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S.E.C. Registration Number

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(Company's Full Name)

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(Business Address : No. Street City / Town / Province)

Atty. Adrian S. Arias
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Contact Person

+63(2)6315139
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Company Telephone Number

SEC Form 20-IS  
Preliminary Information Statement

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Month

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Day

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FORM TYPE

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Secondary License  
Type, If Applicable

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Total No. of Stockholders

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Amended Articles Number/Section

Total Amount of Borrowings

-
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Domestic

-
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Foreign

To be accomplished by SEC Personnel concerned

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**SECURITIES AND EXCHANGE COMMISSION**

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

    **X**     Preliminary Information Statement

           Definitive Information Statement

           Additional Materials

2. Name of Registrant as specified in its charter **ANGLO PHILIPPINE HOLDINGS CORPORATION**

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

4. SEC Identification Number **14102**

5. BIR Tax Identification Code **041-000-175-630**

6. Address of principal office **6<sup>th</sup> Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550**

7. Registrant's telephone number, including area code **(632) 631-5139; 635-6130**

8. **July 27, 2018, 3:00 P.M. at the Rajah Room, the Legend Villas, 60 Pioneer corner Madison Streets, Mandaluyong City, Philippines**

9. Approximate date on which the Information Statement is first to be sent or given to security holders **July 6, 2018.**

10. *In case of Proxy Solicitation: N/A*

11. Securities registered pursuant to Section 8 and 12 of the Code (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 or Amount of Debt Outstanding
<b>Common Stock (P1.00 par value)</b>	<b>3,003,302,538 (excluding 13,000,000 shares in Treasury stocks)</b>
<b>Loans Payable and Long Term Debt</b>	<b><u>P40.M</u></b>

12. Are any or all of registrant's securities listed on the Philippine Stock Exchange?

Yes     **X**     No

# ANGLO PHILIPPINE HOLDINGS CORPORATION

6<sup>th</sup> Floor, Quad Alpha Centrum  
125 Pioneer, Mandaluyong City 1550, Philippines  
Tel (632) 631-5139; 631-6530; Fax (632) 631-3113

## INFORMATION STATEMENT

### PART I

#### **A. General Information**

##### **Item 1. Date, time and place of meeting of stockholders**

The 2018 Annual Meeting of Stockholders (the “Meeting”) of Anglo Philippine Holdings Corporation (the “Company”) will be held on **Friday, 27 July 2018, 3:00 P.M., Rajah Room, The Legend Villas**, 60 Pioneer St. corner Madison Streets, Mandaluyong City, Philippines. The complete mailing address of the Company is 6<sup>th</sup> Floor, Quad Alpha Centrum, 125 Pioneer, Mandaluyong City 1550, Philippines.

- (a) This Information Statement will be sent to stockholders at least fifteen (15) business days prior to the date of the Meeting in accordance with existing rules and the Company’s Amended By-Laws, or on or before July 6, 2018.

##### **Item 2. Dissenters' Right of Appraisal**

A stockholder has the right to dissent and demand payment of the fair market value of his shares in case: (i) any amendment to the Company’s Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence; (ii) of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; and, (iii) of merger or consolidation.

At any time after this Information Statement has been sent out, any stockholder who voted against a proposed action and wishes to exercise his right of appraisal must make a written demand, within thirty (30) days after the date of the Meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his stock certificate(s). No payment shall be made to any stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

**NO** corporate action is being proposed or submitted in the Meeting that may call for the exercise of a stockholder’s right of appraisal.

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

- (a) At any time since the beginning of the last fiscal year, **NO** director, officer, nominee for election as director, or associate of such director, officer or nominee 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.

- (b) As of the date this Information Statement is given to stockholders of record, **NO** director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company at the Meeting.

**B. Control and Compensation Information**

**Item 4. Voting Securities and Principal Holders Thereof**

- (a) **Class and Number of Shares.** The Company has only one (1) class of shares – common shares – which are issued and transferable to both Philippine and non-Philippine nationals; *provided*, that the Company's common shares shall not be issued to non-Philippine nationals in excess of forty percent (40%) of the Company's outstanding capital stock. As of Record Date, the Company's issued and outstanding capital stock is 3,003,302,538 shares of which only 0.26 % is owned by non-Philippine nationals.
- (b) **Record Date.** The Record Date with respect to this solicitation is **April 30, 2018**. Only stockholders of record as at the close of business on April 30, 2018 are entitled to notice of, and to vote at, the Meeting.

