between the registrant and named Executive Officers);
3. Compensatory plan or arrangement;
4. Outstanding warrants or options;
5. Adjustments or amendments on the stock warrants or options.

The members of the Compensation Committee of the Company are as follows:

1. Tomas I. Alcantara - Chairman
2. Honorio A. Poblador III - Member
3. Jose Ben R. Laraya - Member (Independent Director)
4. Tirso G. Santillan, Jr. - Member

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

The above named Executive Officers of the Company are not employees of ACR and are not covered by any existing employment contracts. They only receive per diem if they attend a Board meeting, an Executive Committee meeting, and/or an Audit Committee meeting.

Elections of Directors

The Directors of the Company elected at the Stockholders' Meeting are to hold office for one (1) year until their respective successors have been duly elected and qualified.

The following members of the current Board of Directors were nominated to the Directorship for the following year by Ms. Sylvia G. Cortes and Ms. Consuelo Manching:

1. Tomas I. Alcantara
2. Editha I. Alcantara
3. Alejandro I Alcantara
4. Tirso G. Santillan, Jr.
5. Ramon T. Diokno
6. Conrado C. Alcantara
7. Honorio A. Poblador III
8. Jose Ben R. Laraya (independent)

9. Jacinto C. Gavino, Jr. (independent)
10. Thomas G. Aquino (independent)
11. Nicasio I. Alcantara

Ms. Cortes and Ms. Manching who are not related to any of the Board of Directors and Executive Officers of the Company by affinity or consanguinity. None of the existing Directors declined for re-election or has disagreement on any matters relating to the operations, policies, or practices of the Company.

In addition:

[Insertion of other nominees and their respective nominators, if any]

Nomination and Election of Independent Directors

In compliance with SRC Rule 38, which provides for the guidelines on the nomination and election of Independent Directors, a Nomination Committee was created with the following members:

- | | |
|---------------------------------|-----------------------------------|
| 1. Tomas I. Alcantara | - Director and Committee Chairman |
| 2. Jose Ben R. Laraya | - Independent Director Member |
| 3. Sylvia M. Duque, HRD Manager | - Non-Director Member |
| 4. Nicasio I. Alcantara | - Director Member |

Under the Company's Manual of Corporate Governance, the members of the Nomination Committee may consist of at least three (3) Directors, one of whom is an Independent Director, and one non-voting member who is a human resources director/manager of the Company.

The tasks of the Nomination Committee are: (i) to promulgate the guidelines or criteria to govern the conduct of the nomination; (ii) to accept and pre-screen nominees for election as Independent Directors, ensuring that they conform with the criteria prescribed in SRC Rule 38 and the Company's Code of Corporate Governance, not later than 30 days prior to the stockholders meeting; and (ii) to prepare the final list of candidates and make this available to the SEC and stockholders before the stockholders' meeting.

On July 16, 2004, the Company amended its by-laws incorporating Rule 38 of the Securities Regulation Code as amended, stating the procedure or manner for the nomination and election of Independent Directors.

During the Stockholders' Meeting, the Chairman will inform the stockholders in attendance that:

1. Unqualified nominees shall not fill up specific slots for the Independent Directors.
2. In case of resignation, disqualification, or cessation of an Independent Director, the SEC shall be notified of such fact within five (5) days of the resignation, disqualification, or cessation. The vacancy shall thereafter be filled by a vote of at least a majority of the remaining Directors, if still constituting a quorum, upon nomination of the Nomination Committee. Otherwise, the stockholders in a regular or special meeting called for the purpose shall fill the vacancy. An Independent Director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

The Company's Management is soliciting proxies to re-elect the current Independent Directors, namely: Mr. Jose Ben R. Laraya; Mr. Jacinto C. Gavino and Dr. Thomas G. Aquino; all of whom were nominated by Ms. Sylvia G. Cortes and Ms. Consuelo Manching, an unrelated stockholders. This Information/Proxy Statements and the accompanying Proxy Form has been submitted by the

Company's Management to the Securities and Exchange Commission and Philippine Stock Exchange and distributed the stockholders in compliance with the SEC rules on proxy solicitation.

The above Directors and nominees, particularly the Independent Directors, pursuant to SRC Rule 38, have been screened by the Nomination Committee.

The write-up on their respective backgrounds and qualifications is set forth in the foregoing section on "Directors and Officers".

Item 7. Independent Public Accountants

1. SyCip Gorres Velayo & Co. ("SGV") has been the Company's external auditor for the last three fiscal years. SGV has not expressed any intention to resign as the Company's principal public accountant nor has it indicated any hesitance to accept re-election after the completion of their last audit.
2. In compliance with SEC Memorandum Circular No. 8, Series of 2003 on rotation of External Auditors, SGV's previous engagement partner was replaced in 2014.
3. There has been no disagreement with SGV & Co. on accounting principles or practices, financial statements disclosures, auditing scope or procedures, which disagreements, if not resolved to their satisfaction, would have caused them to make reference thereto in its respective reports on the Company's financial statements for the abovementioned years.
4. The Company has maintained SGV as its principal public accountant to audit the financial statements for the last fiscal year. SGV has not expressed any intention to resign as the Company's principal public accountant nor has it indicated any hesitance to accept re-election after the completion of their last audit.

Management recommends a vote for the re-appointment of SGV & Co. as the Corporation's External Auditor for the year ending December 31, 2017 with SGV's Mr. Martin C. Guantes as the engagement partner.

Members of the Audit Committee

The following are the members and officers of the Company's Audit Committee:

Office	Name
Chairman	Jose Ben R. Laraya
Member	Editha I. Alcantara
Member	Jacinto C. Gavino, Jr.
Member	Tirso G. Santillan, Jr.
Member	Ramon T. Diokno

Mr. Esperidion D. Develos, Jr. has been appointed as Chief Audit Executive and reports directly to the Audit Committee.

Item 10. Modification or Exchange of Securities

The Company has no outstanding securities that are to be modified or to be issued in exchange for other securities.

External Audit and Audit-Related Fees

The aggregate fees billed for each of the last two (2) fiscal years for professional services rendered by SGV are as follows:

Fees for the years ended December 31, 2016 and 2015 were ₱582,200 and ₱598,900 respectively. The above fees are for the audit of the Company's annual financial statements or services normally provided in connection with statutory and regulatory filings or engagements for 2016 and 2015. The fees and services were approved by the Audit Committee in compliance with the Code of Corporate Governance.

Brief Summary for the Approval of the Auditor's fees

The Audit Committee pre-approves all audit plans, scope, and frequency before the conduct of its external audit. Moreover, pursuant to its mandate, it likewise performs interface functions with both internal and external auditors.

The External Auditor confers and discusses with the Internal Auditors of the Company the auditing process adopted and methodologies used in compliance with International Accounting Standards in the initial draft of the Financial Statements and Notes to the Financial Statements in compliance with its Internal Management handbook and such other statutory and regulatory requirements.

The External Auditor, likewise, prepares an accountability statement that sufficiently identifies the officers responsible for the financial report.

The final form of the Annual Financial Statements is then presented to the Company's Audit Committee members who can properly review and further examine and perform their oversight financial management functions in such areas relative to the Company's credit, market, liquidity, operational, legal and other risks as indicated in its financial reports. The approval of the External Auditor's fees is made by the Audit Committee in view of the complexity of the services rendered and the reasonableness of the fee under the engagement provided in the audit of the Company's Annual Financial Statements.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

1. SyCip Gorres Velayo & Co. (SGV) has been the Company's external auditor for the last three fiscal years. SGV has not expressed any intention to resign as the Company's principal public accountant nor has it indicated any hesitance to accept re-election after the completion of their last audit.
2. In compliance with SEC Memorandum Circular No. 8, Series of 2003 on rotation of External Auditors, SGV's previous engagement partner was replaced in 2014.
3. There have been no disagreements with SGV on accounting principles or practices, financial statements disclosures, auditing scope or procedures, which disagreements, if not resolved to their satisfaction, would have caused them to make reference thereto in its respective reports on the Company's financial statements for the abovementioned years.

Interest of certain persons in or opposition to matters to be acted upon

The Directors, officers, nominees for Directors and their associates do not have a substantial interest, direct or indirect, in any matter to be acted upon other than election to office.

The Company has not been informed in writing by any person that he or she intends to oppose any action to be taken by the Company at the meeting.

