

January 14, 2016

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

Gentlemen:

As of date hereof, we hereby submit our progress report on our use of the proceeds generated from the Initial Public Offering of *XURPAS INC.*

Balance of Proceeds as at September 30, 2015		₱176,621,645
Less:		
Partial payment of the 51% controlling stake in Storm Flex Systems, Inc.	₱86,030,031	
Refinancing of general funds	25,816,773	
Final payment of the 70% controlling stake in Seer Technologies, Inc.	8,000,000	
Professional and other processing fees	50,000	119,896,804
<b>Balance of Proceeds as at December 31, 2015</b>		<b>₱56,724,841</b>

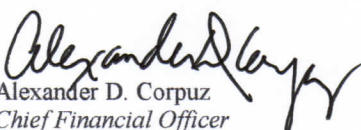
While the Company allotted ₱126.31 million of its IPO proceeds for payment of costs and expenses incurred during its offering, it has come to the management's attention that it only incurred ₱101.03 million leaving an excess of ₱25.28 million in net proceeds. Accordingly, the management decided to reimburse a portion of the ₱35.00 million paid for the acquisition of 51% stakeholding in Yondu Inc. which originated from the Company's internally generated funds. Computation is as follows:

Allocation from excess in net proceeds	₱16,561,165
Over-allocation for "development and expansion of existing content"	9,255,608
<b>Refinancing of general funds</b>	<b>₱25,816,773</b>

The remaining ₱8.72 million excess in net proceeds shall be added for the final payment of the 51% controlling stake in Storm Flex Systems, Inc.

Thank you.

Sincerely,

  
Alexander D. Corpuz  
Chief Financial Officer

7<sup>TH</sup> Floor Cambridge Centre Building, 108 Tordesillas St., cor Gallardo, Salcedo Village, Makati City 1227

## 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 Progress Report dated January 14, 2016 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 Quarterly 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 Quarterly 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. We noted that disbursements for the new investments are presented in the schedule of application of proceeds.
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 disbursement for the payment of its new investments amounting to ₱94.03 million and the professional and other processing fees amounting to ₱0.05 million to the check vouchers, telegraphic transfer documents and bank statements. In addition, there was a refinancing of general funds in relation to investment in Yondu, Inc. which amounted to ₱25.82 million as a result of the excess budget of IPO proceeds allocated to 'Development and expansion of existing content' of ₱9.26 million and portion of the reallocated

excess in net proceeds from 'IPO costs and expenses' to 'Development and expansion of existing content' of ₱16.56 million.

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-3 (Group A),

February 14, 2013, valid until February 13, 2016

Tax Identification No. 102-082-365

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

March 24, 2015, valid until March 23, 2018

PTR No. 5321616, January 4, 2016, Makati City

January 14, 2016