No solicitation shall be conducted and no proxies shall be solicited for this annual stockholders' meeting.

All stockholders who will not attend, or do not expect to attend the meeting in person may prepare, date and sign the proxy form and submit the same to the Office of the Corporate Secretary at 6<sup>th</sup> Floor Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City 1550, Philippines.

Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at one time. No broker or dealer shall give any proxy, consent or authorization, in respect of any security carried for the account of a customer, to a person other than the customer, without the express written authorization of each customer.

Any stockholder may revoke or cancel his proxy anytime and he may attend the Meeting even if he has already submitted a proxy form to the Corporate Secretary.

- (c) **Outstanding Shares.** As of Record Date, the Company has an outstanding capital stock of 3,003,302,538 common shares owned by 3,089 stockholders. Each common share is entitled to one (1) vote.
- (d) **Cumulative Voting.**
1. A stockholder entitled to vote at the Meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock and transfer book of the Company for as many persons as there are directors to be elected.
  2. Each stockholder shall have the right to cumulate said shares and give one nominee 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 cumulative voting principle

among as many nominees as he shall see fit; *provided*, that the number of votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected.

3. Voting during annual meetings is usually done *viva voce*, or by the raising of hands, unless voting by ballot is specifically requested.

- (e) **Stock Ownership of Certain Record and Beneficial Owners.** The following persons are known to the Company to be directly or indirectly the owner of more than 5% of the Company's voting securities as of Record Date:

<u>Title of Class</u>	<u>Name/address of record owner</u>	<u>Relationship with Issuer</u>	<u>Name of Beneficial Owner and Relationship with Record Owner</u>	<u>Citizenship</u>	<u>No. of shares held</u>	<u>Percentage Ownership</u>
Common	Alakor Corporation 9F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	Alakor Corporation  (Direct Ownership) (see Note C)	Filipino	1,524,661,961	50.77%
Common	BDO Securities Corporation 27F Tower 1, Exchange Plaza Ayala Ave., Makati	Stockholder	National Book Store Inc. Client (see Notes B,C)	Filipino	464,143,757*	15.45%
Common	PCD Nominee Corporation Makati Stock Exchange Bldg. 6767 Ayala Avenue, Makati	Stockholder	PCD Participants  (see notes A,C)	Filipino/Non Filipino	405,303,553*	13.27%
Common	National Book Store Inc. 4FQuad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	National Book Store Inc.  (Direct Ownership) (see Note C)	Filipino	313,640,759	10.44%
Common	Alakor Securities Corporation 5F Quad Alpha Centrum 125 Pioneer, Mandaluyong	Stockholder	Alakor Corporation  Client (see Notes B,C)	Filipino	105,375,425*	3.51%

*\*Of the total 1,126,513,210 shares under the name of PCD Nominee Corp., 466,081,757 shares (15.50%) are under the name of BDO Securities Corp. (BDOSC), and 255,127,900 shares (8.50%) are under the name of Alakor Securities Corporation (ASC).*

*Of the 466,081,757 shares under the name of BDOSC, National Book Store Inc.(NBSI) owns 464,143,757 shares (15.45%). Of the 255,127,900 shares under the name of ASC, Alakor Corporation (AC) owns 105,375,425 shares (3.51%), while NBSI owns 115,949 shares (0.00%).*

**Note A:** *The shares registered under the name of PCD Nominee Corporation (PCD) are beneficially owned by its participants. Based on PCD's books, there are 127 beneficial owners of the Company's voting stock of which BDOSC and ASC are the record owners of more than 5% of the Company's voting securities.*

**Note B:** *Among the clients of BDOSC and ASC, NBSI and AC are the beneficial owners of more than 5% of the Company's voting securities.*

**Note C:** *The shares registered in the name of PCD are beneficially owned by its clients. As a matter of practice, PCD itself does not vote the number of shares registered in its name; instead, PCD issues a general proxy constituting and appointing each of its participants as PCD's proxy to vote for the number of shares owned by such participant in PCD's books as of Record Date.*