Item 11. Financial and Other Information

The Company's Management's Discussion and Analysis or Plan of Operations and Financial Statements for the years ended December 31, 2016 and 2015 are attached hereto as **Annexes "A" and "B"**, respectively.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A (ANNUAL REPORT) AND A COPY OF THE INTERIM UNAUDITED FINANCIAL REPORT DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

**Mr. Robert F. Yenke
Chief Financial Officer and Compliance Officer
Alsons Consolidated Resources, Inc.
2/F Alsons Building, 2286 Don Chino Roces Avenue
Makati City, 1231 Metro Manila, Philippines**

Item 12. Merger, Consolidation, Acquisition and Similar Matters

The Company has no plan to undergo a merger or consolidation into or with any other entity.

C. OTHER MATTERS

Item 15. Actions with Respect to Reports

Minutes of the Previous Stockholders' Meeting

Action is to be taken on the reading and approval of the minutes of the Annual Meeting of the Stockholders held on May 27, 2016. Other matters for the forthcoming Annual Stockholders Meeting include the approval of the Audited Financial Statements for the year ended December 31, 2016, and the ratification of all acts, proceedings and resolutions of the Board of Directors, the Executive Committee and of the officers and management from date of the last meeting. The minutes of the Annual Meeting of the Stockholders held on May 27, 2016 and the relevant resolutions approved by the Board of Directors for ratification of the stockholders are attached as **"Annex C"**.

A vote for the approval of the minutes, the Audited Financial Statements for the year ended December 31, 2016, and the ratification of all acts, proceedings and resolutions of the Board of Directors, the Executive Committee and of the officers and management from date of the last annual meeting is recommended.

Item 16. Matters Not Required to be Submitted

There are no matters or actions to be taken up in the Meeting that will not require the vote of the stockholders as of the record date.

Item 17. Amendment of Charter, By-laws, or Other Document

None

Item 18. Other Proposed Action

There are no further actions required which would need disclosure.

Item 19. Voting Procedures

Stockholders as of April 17, 2017 may vote at the Annual Stockholders' Meeting on May 25, 2017. Stockholders have the right to vote in person or by proxy.

Registration of stockholders and proxies attending the Meeting will open at 1:00 p.m. of May 25, 2017.

Approval of the matters requiring stockholder action as set forth in the Agenda and this Information Statement would require the affirmative vote of stockholders owning at least a majority of the outstanding voting capital stock.

For the election of Directors, the eleven (11) nominees receiving the most number of votes will be elected to the Board of Directors. Cumulative voting will apply. Each stockholder as of April 6, 2016 may vote the number of shares registered in his name for each of the eleven (11) Directors to be elected, or he may multiply the number of shares registered in his name by eleven (11) and cast the total of such votes for one (1) Director, or he may distribute his votes among some or all of the eleven (11) Directors to be elected.

The Company will distribute to shareholders not later than May 6, 2016 the Information Statement and proxy form. The proxy form contains each item on the Agenda that requires shareholders to vote "YES", "NO" or "ABSTAIN". In the case of the election of directors, the names of each of the nominees are listed in the proxy with space for the shareholder to indicate his or her instructions to the proxy holder to: (a) vote for all of the nominees; or (b) withhold his/her vote for all nominees; or (c) withhold his/her vote for nominees indicated by the stockholder. The vote of the shareholders who submitted proxies for each item on the Agenda will be tallied by Prime Stock Services, Inc. ("Prime Stock"), the Company's stock transfer agent.

The voting at the Stockholders' Meeting will be by balloting. Shareholders who are present and did not submit proxies before the meeting will be given ballots upon registration. In the case of proxies submitted prior to the meeting, the proxy designated by the stockholder to represent him at the Meeting will be provided with ballots for casting in accordance with the stockholder's instructions, as indicated in the proxy.

Ballots will be tabulated by the SGV, the Company's independent external auditor, with the assistance of the stock transfer agent, Prime Stock, both under the guidance and supervision of the Corporate Secretary. Results of the voting by shareholders will be announced for each item on the Agenda requiring the vote of shareholders. The tabulation and results of the voting shall be duly disclosed and shall be made available on the Company's website on the business day following the meeting.

This voting procedure shall also be announced at the start of the meeting.

For all other matters to be taken up, majority vote of the outstanding capital stock present and represented at the Meeting, where a quorum exists, shall be sufficient.

Part II

(Please see separate Proxy Form)

Part III

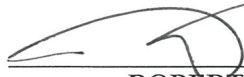
SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete, and correct. This report is signed in Makati on _____.

ALSONS CONSOLIDATED RESOURCES, INC.

Issuer

By:



ROBERT F. YENKO
Chief Financial Officer

Date:

4/18/17

Part II

PROXY FORM

PLEASE FILL UP AND SIGN THE PROXY AND RETURN IMMEDIATELY TO THE CORPORATE SECRETARY.

The undersigned stockholder of Alsons Consolidated Resources, Inc. (the "Company") hereby appoints Mr. Tomas I. Alcantara or in his absence, the Chairman of the meeting, as proxy, with power of substitution, to represent and vote all shares registered in the name of the undersigned, at the Annual Meeting of the Stockholders of the Company to be held at the Turf Room, Manila Polo Club, McKinley Road, Forbes Park, Makati City, at 2:00 p.m. and at any of continuation thereof for the purpose of acting on the following matters:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on May 27, 2016 ☐ Yes ☐ No ☐ Abstain	7. Election of Directors (including Independent Directors); ☐ Vote for all nominees below: Tomas I. Alcantara Editha I. Alcantara Alejandro I. Alcantara Conrado C. Alcantara Ramon T. Diokno Honorio A. Poblador III Tirso G. Santillan, Jr. Nicasio I. Alcantara Jose Ben R. Laraya (Independent Director) Jacinto C. Gavino, Jr. (Independent Director) Thomas G. Aquino (Independent Director) ☐ Withhold authority to vote for all nominees listed above ☐ Withhold authority to vote for the nominees listed below _____ _____ _____
2. Approval of the Management & Annual Report; ☐ Yes ☐ No ☐ Abstain	
3. Approval of the 2016 Audited Financial Statements; ☐ Yes ☐ No ☐ Abstain	
4. Ratification of the Acts of the Board & Management; ☐ Yes ☐ No ☐ Abstain	
5. Appointment of Election Inspectors; ☐ Yes ☐ No ☐ Abstain	
6. Appointment of Sycip Gorres & Velayo as external auditors; ☐ Yes ☐ No ☐ Abstain	8. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting; ☐ Yes ☐ No ☐ Abstain
_____ Date	Signature: _____ Printed Name: _____ Stockholder / Authorized Signatory

THIS PROXY SOLICITATION IS MADE BY OR ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY. THE COMPANY SECRETARY SHOULD RECEIVE THIS ON OR BEFORE MAY 15, 2016, THE DEADLINE FOR SUBMISSION OF PROXIES.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED BY THE STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING, IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A PROXY SUBMITTED BY A CORPORATION SHOULD BE ACCOMPANIED BY A CORPORATE SECRETARY'S CERTIFICATE QUOTING THE BOARD RESOLUTION DESIGNATING A CORPORATE OFFICER TO EXECUTE THE PROXY.

PROXIES EXECUTED BY BROKERS MUST BE ACCOMPANIED BY A CERTIFICATION UNDER OATH STATING THAT THE BROKER HAS OBTAINED THE WRITTEN CONSENT OF THE ACCOUNT HOLDER.

FORMS OF THE CERTIFICATION MAY BE REQUESTED FROM PRIME STOCK. (TELEPHONE (02) 982 30 29).

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSES HIS INTENTION TO VOTE IN PERSON. THIS PROXY SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE HEREOF UNLESS OTHERWISE INDICATED IN THE SPACE HEREIN PROVIDED: _____.

This solicitation is primarily by mail; however, incidental personal solicitation may also be made by the officers, directors and regular employees of the Company whose number is not expected to exceed fifteen and who receive no additional compensation therefor. The Company bears the cost of preparing and mailing this proxy form and other materials furnished to stockholders in connection with this proxy solicitation.

No director or executive officer, nominee for election as director, or associate of such director, executive officer or nominee, of the Company, at any time since the beginning of the last fiscal year, has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

ANNEX A

ALSONS CONSOLIDATED RESOURCES, INC.

