

## EXECUTIVE SUMMARY

### Introduction

The Batangas Land Company, Inc. (BLCI) is a domestic corporation duly organized and existing under the laws of the Philippines since 1971. Its principal purpose is to administer the real properties of Caltex Philippines, Inc. (Caltex), now Chevron Philippines, Inc. (Chevron), and Caltex Philippines Petroleum Company, Inc. (CALPET), now Chevron Philippines Petroleum Company, Inc. (CHEVPET).

The major objectives and principal programs of the Company are as follows:

- (a) to acquire, own, hold, improve, develop, lease and dispose of any land or interest in land, building, facilities and structures as maybe permitted by law;
- (b) to invest in, hold, buy, sell and acquire and dispose of stocks, bonds and properties and assume obligations of other corporations subject to the provisions of the applicable laws; and
- (c) to engage in the general mercantile and commercial business of buying, selling, importing, exporting, bartering or otherwise dealing in general merchandise.

In line with this mandate, BLCI disposed through public bidding three properties in 2012 and one property each in 2013 and 2014, and which were fully paid in January 2013, July 2014 and November 2015, respectively.

### Scope and Objectives of Audit

The audit covered the accounts, transactions and operations of BLCI for calendar years 2016 and 2015. It was aimed at expressing an opinion on the fairness of presentation of the Company's financial position, results of operations and cash flows and at determining the Company's compliance with pertinent laws, rules and regulations, as well as the efficiency and effectiveness of operations.

### Financial Highlights

#### Comparative Financial Position

	2016	2015	Increase (Decrease)
Assets	60,382,543	99,834,939	(39,452,396)
Liabilities	15,036,210	25,228,478	(10,192,268)
Equity	45,346,333	74,606,461	(29,260,128)

## Comparative Results of Operations

	2016	2015	Increase (Decrease)
Income	16,577,869	16,875,308	(297,439)
Expenses	4,651,044	4,557,523	93,521
Profit from operations	11,926,825	12,317,785	(390,960)
Other income (expenses), net	374,417	41,812,954	(41,438,537)
Profit before tax	12,301,242	54,130,739	(41,829,497)
Income tax expense	3,577,909	16,147,278	(12,569,369)
Net profit	8,723,333	37,983,461	(29,260,128)

### Independent Auditor's Report on the Financial Statements

We rendered an unqualified opinion on the fairness of presentation of the financial statements of the Company for the years 2016 and 2015.