*The proxies of NBSI and AC are appointed by their respective Boards of Directors and the Company becomes aware of such proxies only when the appointments are received by the Company. Based on previous practice, Mr. Alfredo C. Ramos has been appointed proxy for NBSI and AC in previous years. Mr. Ramos has direct/indirect interest/shareholdings in NBSI and AC.*

- (f) **Voting Trust Holders of 5% or More.** To the extent known to the Company, there is **NO** person holding more than 5% of the Company's voting stock under a voting trust or similar agreement.
- (g) **Stock Ownership of Management.** The Company's directors (D), Chief Executive Officer (CEO), other officers (O), and nominees (N) own the following number of shares:

<u>Title of Class</u>	<u>Name of beneficial owner</u>	<u>Amount and nature of Beneficial ownership</u>		<u>Citizenship</u>	<u>Percent of Class</u>
		<u>Direct</u>	<u>Indirect</u>		
Common	Alfredo C. Ramos (D/CEO/N)	11,000	49,405,872	Filipino	1.65%
Common	Christopher M. Gotanco (D/N)	110	17,830,540	Filipino	0.59%
Common	Adrian Paulino S. Ramos (D/O/N)	18,000	33,000	Filipino	<0.01%
Common	Gerard Anton S. Ramos (D/O/N)	1,000	0	Filipino	<0.01%
Common	Adrian S. Arias (D/O/N)	1,000	19,000	Filipino	<0.01%
Common	Roberto V. San Jose (D/N)	373,866	59,386	Filipino	0.01%
Common	Presentacion S. Ramos (D/N)	55,000	27,481,665	Filipino	0.92%
Common	Renato C. Valencia (ID/N)	1,100	0	Filipino	<0.01%
Common	Ramoncito Z. Abad (ID/N)	1,100	0	Filipino	<0.01%
Common	Maureen Alexandra S. Ramos-Padilla (D/N)	22,000	873,066	Filipino	0.03%
Common	Reynaldo E. Nazarea (N)	10,000	10,000	Filipino	0.01%

The total number of shares owned by the Company's directors, Chief Executive Officer, other officers, and nominees for election as directors is 96,206,705 shares, or approximately 3.2% of the Company's outstanding capital stock. Except for the shares appearing on record in the names of the directors and officers above, the Company is not aware of any shares which said persons may have the right to acquire beneficial ownership of.

There has been **NO** change in the control of the Company since the beginning of the last fiscal year.

## Item 5. Directors and Executive Officers

- (a) **Information.** The names, ages, citizenship, positions and periods of service of directors, executive officers and persons nominated to become such are as follows:

Name	Age	Citizenship	Position	Period of Service as such D/O	Committee Membership/ Position	Period of service as such member
Alfredo C. Ramos	74	Filipino	Chairman of the Board	1989-present	Nomination-Member	2004-May 2014
Christopher M. Gotanco	68	Filipino	Director	1987-present	Nomination-Member	2004-present
			President	1988-2016	Compensation-Member	2004-present
Adrian Paulino S. Ramos	39	Filipino	Director	2006-present	Compensation-Member	2006-present
			President	Jan 1, 2017 to present		
			EVP/Treasurer	July 2014 – 2016	Audit –Member	2006-present
Gerard Anton S. Ramos	43	Filipino	Director	2011-present	Nomination-Member	2014 – present
			EVP-Investments	July 2014 – present		
Adrian S. Arias	55	Filipino	Director	Nov. 2015 to present	Nomination-Member (Non Voting)	May 2014-present
			EVP-Legal & Admin.	July 2014 – present		
			Corporate Secretary	July 2016 – June 2017		
			Executive Vice President	2005-2014		
			Assistant Corporate Secretary	1998 –July 2016		
Roberto V. San Jose	75	Filipino	Director	1998-present		
			Corporate Secretary	1979-2016		
Presentacion S. Ramos	76	Filipino	Director	1984-present		
Maureen Alexandra S. Ramos-Padilla	45	Filipino	Director	2013-present		
Reynaldo E. Nazarea	67	Filipino	Director			
Renato C. Valencia	76	Filipino	Independent Director	2006-present	Nomination-Chairman Audit-Chairman Compensation-Member	2006-present
Ramoncito Z. Abad	71	Filipino	Independent Director	2007-present	Compensation-Chairman Audit-Member Nomination-Member	2007-present
Iris Marie U. Carpio-Duque	39	Filipino	Corporate Secretary	June 2017 to present		
			Assistant Corp. Sec.	July 2014 to May 2017		

Deborah S. Acosta-Cajustin	38	Filipino	Asst. Corporate Secretary	July 2014 to present		
Gilbert V. Rabago	41	Filipino	Manager, Finance and Accounting Treasurer	July 2014 to Dec 2017 Jan 1, 2017 to present		

Directors elected in the annual stockholders' meeting have a term of office of one (1) year and serve as such until their successors are elected in the next succeeding annual stockholders' meeting; *provided*, that a director elected to fill a vacancy in the Board shall only serve the unexpired term of his predecessor.