MANAGEMENT REPORT

for the
2017 Annual Meeting of Stockholders
Pursuant to SRC Rule 20[4] [B]

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

REVIEW OF CURRENT YEAR 2016 vs. 2015 OPERATIONS

Highlights of the Company's financial performance are as follows:

1. Revenues and Profitability

ACR and Subsidiaries posted a significant improvement in its consolidated revenues during the year at ₱7,107 million, a jump of 42% from the ₱5,022 million reported in the previous year. This increase was due mainly to the contribution of Sarangani, which commenced commercial operations on April 29, 2016. WMPC and SPPC are now operating as full merchant plants after their ECAs expired on December 12, 2015 and April 12, 2016, respectively.

Cost of services posted a significant increase at ₱4,684 million, 52% higher than the ₱3,072 million in 2015. The increase in cost was also due to the start of commercial operations of SEC posting a direct cost of ₱1,934 million. The full operations of SPPC and WMPC as merchant plants in 2016 also posted an increase in cost of fuel as pass-through item.

Gross profit also improved by 24%, ₱2,422 million from ₱1,950 million in 2015 due to the contribution of SEC.

General and administrative expenses increased 22% at ₱531 million from ₱434 in 2015. The increase is attributable to SEC expenses during the year. Operating profit also improved 25% at ₱1,892 million from ₱1,516 million reported in the previous year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) jumped 52% from ₱1,781 million to ₱2,698 million this year. This big leap is the contribution of SEC during the year.

Meanwhile, finance charges increased by 1.67x from ₱324 million to ₱865 million. The interest expense incurred on the project loan to complete the first phase of the SEC plant is now at fully recognized as an expense after the project was completed and commenced operations. Last year, the interest was capitalized as part of project cost.

On the other hand, the Company realized a net other charges of ₱155 million from ₱84 million in 2015 as the Company recognized an impairment loss of ₱245 million on goodwill this year. This

impairment was negated by the income from insurance claim SPPC during the year amounting to ₱70 million. The last year's one-time realized foreign exchange loss of ₱218 million was incurred when the Company settled its foreign currency denominated debt.

As a result of the foregoing, the consolidated net income declined 8% from last year's ₱691 million to ₱636 million; however the income attributable to Parent recorded an improvement of 69% at ₱317 million from ₱188 million in the previous year and posting strong earning per share of ₱0.05 from ₱0.029 last year.

2. Financial Position

As of December 31, 2016, total resources of ACR and Subsidiaries remained strong at ₱30,810 million, increasing by 2% versus the ₱30,166 million level reported in 2015.

Current assets dropped 23%, from ₱7,903 million to ₱6,083 million. The decline came largely from the decrease in cash and cash equivalents of SEC which were used to complete the first phase of its plant as well as lower prepaid expenses, and deposit in interest reserve account on the Fixed Rate Corporate Note (FXCN) of the Parent Company. On the contrary, noncurrent assets rose by 11%, representing capital expenditures incurred for the completion of the first phase of SEC power plant and the additional investment made to Aviana Development Corporation during the year.

On the other hand, current liabilities increased by 44% from ₱2,025 million to ₱2,910 million, largely on account of higher current portion of long-term debt and accounts payable and accrued expenses. Noncurrent liabilities decrease by 3%, due to the recognition to current the maturing portion of the Company's long-term debt.

ACR's balance sheet remained strong with a current ratio at 2.09:1 in 2016 versus the 3.90:1 level in 2015, while its debt-to-equity ratio increase slightly at 2.25:1 from 2.08:1, due to availment of additional debts.

Net cash inflows from operating activities significantly improved at ₱2,382 million, 74% up from last year's ₱1,368 million. The lower acquisition of spare parts and extended credit terms of trade payables resulted to the improvement of cash from operations this year. Net cash used for investing activities posted 97% jumped at ₱2,809 million from last year's ₱1,902 million due mainly to capital expenditures for the completion of the construction of SEC plant. Together with net cash inflows from financing activities amounting to ₱2,827 million, largely from loan availments, available funds totaled ₱2,682 million in 2016, were used for power plant project construction of SEC 1 amounting to ₱3,280 during the year. The net cash balance after accounting for the above changes reached ₱2,050 million, 48% lower than ₱3,940 million in the previous year.

3. Key Performance Indicators (KPI)

The Company's operations for the year ended December 31, 2016 continue to show strong core income at ₱900 million in 2016 and ₱909 million earned in 2015. KPI of the Company are as follows: (Amounts in million pesos, except ratios).

Table 5 – Comparative KPIs (2016 Vs. 2015)

Financial KPI	Definition	Calendar Year	
		2016	2015
Profitability			
Revenues		₱7,107	₱5,022
EBITDA		₱2,698	₱1,781
EBITDA Margin	EBITDA ÷ Net Sales	38%	35%
Return on Equity	Net Income ÷ Total Average Stockholders' Equity	6%	7%
Net Earnings Attributable To Equity Holders		₱317	₱188
Efficiency			
Operating Expense Ratio	Operating Expenses ÷ Gross Operating Income	28%	29%
Liquidity			
Net Debt Coverage	Cash Flow from Operating Activities ÷ Net Financial Debt	13%	10%
Debt-To-Equity Ratio		2.03:1	2.08:1
Current Ratio	Current Assets ÷ Current Liabilities	2.09:1	3.90:1

Profitability

The earnings before interest, taxes, depreciation and amortization (EBITDA) of the Company increased from ₱1,781 million to ₱2,694 million in 2016 due mainly to higher revenues earned during the year, as a result EBITA Margin improved to 38% from 35% in the previous year. The First Section of SEC power plant that began operations effective April 29, 2016, contributed to this improvement.

Return on equity (ROE) remained stable at 6% from last year's 7% while the net income attributable to the equity holders of the parent showed dramatic improvement at ₱317 million compared to last year's ₱188 million

Efficiency

The Company's operating expense ratio decreased to 28% in 2016 from 29% in 2015. The decrease was due mainly to the higher gross income contributed by Sarangani during the year.

Liquidity

As a result of additional project loan drawdowns to complete Sarangani 1 during the year, financial debt increased by 0.44%. Consequently, net debt coverage increased to 15% from last year's 10%. Current ratio on the other hand decreased to 2.09:1 from last year's 3.90:1 due largely to the lower balance of cash and cash equivalents in 2016.

Description Of Key Performance Indicators:

- a. **Revenues.** Revenue is the amount of money that the Company and its subsidiaries receive arising from their business activities and is presented in the top line of the consolidated statements of income. The present revenue drivers of the Company are: (i) Energy and power; and (ii) Real estate. Revenue growth is one of the most important factors that management and investors use in determining the potential future stock price of a company and is closely tied to the earnings power for both the near and long-term timeframes. Revenue growth also aids management in making sound investment decisions.
- b. **EBITDA.** The Company computes EBITDA as earnings before extra-ordinary items, net finance expense, income tax, depreciation, and amortization. It provides management and investors with a tool for determining the ability of the Company to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Company's ability to service its debts, to finance its capital expenditure and working capital requirements.
- c. **Net Earnings Attributable to Equity Holders of Parent.** Net income attributable to shareholders is one more step down from net income on the consolidated statements of income. The net income of a company is all of the revenues minus all of the expenses including interest expenses and taxes. Net income attributable to shareholders is the net income minus the non-controlling interests. This aids management and investors in identifying company's profit allocated to each outstanding share.
- d. **Debt-to-Equity Ratio.** This measures the Company's financial leverage calculated by dividing its total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.
- e. **Current Ratio.** Current ratio is a measurement of liquidity computed by dividing current assets by current liabilities. It is an indicator of the Company's ability to meet its current maturing obligations. The higher the ratio, the more liquid the Company presents.

SIGNIFICANT DISCLOSURES

Please refer to **Annex D** of this report for the significant disclosures made by the Company during the year. Other than those mentioned in Annex D and the disclosures made by the Company in its Audited Consolidated Financial Statements, it is not aware of the following:

1. Unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows because of their nature, size or incidence;
2. Changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts in prior financial years that have a material effect in the current period;

3. Issuance and repurchase of equity securities;
4. Segment revenues and segment results for business segments and geographical segments;
5. Changes in contingent liabilities or contingent assets since the annual balance sheet date;
6. Existence of material contingencies and other transaction events that are material to an understanding of the current period;
7. Known trends, commitments, events, and uncertainties that will result in or likely to decrease its liquidity in a material way. ACR does not anticipate having, within the next twelve (12) months, any cash flow or liquidity problem nor does it anticipate any default or breach of any of its existing notes, loans, other indebtedness, or financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, ACR expects to meet all financial loan covenants for the next interim period;
8. Events that will trigger direct or contingent material financial obligations to the Company;
9. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Company with unconsolidated entities or other persons created during the year;
10. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales, revenues, net income from continuing operations;
11. Significant elements of income or loss that did not arise from the Company's continuing operations;
12. Material events subsequent to the end of the reporting period that have not been reflected in the consolidated financial statements;
13. Material changes in the composition of the Company, including any business combination, acquisition or disposal of subsidiaries and long-term investments and discontinuing operations;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting Policies and Principles

The consolidated financial statements of ACR and its Subsidiaries for the years ended December 31, 2016 and 2015 are presented in accordance with Philippine Financial Reporting Standards (PFRS) applied on a consistent basis.

