



SBS PHILIPPINES CORPORATION

January 15, 2016

SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA Greenhills
Mandaluyong City, Metro Manila

Attention: **Mr. Vicente Graciano P. Felizmenio Jr.**
Director, Markets and Securities Regulation Department

PHILIPPINE STOCK EXCHANGE, INC.

3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:

In compliance with the disclosure requirements of the Philippine Stock Exchange, please find enclosed the following:

1. Annual Summary of Disbursement of the IPO Proceeds as of December 31, 2015 as certified by the Chief Financial Officer & Treasurer;
2. Notes to the Schedule on Disbursement of IPO Proceeds and Progress Report as of and for the year ended December 31, 2015; and,
3. Report of External Auditor on Review of Certain Financial Information.

Sincerely yours,

REGINA SIMONA B. DE GUZMAN
Corporate Secretary & Compliance Officer

Encl. a/s

SBS Philippines Corporation

Annual Summary of Disbursement of the IPO Proceeds as of December 31, 2015 (Amounts in Philippine Pesos)

Net Offering Proceeds	P	1,112,244,295.45
Less: Disbursements for the period August 10, 2015 to December 31, 2015		
Accumulated costs incurred as of December 31, 2015		<u>396,058,873.83</u>
Balance of the Net Offering Proceeds as of December 31, 2015		<u>716,185,421.62</u>

By: 
Aylene Y. Syteagco
Chief Financial Officer / Treasurer

SBS PHILIPPINES CORPORATION

(Formerly Sytengco Philippines Corporation)

(A Subsidiary of Anesy Holdings Corporation)

NOTES TO THE SCHEDULE ON DISBURSEMENT OF IPO PROCEEDS AND PROGRESS REPORT AS OF AND FOR THE PERIOD AUGUST 10, 2015 TO DECEMBER 31, 2015

1. BACKGROUND

SBS Philippines Corporation (the Company) is engaged in the trading of goods and buying, selling, distributing and marketing, at wholesale, goods such as chemicals, fertilizers, foodstuff, agricultural products, feed ingredients, industrial products and medical devices.

On April 8, 2015, the Company applied for the registration of its common shares with the Philippine Securities and Exchange Commission (SEC) and the listing of the Company's shares on the Philippine Stock Exchange (PSE). The SEC approved the registration of the 1,200,000,000 common shares of the Company on July 16, 2015 and the PSE approved the Company's application for the listing of its common shares on July 23, 2015.

On August 10, 2015, the Company, by way of a primary offering (IPO), sold 420,000,000 shares of its common stock (Offer Share) at an offer price of P2.75 per Offer Share, and generated net proceeds of approximately P1.1 billion (the Offering Proceeds) from such IPO.

2. RELEVANT INFORMATION

Expenditures from the Offering Proceeds are discussed below.

(a) Nature of Expenditures

As disclosed in the Company's Prospectus dated July 24, 2015, the Offering Proceeds shall be used by the Company to finance, among others, the following requirements:

(i) Product Expansion

The Company intends to use a portion of the Offering Proceeds to finance the introduction of new products to expand and diversify its product portfolio. These new product purchases are expected to be made within the first half of 2016.

(ii) Investment in Capital Expenditures

The Company also intends to allocate a portion of the Offering Proceeds to finance capital expenditures to enhance operating efficiencies and bring down costs. These involve investments in (i) information technology systems; (ii) renewable energy saving systems; (iii) construction of additional warehouse building improvements; and, (iv) the purchase of additional warehouse machineries and equipment.

The Company also plans to acquire an industrial property located at the west side of the National Road, within Barangay Tunasan, Muntinlupa City, Metro Manila, comprising an area of 19,373 square meters, for development into a key distribution warehouse to service regional market customers.

These capital expenditures are expected to be disbursed in the first half of 2016. As of December 31, 2015, no funds from the Offering Proceeds were disbursed and used for this purpose as yet.

(iii) Debt Retirement

The Company will also use a portion of the Offering Proceeds to repay the outstanding principal balance of one of its term loan with BDO Unibank, Inc., which was availed of on September 5, 2013. This long-term loan is set to mature on August 27, 2018 and bears an interest cost of 5% per annum (the "BDO Loan"). The Company decided to prepay the BDO Loan as it carried a higher interest rate compared to its other loan obligations.