All of the Company's incumbent directors were elected in the 2017 Annual Stockholders' Meeting held on 14 June 2017 and have since served in such capacity.

The names of the members and chairpersons of the Company's Corporate Governance Committees are, as follows:

#### Corporate Governance & Nomination Committee

Members : RENATO C. VALENCIA (Independent Director), Chairman  
RAMONCITO Z. ABAD (Independent Director), Member  
ADRIAN PAULINO S. RAMOS (Director), Member  
GERARD ANTON S. RAMOS (Director), Member  
IRIS MARIE U. CARPIO-DUQUE, Non-Voting Member

#### Compensation & Remuneration Committee

Members : RAMONCITO Z. ABAD (Independent Director), Chairman  
RENATO C. VALENCIA (Independent Director), Member  
ADRIAN PAULINO S. RAMOS (Director), Member  
CHRISTOPHER M. GOTANCO (Director), Member

#### Audit Committee

Members : RENATO C. VALENCIA (Independent Director), Chairman  
RAMONCITO Z. ABAD (Independent Director), Member  
REYNALDO E. NAZAREA (Director), Member  
CHRISTOPHER M. GOTANCO (Director), Member

Compliance/Corporate Governance/  
Anti-Money Laundering Officer : IRIS MARIE U. CARPIO-DUQUE

Internal Auditor/Chief Audit Officer : ISABELITA L. MATELA

Chief Risk Officer : GILBERT V. RABAGO



There are **NO** arrangements that may result in a change in control of the Company.

**Independent Directors.** Pursuant to Securities Regulation Code (SRC) Sec. 38 and Rule 38.1, the Company is required to have at least two (2) independent directors. The Company's incumbent independent directors are Messrs. Renato C. Valencia and Ramoncito Z. Abad.

The Company's Amended By-Laws incorporating the provisions of SRC Rule 38 were approved by the Securities and Exchange Commission on September 14, 2006.

In line with the guidelines set by the Nomination Committee and approved by the Board of Directors, the Nomination Committee receives the names of nominees and screens them based on the policies and parameters for screening nominees for independent directorship. The final list of candidates, with the information required under Part IV(A) and (C) of Annex C of SRC Rule 12, is herewith attached. Mr. Jeciel J. Benavidez nominated Mr. Renato C. Valencia, while Mr. Victor V. Benavidez nominated Mr. Ramoncito Z. Abad for election as independent directors of the Company for fiscal year 2017. Messrs. J. Benavidez and V. Benavidez are not related to either and neither to both Messrs. Valencia and Abad. Neither Messrs. J. Benavidez nor V. Benavidez has any business relationship to either or both Messrs. Valencia and Abad.

Messrs. Valencia and Abad possess the qualifications and none of the disqualifications of an independent director.

#### **Business Experience of Executive Officers and Director-Nominees**

The following are the business experience/s of the Company's directors, including the past five (5 ) years:

**Mr. Alfredo C. Ramos** is the Chairman of the Board and Chief Executive Officer of the Company. He serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1962-present), mining (1988-present), oil and gas exploration (1989-present), property development (1991-present), shopping center (1992-present), department store (1993-present), transportation (1996-present) and retail (1999-present), among others.

**Mr. Adrian Paulino S. Ramos** is a Director and currently the President and/COO of the Company. He serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1996-present), investment holdings (2005-present), securities (2005-present), property development and infrastructure (2006-present), mining (2006-present) and bulk water supply (2006-present), among others.

**Mr. Gerard Anton S. Ramos** is a Director and the Executive Vice President for Investments of the Company. He serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1996-present), securities (1996-present), property development and infrastructure (1996-present), investment holdings (2000-present) and mining (2008-present), among others.