Seasonality Aspects of the Business

The operations of ACR and its subsidiaries were not affected by seasonality or cyclicity.

Material Changes in Consolidated Balance Sheet Accounts by 5% or More

1. Cash and cash equivalents, 48% Decrease

The decrease in cash and cash equivalents (2016: ₱2,051 million vs. 2015: ₱3,940 million) was principally due to the usage of the loan for the completion of the construction of SEC plant. Cash generated from operations during the year was ₱2,090 million, 53% higher than previous year's ₱1,368 million. The proceeds of loan presented in the financing activities amounting to ₱4,871 million was used to finance the construction and completion of the first phase of Sarangani's power plant.

2. Short-term cash investments, 66% Decrease

Short-term cash investments increased (2016 ₱58 million vs. 2015: ₱173 million) due to the usage of the funds for operating activities

3. Trade and other receivables, 18% Increase

The increase was due to the higher balance of trade receivables. The trade receivable balance of Sarangani during the year amounted to ₱393 million vs. none in 2015.

4. Spare parts and supplies, 31% Increase

The build-up consisted mainly of the purchase coal and spare parts for Sarangani during the year.

5. Prepaid expenses and other current assets, 34% Decrease

The decrease is due to the decline in interest reserve account of the Parent as required by the Corporate Fixed Facility issued during the year. The last year's balance amounted to ₱894 million to ₱587 million this year.

6. Investment in Real Estate, 88% Decrease
Investment in Associate, 79% Increase

The infusion into Aviana Development Corp. (ADC) of the Lanang property of the Company in exchange for shares of stock in ADC resulted to the 88% decrease in the Investment in Real and the 79% increase in Investment in Associate.

7. Property, plant and equipment, 19% Increase

The growth is due mainly to expenditures incurred for the completion of the construction of the first phase of Sarangani Energy's power plant.

8. Goodwill, 23% Decrease

The decrease was due to the recognition of partial impairment of the goodwill amounted to ₱246 million during the year.

9. Deferred Tax Assets, 121% Increase

The Increase is due largely to the deferred tax impact of the accrued decommissioning liability and impairment losses.

10. Other Noncurrent Assets, 12% Increase.

The increase was due to the advance payments made for SEC 2 power plant projected amounting to ₱40 million during the year.

11. Accounts payable and other current liabilities, 8% Increase

Higher balance of trade payables of SEC and accrued interest on project loan caused the increase in accounts payable and other current liabilities.

12. Loans payable, 122% Increase

The increase was due the availments of short-term working capital facility of SPPC and WMPC during the year.

13. Income tax payable, 9% Decrease

The decrease was due to the lower taxable income earned during the year.

14. Current Portion of Long-term Debt, 96% Increase

Long-term debt-net of Current Portion, 3% Decrease

The variances were due to additional loan drawdown to complete the construction of SEC 1 Power Plant. The maturing principal within the next twelve months was reclassified to current portion long-term debt which caused the 90% increase.

15. Deferred Tax Liabilities, 17% Decrease

The decline in deferred tax liabilities was due to the reduction of capitalized interest of the SEC 1 Power Plant. The reduction was in the form of depreciation expense recognized during the year.

16. Retirement liabilities, 394% Increase

The increase was due mainly to additional accrual during the year due to the re-measurement of retirement benefit obligation as conducted by independent Actuary during the year.

REVIEW OF 2015 vs. 2014 OPERATIONS

Highlights of the Company's financial performance are as follows:

1. Revenues and Profitability

ACR and Subsidiaries posted consolidated revenues of ₱5,022 million in 2015, is lower than the ₱5,180 million reported in 2014. The 3% decline was due mainly to the lower energy fees brought about by the lower indices during the year in spite of higher energy sales volume generated by the 3 power plants of the Company.

Cost of services was reported at ₱3,072 million, 13% lower than the ₱3,548 million in 2014. The change in depreciable life of the power plants of SPPC and WMPC from original ECA period to another 10 years caused the decline in costs of services.

Gross profit improved by 20% in 2015 to ₱1,950 million from ₱1,632 million in 2014 due to lower costs.

General and administrative expenses was also lower in 2015 at ₱434 million from ₱467 million in 2014 due mainly to lower taxes and licenses and personnel costs. Operating profit as a result significantly improved at ₱1,516 million from ₱1,165 million reported in the previous year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) was lower in 2015 at ₱1,781 million from ₱2,088 million in the previous year due mainly to the foreign exchange loss incurred when the Company settled its US Dollar-denominated liability in 2015 at a higher Philippine Peso translation compared to the US Dollar.

Meanwhile, interest income was 8% higher in 2015 at ₱24 million from ₱22 million in 2014 due mainly to the higher cash placements made during the year. Interest expense was 57% higher at ₱324 million in 2015 from ₱207 million in 2014, the interest expenses incurred for the project loan was capitalized to power plant cost of SEC that is currently under completion during the year.

On the other hand, the Company realized a net other charges of ₱84 million in 2015 from an income of ₱109 million in 2014. The foreign exchange losses of a US Dollar-denominated debt caused the downturn in other income (charges) account.

Core income without the effect foreign exchange was however improved 23% from ₱741 million to ₱909 million and the net income attributable to the Company of ₱0.064 per share, 14% higher than last year of ₱0.056 per share.

The non-recurring foreign exchange loss, however dampened the Company's net income to ₱691 million, 5% lower than last year's net income of ₱727 million. The earnings attributable to the equity holders of the parent were reduced to ₱188 million from last year's ₱359 million. As a result, basic earnings of ₱0.029 per share decreased from ₱0.056 per share in 2014.

2. Financial Position

As of December 31, 2015, total resources of ACR and Subsidiaries remained strong at ₱30,166 million, increasing by 17% versus the ₱25,725 million level reported in 2014.

Current assets grew by 1%, from ₱7,814 million to ₱7,903 million. The increment came largely from the increase in cash and cash equivalents of Sarangani as well as higher prepaid expenses, and deposit in interest reserve account on the Fixed Rate Corporate Note (FXCN) of the Company. Similarly, noncurrent assets rose by 24%, representing capital expenditures incurred for the on-going construction of the power plant.

On the other hand, current liabilities decreased by 18% in 2015, from ₱2,463 million to ₱2,025 million, largely on account of lower current portion of long-term debt and accounts payable and accrued expenses. Noncurrent liabilities increase by 36%, as Sarangani drew from its project loan to finance its capital expenditures as well as the availment by the Company of its FXCN Facility with various noteholders.

Accordingly, ACR's consolidated balance sheet remained strong with a current ratio at 3.90:1 in 2015 versus the 3.17:1 level in 2014, and continued to be underleveraged despite an increase in its debt-to-equity ratio, from 1.47:1 to 1.85:1.

Meanwhile, net cash inflows from operating activities decreased 31% from ₱1,977 million in 2014 to ₱1,368 million in 2015, as a result of higher acquisition of spare parts and supplies as well as prepaid expenses with a combined amount of ₱792 million during the year. Together with net cash inflows from financing activities amounting to ₱1,958 million, largely from loan availments, available funds totaled ₱3,301 million in 2015, were used for power plant project construction of SEC 1 amounting to ₱1,520 during the year. The net cash balance after accounting for the above changes reached ₱3,940 million, 57% higher than last year's ₱2,512 million in the previous year.