On August 11, 2015, the Company prepaid the BDO Loan in the total amount of P282.9 million, inclusive of accrued interest, using the Offering Proceeds.

(iv) General Working Capital Expenditures

The remaining balance of the Offering Proceeds will be used for general corporate purposes, including but not limited to, use as working capital to finance replenishment of product inventory and the expansion of sales force and operations team.

As of December 31, 2015, the Company had disbursed a total of P113.1 million of the Offering Proceeds to settle trust receipts obligations, inclusive of interests, incurred for the purchase and replenishment of its product inventories.

(b) Summary of Accumulated Disbursements of the Offering Proceeds (Progress Report)

Summarized below are the accumulated costs incurred to date and the remaining balance of the Offering Proceeds.

	<u>Allocation of Net Offering Proceeds*</u>	<u>Application of Proceeds Incurred as of December 31, 2015</u>	<u>Balance of Offering Proceeds as of December 31, 2015</u>
Product expansion	P 100,000,000.00	P -	P 100,000,000.00
Investment in capital expenditures	554,600,000.00	-	554,600,000.00
Debt retirement	285,000,000.00	282,915,068.49	2,084,931.51
General working capital expenditures	<u>172,644,295.45</u>	<u>113,143,805.34</u>	<u>59,500,490.11</u>
	<u>P 1,112,244,295.45</u>	<u>P 396,058,873.83</u>	<u>P 716,185,421.62</u>

** To the extent that the Offering Proceeds from the IPO are not immediately applied to the specified purposes stated in the Offering Circular, the Company may invest in short-term fixed income securities and/or money market instruments. As of December 31, 2015, the remaining balance of the Offering Proceeds was invested in short-term money market placements with reputable Philippine universal banks.*

(c) Application of Remaining Balance of the Offering Proceeds

The remaining balance of the Offering Proceeds amounting to P716.2 million as of December 31, 2015 is expected to be utilized and disbursed in accordance with the proposed uses of the Offering Proceeds in the Company's Prospectus dated July 24, 2015 as presented above. There have been no re-allocations on the use of the Offering Proceeds as of December 31, 2015.

Report on Review of Certain Financial Information

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The Stockholders and the Board of Directors
SBS Philippines Corporation
(Formerly Sytengco Philippines Corporation)
(A Subsidiary of Anesy Holdings Corporation)
No. 10 Resthaven Street
San Francisco Del Monte, Quezon City

Introduction

We have reviewed the accompanying Annual Summary of Disbursement of the Initial Public Offering (IPO) Proceeds (the Annual Summary) of SBS Philippines Corporation (the Company) for the period August 10, 2015 to December 31, 2015, and the accompanying explanatory notes with respect to the Company's use of the proceeds from its IPO. Management is responsible for the preparation and fair presentation of the Annual Summary in accordance with the planned use of the Offering Proceeds as presented in the Prospectus of the Company dated July 24, 2015. Our responsibility is to express a conclusion and to issue a report on this Annual Summary based on our review.

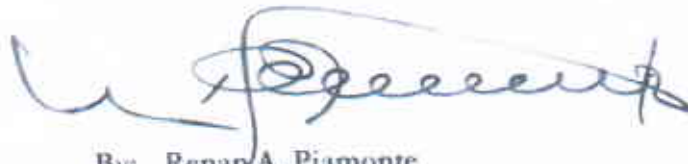
Scope of Review

We conducted our review in accordance with the applicable Philippine Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity."* A review is limited primarily to inquiries of Company personnel, analytical procedures and other review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Annual Summary of SBS Philippines Corporation does not present fairly, in all material respects, the information on the use of the Offering Proceeds for the period August 10, 2015 to December 31, 2015, in accordance with the planned use of such proceeds as summarized in the Prospectus of the Company.

PUNONGBAYAN & ARAULLO



By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 5321730, January 4, 2016, Makati City
SEC Group A Accreditation
Partner - No. 1363-A (until Nov. 11, 2016)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-37-2013 (until Oct. 7, 2016)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

January 15, 2016