**Mr. Christopher M. Gotanco** is a Director and the former President/COO of the Company. He also serves as a director in companies engaged in oil and gas exploration (1982-present), mining (1993-present), investment holdings (1995-present), transportation (1996-present), property development (1996-present), investment house and financial services (2007-present), among others.

**Atty. Adrian S. Arias** is a Director of the Company. He is also the Company's Executive Vice President for Legal and Administration. He has been in active corporate law practice for more than twenty (20) years and serves as a director and/or officer of an investment house (2006-present), financial services (2006-present), logistics company (2004-present), services (2006-present), merchandising (2009-present), shared support services (2011-present), and mining (2012-present).

**Atty. Roberto V. San Jose** is a Director and the Corporate Secretary of the Company. He has been in the active practice of law for more than forty five (45) years.

**Ms. Presentacion S. Ramos** is a Director of the Company. She serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1975-present), oil and gas exploration (1984-present), department store (1993-present), mining (1993-present) and stock brokerage (1996-present), among others.

**Mr. Renato C. Valencia** was elected independent director of the Company in December 2006. He serves as director and/or executive officer in companies engaged in banking (1998-present), investment holdings (1998 to present) and education and technology (2003 to present).

**Mr. Ramoncito Z. Abad** was elected independent director of the Company in March 2007. He is the former president of Philippine National Construction Company (PNCC) (1989-1996) and the former Chairman of the Development Bank of the Philippines (1998-2001). He serves as director and/or executive officer in companies engaged in consumer distribution (1999-present) and construction (2000-present).

**Ms. Maureen Alexandra S. Ramos-Padilla** is a Director of the Company. She serves as a director and/or executive officer, and maintains business interests in companies engaged in department store, media and music distribution, securities brokerage, property development, oil and gas exploration and development (2013-present), among others.

**Mr. Reynaldo E. Nazarea** is a Director of the Company. He also serves as a director of companies involved in oil exploration and production (The Philodrill Corporation), financial services (Penta Capital Finance Corporation), investment house (Penta Capital Investment Corp.), and property development (Penta Capital Holdings, Inc.). He is also the Treasurer and Vice President for Administration of The Philodrill Corporation.

**Atty. Iris Marie U. Carpio-Duque**, is the Corporate Secretary of the Company. For the past ten (10) years, she has served as officer and/or corporate secretary or assistant corporate secretary of various companies involved in mining, investment holding, securities brokering and real estate.

**Atty. Deborah S. Acosta-Cajustin**, is an Assistant Corporate Secretary of the Company. She has been in active corporate and taxation law practice for more than five (5) years and serves as an officer of companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media, investment holding, and securities brokering (2013-present).

### **Directors and Nominee with other directorship(s) held in reporting companies**

The following are the directorships held by the directors of the Company in other reporting companies in the past five (5) years:

<i>Alfredo C. Ramos</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>Vulcan Industrial &amp; Mining Corp.</i>
	<i>Atlas Consolidated Mining &amp; Dev't. Corp</i>	<i>Shang Properties, Inc.</i>
	<i>Penta Capital Investment Corp.</i>	<i>The Philodrill Corporation</i>
	<i>Penta Capital Finance Corp.</i>	<i>United Paragon Mining Corp.</i>
<i>Christopher M. Gotanco</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>The Philodrill Corporation</i>
	<i>Boulevard Holdings, Inc.</i>	<i>United Paragon Mining Corp.</i>
	<i>Penta Capital Investment Corp.</i>	<i>Vulcan Industrial &amp; Mining Corp.</i>
	<i>Penta Capital Finance Corp.</i>	
<i>Presentacion S. Ramos</i>	<i>Alakor Securities Corporation</i>	<i>The Philodrill Corporation</i>
	<i>Anglo Philippine Holdings Corporation</i>	<i>Vulcan Industrial &amp; Mining Corp.</i>
<i>Roberto V. San Jose</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>CP Equities Corporation</i>
	<i>Atlas Resources Management Group</i>	<i>Mabuhay Holdings Corporation</i>
	<i>CP Group of Companies</i>	
<i>Adrian Paulino S. Ramos</i>	<i>Alakor Securities Corporation</i>	<i>The Philodrill Corporation.</i>
	<i>Anglo Philippine Holdings Corporation</i>	<i>United Paragon Mining Corp.</i>
	<i>Atlas Consolidated Mining &amp; Dev't. Corp</i>	<i>Vulcan Industrial &amp; Mining Corp.</i>
<i>Maureen Alexandra S. Ramos-Padilla</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>The Philodrill Corporation</i>
	<i>Vulcan Industrial &amp; Mining Corp.</i>	
<i>Gerard Anton S. Ramos</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>The Philodrill Corporation</i>
	<i>Atlas Consolidated Mining &amp; Dev't. Corp</i>	<i>United Paragon Mining Corp.</i>
<i>Renato C. Valencia</i>	<i>Anglo Philippine Holdings Corporation (ID)</i>	<i>Vulcan Industrial &amp; Mining Corp.(ID)</i>
	<i>EEI Corporation (ID)</i>	<i>GT Capital Holdings , Inc. (ID)</i>
	<i>i- People, Inc. (ID)</i>	<i>Malayan Insurance Co. (RD)</i>