1. Key Performance Indicators (KPI)

The Company's financial KPI for the year ended December 31, 2015 showed significant improvement compared to 2014 as follows: (Amounts in million pesos, except ratios)

Table 6 – Comparative KPIs (2015 Vs. 2014)

Financial KPI	Definition	Calendar Year	
		2015	2014
Profitability			
Revenues		₱5,022	₱5,180
EBITDA		₱1,781	₱2,088
EBITDA Margin	EBITDA ÷ Net Sales	35%	40%
Return on Equity	Net Income ÷ Total Average Stockholders' Equity	7%	7%
Net Earnings Attributable To Equity Holders		₱188	₱359
Efficiency			
Operating Expense Ratio	Operating Expenses ÷ Gross Operating Income	29%	40%
Liquidity			
Net Debt Coverage	Cash Flow from Operating Activities ÷ Net Financial Debt	10%	18%
Debt-To-Equity Ratio		2.08:1	1.55:1
Current Ratio	Current Assets ÷ Current Liabilities	3.90:1	3.17:1

Profitability

The earnings before interest, taxes, depreciation and amortization (EBITDA) of the Company increase from ₱1,640 million to ₱2,088 million in 2014. EBITA Margin however, decreased from 40% in 2014 to 35% in 2015 due mainly to non-recurring foreign exchange loss incurred in during the year resulting from the settlement of the Company's US Dollar-denominated debt.

Return on equity (ROE) stood at 7% for both years. Net income attributable to the equity holders of the Parent decreased to ₱188 million from ₱359 in 2014 due to the above non-recurring loss during the year. The Company's core income however, improved to ₱909 million from last year's ₱741 million.

Efficiency

The Company's operating expense ratio decreased to 29% in 2015 from 40% in 2014. Operating expenses in 2014 was higher due mainly to the higher real property taxes charged to the newly rehabilitated MPC plant which is a none-controllable item.

Liquidity

As a result of additional project loan drawdowns during the year, financial debt increased by 27%. Consequently, net debt coverage decreased to 10% from last year's 18%. Current ratio on the other hand improved to 3.90:1 from last year's 3.17:1.

Seasonality Aspects of the Business

The operations of ACR and its subsidiaries were not affected by seasonality or cyclicity.

Material Changes in Consolidated Balance Sheet Accounts 5% or More

1. Cash and cash equivalents, 57% Increase

The growth in cash and cash equivalents (2015: ₱3,940 million vs. 2014: ₱2,512 million) was principally due to receipt of the loan proceeds by Sarangani and the Company that remain unused as of the end of 2015. Cash generated from operations during the year was ₱1,368 million, 31% lower than previous year's ₱1,976 million. The proceeds of loan presented in the financing activities amounting to ₱9,338 million was used to finance the on-going construction of the first phase of Sarangani's power plant.

2. Short-term cash investments, 402% Increase

Short-term cash investments increased (2015: ₱173 million vs. 2014: ₱34 million) due to funds from operating activities

3. Trade and other receivables, 56% Decrease

The decrease was due to the conversion of a due from related party into an investment in preferred shares amounting to ₱2.2 billion.

4. Spare parts and supplies, 105% Increase

The build-up consisted mainly of the purchase of spare parts for Sarangani during the year which is intended for its upcoming commercial operation in 2016.

5. Prepaid expenses and other current assets, 139% increase

The increase is due to the deposit in interest reserve account of the Parent as required by the Corporate Fixed Facility issued during the year.

6. Noncurrent portion of installments receivables, 14% Decrease

The decrease is due to collection of maturing accounts during the year.

7. Property, plant and equipment, 17% Increase

The growth is due mainly to expenditures incurred for the construction of the first phase of Sarangani's power plant.

8. AFS financial assets, 1,904% Increase

The significant increase was due to the investment in preferred shares of Alsons Development and Investment Corporation with a cumulative dividend feature of 4% per annum.

9. Goodwill, 5% increase

The change in the amount of goodwill was due mainly to the change in foreign exchange rate of Philippine ₱ vis-à-vis the US \$ from ₱44.72 in 2014 to ₱47.06 in 2015.

10. Retirement plan assets, 36% Decrease

The decrease was mainly due to settlement of retiring employees of WMPC during the year as a result of the expiration of its ECA with NPC effective December 12, 2015.

11. Deferred Tax Assets, 55% Decrease

The decrease in payable to customers arising from the overbilling charged by Mapalad Power in the previous year caused the decrease in this account.

12. Accounts payable and other current liabilities, 8% Increase

The increase in accrued interest due to higher loan availments during the year caused the increase in accounts payable and accrued expenses accounts.

13. Loans payable, 15% Increase

The availment of a short-term working capital facility of Mapalad Power Corporation during the year, caused the increase in this account.

14. Income tax payable, 46% Decrease

The decrease was due to the lower taxable income earned during the year.

15. Derivative liability, 100% Decrease

The embedded derivatives arising from the exchange option of APHC-ACR Loan Facility Agreement which was assigned to its Lender Bank in accordance with the Omnibus Loan and Security Agreement. The decline in derivative liability was the result of partial prepayment of the loan during the year thereby resulting to a mark-to-market gain. The salient features of this loan were discussed in Note 18 of the Notes to Consolidated Financial Statements. The derivative liability was a result of re-measurement of the options, such that a mark-to-market loss and the corresponding liability were recognized. In 2015, the loan was fully settled and the remaining balance of derivative liability was derecognized.

16. Current and Long-term debt, 33% Increase

The increment was due to the drawdown from the project loan facility of Sarangani during the year as well as the availment of a ₱7.2 billion FXCN Facility and the settlement of the US\$100 million UBS loan of the Company.

17. Retirement liabilities, 13% Decrease

The decrease was due mainly to the re-measurement of retirement benefit obligation as conducted by independent Actuary during the year.

BUSINESS AND GENERAL INFORMATION

THE BUSINESS

Alsons Consolidated Resources, Inc. ("ACR" or the "Company") was incorporated on December 24, 1974 as Victoria Gold Mining Corporation to engage in the business of exploration of oil, petroleum and other mineral products. The corporate name was changed to Terra Grande Resources, Inc. (Tegre) in March 1995.

In 1994, the Alcantara Group, through Alsons Power Holdings Corporation (APHC), acquired a 55.80% interest in Tegre through a swap of APHC's 50.78% stake in Northern Mindanao Power Corporation (NMPC). The Securities and Exchange Commission (SEC) formally approved the stock swap on March 4, 1995 together with the increase in the Company's authorized capital stock from ₱1 billion to ₱3 billion.

The corporate name was changed to Alsons Consolidated Resources, Inc. in June 1995 to mark the entry of the Alcantara Group. The Company's primary purpose was subsequently changed to that of an investment holding company, and oil exploration was relegated to a secondary purpose.

On October 10, 1996, the Company completed its reorganization through a series of stock swaps. As a result of this reorganization, some of the Alcantara Group's established businesses became majority or minority owned subsidiaries of ACR and the Company's authorized capital was further increased from ₱3 billion to ₱12 billion.

ACR's core businesses, conducted through its various subsidiaries and associates, can be grouped into the following main categories: a) Energy and Power, b) Property Development, and c) Other Investments. A description of the general nature and scope of these businesses is presented below:

Energy and Power

ACR's investment in the Energy and Power business is through four holding firms namely, Conal Holdings Corporation (Conal or CHC) and Alsing Power Holdings, Inc. (Alsing), Alsons Renewable Energy Corporation (AREC) and Alsons Thermal Energy Corporation (ATEC). Conal owns all of ACR's diesel plants operating power generation businesses, namely: (1) Alsing Power Holdings, Inc. at 80%, (2) Alto Power Management Corporation at 60% and (3) Mapalad Power Corporation 100%. Alsing, in turn, owns 55% of: (a) Western Mindanao Power Corporation; and, (b) Southern Philippines Power Corporation. Further, ACR directly owns 20% of Alsing. AREC, which was organized on October 2, 2014 is currently in the process of developing Siguil Hydro Power Corporation and Kalaong Hydro Power Corporation, both in the renewable energy and holds 100% of these entities. ATEC was organized on December 3, 2015 wherein ACR transferred its direct interest in Sarangani Energy Corporation (Sarangani) on April 27, 2016.

ACR also formed Aces Technical Services Corporation (ACES), a wholly-owned subsidiary, on July 7, 2011 which served as the operations and maintenance Company of Sarangani and SRPI. On October 13, 2016, ACR transferred its ownership into ATEC.

ACR also has a wholly owned subsidiary, Alsons Power International Limited (APIL), which handles the development of the power plant projects of ACR outside the country.

The Four (4) operating power generation subsidiaries, Western Mindanao Power Corporation (WMPC) and Southern Philippines Power Corporation (SPPC), Mapalad Power Corporation (MPC) and Sarangani Energy Corporation (SEC) are all located in Mindanao.

WMPC operates a 100-megawatt (MW) diesel-fired electricity generating facility in Zamboanga City under an 18-year “Build-Operate-Own” (BOO) arrangement with National Power Corporation (NPC) until December 2015. SPPC, on the other hand, operates a 55 MW diesel-fired electricity generating facility located in Alabel, Sarangani Province, 15 kilometers east of the city proper of General Santos, also under a BOO arrangement with NPC for 18 years until April 28 2016. SPPC is now operating as Merchant Plant.

