

January 11, 2017

Securities and Exchange Commission
SEC Building, Mandaluyong City

Attention: Director Vicente Graciano P. Felizmenio, Jr.
Director, Markets & Securities Regulation Department

Philippine Stock Exchange, Inc.
3/F Tower One and Exchange Plaza
Ayala Triangle, Ayala Ave., Makati City

Attention: Mr. Jose Valeriano B. Zuño III
OIC, Head of Disclosure Department

Gentlemen:

In line with the Initial Public Offering (IPO) of Xurpas Inc. (the "Company") on December 2, 2014, we submit herewith our ANNUAL REPORT on the use of the net IPO proceeds as at December 31, 2016:

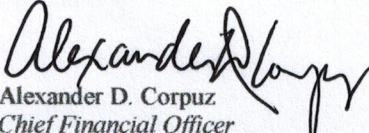
Proceeds from primary offer of Xurpas shares		₱1,365,680,000
Less: Underwriting fees paid during 2014		43,888,910
Net Proceeds		1,321,791,090
Less: Partial payment for the 21.7% shareholding in Altitude Games Pte. Ltd.		17,980,000
Balance as at December 31, 2014		1,303,811,090
Less: IPO expenses paid during 2015		
Tax on sale of shares of stocks listed and traded through initial public offering	₱54,627,200	
Professional fees	2,515,710	57,142,910
Net proceeds		1,246,668,180
Less:		
Final payment for the 21.7% shareholding in Altitude Games Pte. Ltd.	15,166,052	
Partial payment for 51% controlling stake in Storm Flex Systems Inc.	135,305,269	
49% stake in PT Sembilan Digital Investama	10,942,650	
31.52% stake in MatchMe Pte. Ltd.	62,552,000	
70% controlling stake in Seer Technology, Inc.	18,000,000	
4.8% stake in Quick.ly, Inc. classified as available-for-sale financial asset	44,676,344	
67% controlling stake in Xeleb Inc.	3,349,996	
51% controlling stake in Yondu Inc. (of the total ₱900M)	890,816,773	
Professional and other processing fees	9,134,255	1,189,943,339
Balance as at December 31, 2015		56,724,841
Less: Full payment of the 51% controlling stake in Storm Flex Systems, Inc.		56,724,841
Balance as at December 31, 2016		₱-

Attached is a certification of SGV & Co. on the information provided by the Company in relation to the annual report.

We trust that you find everything in order

Thank you.

Sincerely,


Alexander D. Corpuz
Chief Financial Officer

REPORT ON FACTUAL FINDINGS

The Stockholders and the Board of Directors
Xurpas Inc.
7th Floor, Cambridge Centre
108 Tordesillas St.
Salcedo Village, Makati City

We have performed the procedures agreed with you and enumerated below with respect to the attached Annual Progress Report dated January 4, 2017 on the use of proceeds generated from the Initial Public Offering (IPO) of Xurpas Inc. (the "Company") on December 2, 2014. The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange Inc.'s (PSE) requirement to submit an external auditor's certification on the information being presented by the Company relating to the application of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services (PSRS) 4400, *Engagement to Perform Agreed-upon Procedures Regarding Financial Information*, applicable to agreed-upon procedures engagements. These agreed-upon procedures and results thereof are summarized as follows:

1. Check the mathematical accuracy of the Annual Progress Report on the Application of Proceeds from IPO (the Report).
2. Compare the list of all disbursements in the Report with the schedule of application of proceeds.
3. Obtain the supporting documents pertaining to the disbursements in the Report and agree the amount to the accounting records.

We report our findings below:

1. We checked the mathematical accuracy of the Annual Progress Report on the Application of Proceeds from IPO. No exceptions noted.
2. We compared the list of all disbursements in the Report with the schedule of application of proceeds. No exceptions noted.
3. We obtained the supporting documents pertaining to the disbursements in the Report and agreed the amount to the accounting records. We traced the amount of 2016 disbursement for the full payment of its investment in Storm Flex Systems, Inc. amounting to ₱56.72 million to the check voucher, acknowledgement receipt and passbooks. No exceptions noted.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing or Philippine Standards on Review Engagement, we do not express any assurance on the accounts of the Company or its financial statements, taken as a whole.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with PSA or PSRE, other matters might have come to our attention that would have been reported to you.

We have no responsibility to update this report for events or circumstances after the date of this report.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's application of proceeds from the offering and items specified above do not extend to any financial statements of the Company, taken as a whole.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna

Partner

CPA Certificate No. 36317

SEC Accreditation No. 0069-AR-4 (Group A),

May 1, 2016, valid until May 1, 2019

Tax Identification No. 102-082-365

BIR Accreditation No. 08-001998-10-2015,

March 24, 2015, valid until March 23, 2018

PTR No. 5908676, January 3, 2017, Makati City

January 11, 2017