<i>Ramoncito Z. Abad</i>	<i>Anglo Philippine Holdings Corporation (ID)</i>	
<i>Adrian S. Arias</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>Vulcan Industrial &amp; Mining Corp.</i>
	<i>Penta Capital Finance Corp.</i>	<i>Penta Capital Investment Corp.</i>
<i>Reynaldo E. Nazarea</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>Penta Capital Investment Corp</i>
	<i>Penta Capital Finance Corp.</i>	<i>Penta Capital Holdings, Inc.</i>
	<i>The Philodrill Corporation</i>	
<i>*RD – Regular Director</i>	<i>ID – Independent Director</i>	

**Significant Employees.** Other than its executive officers, the Company has not engaged the services of any person who is expected to make significant contributions to the business of the Company. The Company is not dependent on the services of certain key personnel and there are no arrangements to ensure that these persons will remain with the Company and not compete upon termination.

**Family Relationships.** Mr. Alfredo C. Ramos (Chairman of the Board) is the husband of Ms. Presentacion S. Ramos (Director). Messrs. Adrian Paulino S. Ramos (President/Director/COO), Gerard Anton S. Ramos (Director/EVP-Investments) and Ms. Maureen Alexandra Ramos-Padilla (Director) are the sons and daughter of Mr. Alfredo C. Ramos and Ms. Presentacion S. Ramos.

There are no other family relationships known to the registrant other than the ones disclosed herein.

**Involvement in Certain Legal Proceedings.** For the past five (5) years up to the date this Information Statement is sent to stockholders, the Company is not aware of:

- (1) Any bankruptcy petition filed by or against any business of which any director, nominee for election as director, executive officer, underwriter or control person of the Company was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (2) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses involving any director, nominee for election as director, executive officer, underwriter or control person of the Company; EXCEPT That (a) Mr. Alfredo C. Ramos, Ms. Presentacion S. Ramos, Ms. Maureen Alexandra S. Ramos-Padilla, Mr. Gerard Anton S. Ramos, Mr. Christopher M. Gotanco, and Mr. Reynaldo E. Nazarea, as directors, and Atty. Adrian S. Arias, as Corporate Secretary, all of The Philodrill Corporation, have been sued for alleged violation of Secs. 28 and 144 of the Corporation Code (Illegal removal of director), and (b) Mr. Reynaldo E. Nazarea and Atty. Adrian S. Arias have been sued for alleged violation of Art. 172 of the Revised Penal Code (Falsification of a Public Document). The Office of the City Prosecutor of Mandaluyong has dismissed these cases for lack of merit in separate

resolutions and are now the subject of a Petition for Review filed by complainant Francisco A. Navarro with the Department of Justice; (c) Mr. Reynaldo E. Nazarea has filed separate cases of perjury and attempted estafa against Mr. Francisco A. Navarro, which are similarly the subject of a Petition for Review with the Department of Justice.

- (3) Of any director, nominee for election as director, executive officer, underwriter or control person of the Company being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and,
- (4) Of any director, nominee for election as director, executive officer, underwriter or control person of the Company being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

**Involvement of Directors with Government Agencies or its Instrumentalities:** No directors or officers are connected with any government agencies or its instrumentalities, (see attached Certification).