MPC rehabilitated and started operating 98 MW of the 103MW Bunker-Fired Iligan Diesel Power Plants (IDPPs) I and II, which Conal acquired from the Iligan City Government on February 27, 2013. The Company currently operates as Merchant and serves various electric cooperatives in Mindanao.

The Mindanao Grid, where the three power plants of ACR’s Energy and Power business operate, is dominated by power generated by the Agus Hydroelectric System. However, when the water of Lake Lanao is at a critical level, the Agus System cannot service the full demand of the Mindanao Grid. The SPPC and WMPC plants are therefore called for dispatch to supply this deficit. As the demand for power in Mindanao is expected to grow rapidly over the next few years, these power plants will play an important role in providing adequate and stable power for Mindanao.

Further assuring stable power supply to the Mindanao Grid is the 210MW coal-fired power plant in Maasim, Sarangani, of which ACR recently completed the construction of its first section of 105MW through its subsidiary, Sarangani. The limited notice to proceed with the construction of the second phase or section (“Phase 2” or “Section 2”) was issued in July 2016 and Section 2’s expected completion date is in the second quarter of 2019. In addition, ACR is also beginning site development and clearing works for SRPI’s 105MW coal-fired power plant project (ZAM100) in Zamboanga City. ZAM100 will supply power to Zamboanga City and other parts of the Zamboanga Peninsula.

Property Development

ACR is also engaged in the Property Development business through its subsidiary, Alsons Land Corporation or ALC. Established on November 25, 1994, ALC was primarily involved in a 72-hole golf course development with a residential component called the “Eagle Ridge Golf & Residential Estate” in General Trias, Cavite.

The Eagle Ridge Golf & Residential Estate (Eagle Ridge) is a joint venture between ALC and Sta. Lucia Realty Development, Inc. The Fil-Estate Group of Companies primarily handles the sale of its golf shares and residential lots. Eagle Ridge is a 700-hectare project located in Gen. Trias, Cavite. The only Golf Club in the Philippines with four completed signature golf courses and three fully operational clubhouses, Eagle Ridge has superior facilities that cater not only to golfers but also to their families and guests.

To maximize the use of its remaining land holdings, ALC is also engaged in the development of other types of housing products. Re-packaging its properties to better suit emerging market niches in the property sector, ALC launched “Campo Verde”, a joint venture project with Sunfields Realty Development, Inc. The 11-hectare property is located inside LTC and an hour away from Makati via the South Luzon Expressway and the Southern Tagalog Arterial Road Tollway. Campo Verde offers three (3) distinct Spanish themed homes that are ideal for young to growing families. The model house choices range from: Condesa with a lot area of 90 square meters and floor area of 36 square meters; Duquesa with a lot size of 100 square meters and a floor area of 50 square meters; and, Reina with 120 square meter-lot and a floor area of 80 square meters. To date, ALC is still focusing in selling its remaining inventories.

Through subsidiary Kamanga Agro-Industrial Economic Development Corporation, ACR is also developing the Kamanga Agro-Industrial Economic Zone, where the power plant of Sarangani is located in the Municipality of Maasim, Province of Sarangani, and was accredited with the PEZA as an agricultural and light-industry zone. Enterprises will be encouraged to set up their businesses in, or relocate to, this “Ecozone” to enjoy incentives prescribed by law through the PEZA.

To further expand its interest in the energy sector, the Company is presently considering several investment opportunities also in Mindanao.

Other Investments

In 2007, ACR infused capital in ACR Mining Corporation (ACR Mining) amounting to ₱195 million to support the latter’s acquisition of the 75% interest of Alsons Development and Investment Corporation (Aldevinco), one of its major stockholders, in the Joint Venture with Southern Exploration Corporation (SECO) to explore and develop the Manat Mining Claims situated in the provinces of Davao del Norte and Compostela Valley. ACR Mining was formerly known as ACR Management Corporation. Its initial activity involved the acquisition of Alsons Development & Investment Corporation’s interest in a mining claim, referred to as the Manat Mining Claims. Covered by Mineral Production Sharing Agreement (MPSA) Serial No. 094-97-XL for 25 years up to year 2022, the mining claim has a total area of 1,547.32 hectares. It is located in the Municipality of Nabunturan, Province of Compostela Valley and in the Municipality of Maco, Province of Davao del Norte. Previous exploration work at the project area identified three sub-parallel NW trending mineralized structures: Pagtulian, Katungbuan/Taglayag, and Magas. Detailed work on the Magas Vein Zone (MVZ) so far revealed an estimated inferred resource of 2.7 million tons containing: 2.8 g/t gold, 26 g/t silver, 0.09% copper, 0.85% lead, and 1.58% zinc. On May 24, 2015, the Board of Directors approved and declared ACR Mining as property dividend of record date of June 5, 2015. The Securities and Exchange Commission approved the Certificate of Filing the Notice of Property Dividend on August 11, 2015. The Bureau of Internal Revenue issued its Certificate Authorizing Registration on February 22, 2016.

To further expand its interest in the energy sector, the Company is presently considering several investment opportunities also in Mindanao.

OTHER INFORMATION

Business Segments Contribution to Revenues

Table 7 – The contribution of each segment of the business to the consolidated revenues of the Company are as follows:

	<i>(Amounts in Thousand PhP)</i>			% to Total		
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Energy and Power	₱7,085,042	₱5,002,696	₱5,159,454	%	100%	100%
Property Development	21,756	25,444	20,617	%	0%	0%
	₱7,106,798	₱5,021,696	₱5,180,071	%	100%	100%

Income from foreign sources amounting to ₱8 million in 2016, ₱25 million in 2016 and 2015, respectively. These fees represent technical advisory services related to the operation and maintenance of a power plant in Indonesia.

Competition

Aside from the numerous housing developments competing in Batangas, Cavite and Laguna areas, a shift in the market forces has prompted a slowdown in sales for the Eagle Ridge Golf and Residential Estates. Economic and affordable housing developments of Filinvest, Camella Homes, and Amaia have gained a foothold in the region.

While several generation companies have either commenced construction of coal-fired power stations or announced plans to build them, Sarangani Energy Corporation (SEC) has secured its position in the market by entering into Power Sales Agreements (PSAs) with various distribution utilities. Having secured the approval of the Energy Regulatory Commission of these PSAs, SEC is assured of the market for its capacity.

The diesel power stations of WMPC, SPPC, and MPC are significantly contracted. These plants remain as the preferred suppliers of most distribution utilities for peaking and insurance capacities due to their competitive pricing and proven performance over years of reliable operations.

Sources and Availability of Raw Materials and Supplies

SPPC has fuel supply agreement with Pilipinas Shell Petroleum for the supply of estimated 2 to 4 million liters of fuel per month until September 1, 2019. Wartsila Corporation of Finland supplies the engine parts and major maintenance services needed by the plants.

MPC and WMPC signed a Fuel Supply Agreement with Phoenix Petroleum Corporation for the supply of approximately 4-8 M liters of fuel per month for each plant. The agreement is valid until April 5, 2017 for MPC and December 13, 2018 for WMPC. Similar to WMPC and SPPC, MPC has also agreements with Pilipinas Shell Petroleum Corporation for the supply of its lubricating oils and with Wartsila Corporation for the supply of its engines.

SEC has fuel supply and transport agreement with Toyota Tsusho Corporation for coal low sulfur or sub-bituminous coal which is sourced from Kalimantan, Indonesia with net calorific value of 3,630-5,450 KCal per kilogram with price based on GlobalCoal New Castle Index. The agreement is valid for 10 years from April 29, 2016 until 2026.

Dependence on a Single or a Few Customers

SPPC and WMPC sole customer used to be NPC through BOO arrangements and their ECA's with NPC ended on December 12, 2015 and April 28, 2016, respectively. These plants have secured, or are securing Power Supply Agreements (PSA) with various distribution utilities. SEC on the other hand has secured 25-year PSA's with the following distribution utilities:

<u>Contracting Party</u>	<u>Contracted Capacity</u>
South Cotabato Electric Cooperative II, Inc.	70
Iligan Light and Power, Inc.	27
Cagayan Electric Power and Light Company, Inc.	20
Davao del Norte Electric Cooperative, Inc.	15
Davao del Sur Electric Cooperative, Inc.	15
Agusan del Norte Electric Cooperative, Inc.	10
Agusan del Sur Electric Cooperative, Inc.	10
Cotabato Electric Cooperative, Inc.	10
South Cotabato 1 Electric Cooperative, Inc.	10

Zamboanga del Sur Electric Cooperative, Inc.	5
Zamboanga del Norte Electric Cooperative, Inc.	5
Misamis Oriental Electric Cooperative II	3

Alto Power Management Corp. (APMC), a subsidiary of ACR, provides the plant and operation management services to SPPC, WMPC and MPC. Also, APMC International Ltd., a wholly owned subsidiary of APMC, provides Operations and Maintenance management services to PT Makassar Power Indonesia until April 2016.

The Property Development and other businesses of ACR are not dependent on a single or few customers and the loss of one or a few customers will have no material adverse effect on the Company and its subsidiaries

Effect of Existing or Probable Governmental Regulations on the Business

Republic Act No. 9136, the Electric Power Reform Act (EPIRA), and its Implementing Rules and Regulations (IRR), provide for significant changes in the Power Sector which includes among others:

- a. The unbundling of the generation, transmission, distribution and supply of power and other disposal assets, including its contract with IPP and electricity rates;
- b. Creation of a Wholesale Electricity Spot Market (WESM) within one year; and,
- c. Open and nondiscriminatory access to transmission and distribution systems.

The law also requires public listing of not less than 15% of common shares of generation and distribution companies within 5 years from the effectivity of the EPIRA. It provides: (i) cross ownership restrictions between transmission and generation companies and between transmission and distribution companies; and, (ii) a cap of 50% on the demand of a distribution utility sourced from an associated company engaged in generation except for contracts entered into prior to the effectivity of the EPIRA; and (iii) specifically relating to generation companies, a cap on the concentration of ownership to only 30% of the installed capacity of the grid and/or 25% of the national installed generating capacity. Based on the assessment of management, the operating subsidiaries have complied with the applicable provisions of the EPIRA and its IRR.

Research and Development

ACR and its subsidiaries do not allocate specific amounts or a fixed percentage for research and development. All research, if any, are done by its subsidiaries and affiliates on a per project basis. The allocation for such activities may vary depending on the nature of the project.

Employees

As of December 31, 2016, ACR and its 50% or more directly or indirectly-owned subsidiaries had a manpower complement of 411 employees, broken down as follows: 5 executives, 21 managers, 98 supervisors and 287 associates. The Company believes that changes in manpower complement will be minimal for the next twelve months. The employees of the Company and its subsidiaries are not unionized.

Bankruptcy Proceedings

The Company has not contemplated any plan for bankruptcy, receivership, or similar proceedings. Neither is there any material reclassification, merger, consolidation, nor sale of any significant amount of assets in the ordinary course of business.

Cost and Effect of Compliance with Environmental Laws

As a holding company, ACR engages only in projects and activities that comply with environmental laws. Its power subsidiaries follow the regulations embodied in the EPIRA. All its plants meet the exhaust emission standards set by DENR. Compliance with existing environmental laws has corresponding costs, which include expenditures for the following: 1) renewal fees for the DENR permit/license to operate; 2) exhaust emission tests and monitoring (costs covered by the environmental guarantee fund), 3) environmental monitoring fund (SPPC ₱500,000 and WMPC ₱598,000), and 4) environmental guaranty fund (SPPC ₱500,000 and WMPC ₱500,000). The Company meets all governmental, environmental, health and safety requirements. The Company's operating units are regularly inspected and have not experienced significant governmental, environment, health or safety problems. For the past three years, the total amounts spent in complying with environmental laws by the subsidiaries are as follows: (1) ₱ 2,747,044 in 2016; (2) ₱5,130,967 in 2015; and, (3) ₱6,721,230 in 2014.

Investment Acquisition

On October 9, 2015, the Board of Directors approved the subscription to Non-Voting Preferred Shares in ALDEVINCO amounting to ₱2.2 billion. The preferred shares are entitled to receive out of the unrestricted retained earnings of the ALDEVINCO, cumulative dividends at the rate of 4% per annum of the par value of the Preferred Shares, before any dividends shall be paid to holders of the Common Shares.

On February 27, 2013, CHC acquired from the Iligan City Government, the 98 MW Bunker-Fired Iligan Diesel Power Plants (IDPPs) I and II valued at ₱387million. MPC rehabilitated the two plants at total cost of ₱800 million, the capacity has now increased to 103MW

Alsons Power Holdings Corporation (APHC), also a company under the Alcantara Group, entered into a placement agreement (the Agreement) with Indophil to purchase the 207,708,334 shares in two (2) tranches. On December 26, 2011, APHC incorporated Alsons Prime Investments Corporation (APIC) as a wholly owned subsidiary primarily to hold the Indophil investment. The Agreement was concluded on February 6, 2012, with APIC owning 17.26% of Indophil's total outstanding shares.

Subsequently, on September 23, 2014, APIC offered to acquire all of Indophil's issued shares not already owned by APIC under a Scheme of Arrangement. Under the Scheme, APIC offered Indophil shareholders A\$0.30 cash for each share that they owned. With the consent of Indophil's shareholders of the Scheme during the December 18, 2014 shareholders' meeting and the final approval by the Australia Supreme Court on January 13, 2015, payment to all shareholders on the share register as at the Record Date of January 20, 2015 except for shares already owned by APIC's affiliates, ACR and Alsons Corporation ("AC"), was completed on January 28, 2015. In July 2015, APIC was bought by a third party and ceased being part of the Alcantara Group. Accordingly, the Joint Voting Agreement of IRNL shares between the Parent Company, APIC and AC was deemed terminated.

On December 11, 2015, the Company entered into a Deed of Assignment of Shares (share swap) agreement with APIC, whereby the former assigned and transferred to the latter all its interest in IRNL in exchange for ownership interest in IRPI. Accordingly, the Company recognized the

investment in IRPI amounting to ₱1,213 million representing the carrying value of the investment at date of the share swap agreement.

The transfer of the Company's investment in IRNL to investment in IRPI has no commercial substance since the Parent Company still exercises significant influence over IRPI due to its representation in the Board of Directors and Operating Committee of the Board of IRPI. Accordingly, ACR treats its investment in IRPI as "Investment in associate" using the equity method in the 2015 consolidated financial statements.

Mr. Nicasio I. Alcantara, Director of AC and Alsons Development & Investment Corporation, has been Indophil's non-executive Director since December 2011. Mr. Paul G. Dominguez on the other hand, is also a member of the Board of Directors of Alsons Development and Investment Corporation and is the Chairman of IRPI until his resignation effective December 31, 2016.

Risks

Through prudent management and cautious investment decisions, ACR constantly strives to minimize risks that can weaken its financial position. However, certain risks are inherent to specific industries and are not within the direct control of the Company.

Some of the risks that the Company and its subsidiaries may be exposed to are the following:

1. Foreign Exchange Rate Fluctuations

The Company's exposure is primarily associated with fluctuations in the value of the Peso against the U.S. Dollar and other foreign currencies. The spare parts and insurance of SPPC and WMPC are denominated in U.S. Dollars. The Company keeps a portion of its short-term investments in foreign currency to serve as a hedge in foreign exchange fluctuations.

2. Interest Rate Risks

The Company's interest rate risk management policy centers on reducing overall interest expense and on minimizing other costs of borrowing. Changes in market interest rates would have material impact on the Company's interest-bearing obligations, specifically on those with floating interest rates.

ACR and its subsidiaries manage their interest rate risks by leveraging its debt portfolio and by optimizing a mix of fixed and variable interest rates. Other measures, are employed to avert risk include pre-payment of debts and re-financing of loans. Moreover, utilization of existing credit facilities has been kept to a minimum.

3. Liquidity Risks

The Company and its subsidiaries carefully manage their liquidity position to be able to finance their working capital, debt service, and capital expenditure requirements. Sufficient levels of cash and short-term money market placements are maintained to meet maturing obligations. Management regularly monitors and forecasts its cash commitments, matches debt payments with cash generated from the assets being financed, and negotiates with creditors on possible restructuring or re-financing of existing loans to avail of better terms and conditions.

4. Credit Risks

ACR and subsidiaries transact only with companies and institutions that are in a sound financial position and have demonstrated good credit standing. The power companies' receivables are from various electric cooperatives and the collection of which has been current and up to-date except for SPPC's long-outstanding receivable from NPC consisting of US\$7,336,536.91 and ₱96,255,433.46

plus interests from April 25, 2005 to April 25, 2010, which NPC has appealed to the Supreme Court. On November 23, 2016, the Supreme Court Second Division issued a resolution denied the motion with finality, the motion for reconsideration filed by NPC. Thus, no further pleadings shall be entertained. On the other hand, receivables of the property companies come from installment sales of industrial/residential lots and housing units. Receivable balances are monitored regularly and allowance provisions are reviewed to ensure limited exposure to bad debts.

Further discussion on the Company's financial risk management objectives and policies is contained in Note 33 of the Consolidated Financial Statements.

DESCRIPTION OF PROPERTIES

The Company's energy and power operations are located in three different sites. WMPC's power plant is in a 9-hectare property in Sitio Malasugat, Sangali, Zamboanga City, while SPPC's plant is situated in a 16-hectare property located in Alabel, Sarangani Province, which is 15 kilometers east of General Santos City. The WMPC and SPPC properties are fully owned by the above-mentioned subsidiaries of ACR. CHC's power plants, IDPPs I and II, which are operated by MPC, are on an 8-hectare property in the municipality of Lugait, Misamis Oriental and in the City of Iligan. These power plants were acquired by virtue of a Deed of Sale between the City of Iligan and CHC dated February 27, 2013. The lots on which the power plants of CHC are located were acquired by MPC from ALDEVINCO in November 21, 2013. The Sarangani coal-fired power plant is located in Maasim, Sarangani Province.

The power assets were used as collateral in various loans, specifically: (1) the WMPC and SPPC power plants were used as collateral for the loans obtained to finance the construction of the said power plants, (2) the CHC power plants, and the real estate owned by MPC, were used as collateral for the rehabilitation of the CHC power plants; and (3) Sarangani's real estate and coal-fired power plant are mortgaged to its various lender banks.

ALC, the Company's property development company, used to own a 700-hectare property in General Trias, Cavite. ALC also has properties in Batangas, Cabuyao in Laguna, and along Don Chino Roces Avenue (formerly Pasong Tamo Extension), Makati City. Its Batangas property currently has residential developments. In addition, ALC owns the property, including the improvement, Alsons Building, where the Company maintains its corporate headquarters.

All of these properties are in good condition.

Table 8 – Property, Plant and Equipment (consolidated)

<i>(Amounts in Thousand Pesos)</i>	December 31, 2016	December 31, 2015
Main Engine of Power Plant	₱19,236,073	₱7,897,194
Land, Buildings and Leasehold Improvements	4,642,574	4,417,171
Plant Mechanical, Switchyard and Desulfurization Equipment	552,089	872,079
Machinery and Other equipment	429,137	344,929
Construction in Progress	2,943,872	13,297,824
Cumulative Translation Adjustments	-	(2,413,269)
Total	27,803,745	24,415,928
Less: Accumulated Depreciation and Amortization	(9,094,868)	(8,739,796)
Net Book Value	₱18,708,877	₱15,676,132

LEGAL PROCEEDINGS

Southern Philippines Power Corporation (SPPC) has long-outstanding receivable that are disputed by NPC and was decided upon by the Energy Regulation Commission (ERC). On June 3, 2013, ERC decided in favor of SPPC. On June 23, 2013, NPC elevated the case to the Court of Appeals (CA). On August 17, 2015, CA denied NPC's motion for reconsideration and decided in favor of SPPC. On September 18, 2015, NPC had elevated the case with the Supreme Court (SC). On July 16, 2016, SC rendered a decision holding NPC liable to pay SPPC for the additional 5 MW from 2005 to 2010 which affirmed ERC's requirement for both parties to reconcile settlement amount. On November 23, 2016, SC issued its decision to deny the motion for reconsideration submitted by NPC and to render the case with finality.

Some of the subsidiaries or affiliates of the Company are also from time to time involved in routine litigation as well as various legal actions incidental to their respective operations as follows. However, in the opinion of the Company's management, none of these legal matters, in which its subsidiaries or affiliates are involved, will be material to the Company's financial condition and results of operations. Refer to Note 34 of the Consolidated Notes to Financial Statements attached to this report for detailed description.

SUBMISSION of MATTERS to a VOTE of SECURITY HOLDERS

During the calendar year covered by this report, no business matter was submitted to a vote of security holders through solicitation of proxies or otherwise.

OPERATIONAL AND FINANCIAL INFORMATION

Market Price of and Dividends on the Registrant's Common Equity

1. Market Information

The public trading price of the Company's common shares for the last three (3) year in the Philippine Stock Exchange are as follows:

Table 9 – Market Price of ACR Shares

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2017	High Low	₱1.59 1.25			
2016	High Low	1.60 1.19	₱2.15 1.36	₱1.68 1.60	₱1.67 1.19
2015	High Low	2.36 1.94	2.26 1.87	1.98 1.41	1.76 1.33
2014	High Low	1.50 1.27	2.30 1.40	2.20 1.90	2.12 1.93

Stock Price as of April 3, 2017 was at ₱1.43 per share.

2. Stockholders

As of April 3, 2017, ACR has 6,291,500,000 common shares outstanding held by 466 stockholders. The top twenty stockholders of the Company, as recorded by Prime Stock Transfer Services, Inc., the Company's stock transfer agent, are as follows:

Table 10 – Top Twenty (20) Stockholders

	<u>Name</u>	<u>No. of Shares Held</u>	<u>% to Total</u>
1.	Alsons Corporation	2,592,524,072	41.21%
2.	Alsons Power Holdings Corp.	1,249,999,600	19.87%
3.	Alsons Development and Investment Corp.	1,188,524,026	18.89%
4.	PCD Nominee Corporation (Filipino)	1,098,212,151	17.46%
5.	PCD Nominee Corporation (Non-Filipino)	130,544,000	2.07%
6.	SEC Account No. 2 fao: Various Customers of Guoco Securities	2,090,000	0.03%
7.	All Asia Capital Trust & Investment Division	1,830,000	0.03%
8.	EBC Securities Corporation	1,030,000	0.02%
9.	Crisostomo, Emily A.	1,000,000	0.02%
9.	Cruz, Felipe Jr. A.	1,000,000	0.02%
9.	Nora T. Go	1,000,000	0.02%
10.	First Integrated Capital Securities, Inc. (555300)	900,000	0.01%
11.	First Integrated Capital Securities, Inc. (555200)	795,000	0.01%
12.	Ansaldo, Godinez & Co., Inc.	755,000	0.01%
13.	George Go	750,010	0.01%
14.	AACTC FAO Trinity Investment	680,000	0.01%
15.	Esteban Yau	600,000	0.01%
16.	Roy C. Tia	513,000	0.01%
17.	S. J. Roxas & Co., Inc.	507,000	0.01%
18.	Antonio Co	500,000	0.01%
18.	Mendoza, Marites &/or Alberto Mendoza	500,000	0.01%
18.	Roqueza, Ricardo S.	500,000	0.01%
18.	San Jose, Roberto V.	500,000	0.01%
19.	Vega, Luis &/or Eliseo C. Ocampo, Jr.	450,000	0.01%
20.	Gillermo F. Gili, Jr.	430,000	0.01%
	Total shares of top 20	6,276,633,859	99.76%

3. Dividends

Declaration of dividends is subject to approval by the Board of Directors.

The historical dividend declarations are follows:

Year	Date of Declaration	Amount	Per Share	Date of Record	Date of Payment
2016	May 27, 2016	₱100,664,000	₱0.016	June 30, 2016	July 25, 2016
2016	May 27, 2016	4,400,000	0.0008	June 30, 2016	July 25, 2016
2015	March 27, 2015	3,145,750	0.0005	June 5, 2015	March 22, 2016
2015	May 22, 2015	62,915,000	0.01	June 5, 2015	June 16, 2015

Dividends on preferred shares amounting to ₱4 million in 2016 and 2015 were applied against the Parent Company's subscriptions receivable from Alcorp.

Management continuously endeavors to increase ACR's share value through new projects and expansion programs while at the same time provide yearly dividends to its shareholders. On June 8, 2011, the Board of Directors adopted a dividend policy of annually declaring dividends from 20% of the previous year's un-appropriated retained earnings.

4. Sales of Unregistered Securities Within the Last Two (2) Years

There are no other securities sold for cash by the Company within the last two (2) years that were not registered under the Securities Regulation Code.

CORPORATE GOVERNANCE

In compliance with the directive of the Securities and Exchange Commission and in view of the ASEAN Corporate Governance Scorecard Assessment, please refer to the attached ACGR.