**Related Party Transactions.** There had been **NO** transaction during the last two years to which the Company was or is to be a party in which any director or executive officer of the Company, or nominee for election as director, or owner of more than 10% of the Company's voting stock, or voting trust holder of 10% or more of the Company's shares, or any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of these persons, had or is to have a direct or indirect material interest, *EXCEPT* that in the ordinary and regular course of business, the Company had or may have transactions with other companies in which some of the foregoing persons may have an interest, including the following:

- A. Acquisition of UPM shares on December 3, 2015, for P26.3 million thereby increasing the Company's ownership therein from 22.96% to 24.30%, and on May 5 and 6, 2016 for a total of P30.04 million thereby increasing the Company's ownership therein from 24.30% to 25.69%.

Alakor Corporation, National Book Store, are the principal shareholders of the Company and UPM, and Alfredo C. Ramos, Christopher M. Gotanco, Presentacion S. Ramos, Adrian Paulino S. Ramos and Gerard Anton S. Ramos are directors of the Company and UPM.

- B. On December 21, 2015, the Company acquired 97.59% ownership of Tipo Valley Realty, Inc. (TVRI) using the proceeds from the private placement of Company shares. TVRI is a property development company owning about 200 hectares of land in Bgys. Sacrifice Valley and Mabiga, Hermosa, Bataan, adjacent to the Subic Bay Freeport Zone. As part of its property development

initiatives, the Company intends to have the TVRI properties developed into a Special Economic Zone.

The principal shareholders of TVRI are Alakor Corporation (AC) and Presentacion S. Ramos, and its directors are Presentacion S. Ramos, Alfredo C. Ramos, Maureen Alexandra S. Ramos-Padilla, Gerard Anton S. Ramos and Adrian Paulino S. Ramos, all of whom are likewise directors of the Company and AC. They did not participate in the deliberation and approval of the acquisition of 97.59% ownership of TVRI.

- C. The Company acquired additional shares in AT last February 27, 2017 and August 11, 2017, for 25.1 M shares and 819.9 M shares, respectively, thereby increasing the Company's ownership therein from 8.37% to 28.64%.

Alakor Corporation (AC) is one of the principal shareholders of AT, and its directors include Alfredo C. Ramos, Adrian Paulino S. Ramos and Gerard Anton S. Ramos, all of whom are likewise directors of the Company.

- E. In the ordinary and regular course of business, the Company had transactions with related parties (i.e. companies with shareholders common with the Company) which principally consist of advances TO related parties and loans/advances FROM related parties. The identities of these related parties, including the amounts and details of the transactions are disclosed in Note 24 of the Company's 2017 Audited Financial Statements, a copy of which is included in this Information Statement.
- (1) Business purpose of the arrangement. The business purpose of related party transactions is to address immediate working capital requirements of related parties (in the case of advances TO related parties) or of the Company (in the case of loans/advances FROM related parties).
  - (2) Identification of the related parties' transaction business with the registrant and nature of the relationship. See Note 24 of the Company's 2017 Audited Financial Statements.
  - (3) How transaction prices were determined by parties. All transactions with related parties are based on prevailing market/commercial rates at the time of the transaction.
  - (4) If disclosures represent that transactions have been evaluated for fairness, a description of how the evaluation was made. There are **NO** disclosures representing that the transactions with related parties have been evaluated for fairness inasmuch as the bases of all transactions with related parties were the prevailing market/commercial rates at the time of the transaction over which neither the Company nor the related parties have any control or influence whatsoever; EXCEPT That, an Appraisal Report was prepared by Cuervo Appraisers, Inc. to determine the indicative fair market valuation of the properties owned by TVRI prior to the acquisition by the Company of TVRI's 97.59% equity.
  - (5) Any on-going contractual or other commitments as a result of the arrangement. **NONE**, other than the repayment of money lent or advanced.

- (6) There were **NO** transactions with parties that fall outside the definition of "related parties" under SFAS/IAS No. 24. Neither were there any transactions with persons with whom the Company or its related parties have a relationship that enabled the parties to negotiate terms of material transaction that may not be available from other, more clearly independent parties on an arms' length basis.

**Parent of the Company.** As of December 31, 2017, Alakor Corporation holds 54.28% of the Company's outstanding capital stock.

- (b) **Resignation or Declination to Stand for Re-Election.** **NO** director elected in the 2017 Annual Stockholders' Meeting has resigned or declined to stand for re-election to the Board of Directors.

### Item 6. Compensation of Directors and Executive Officers

The aggregate compensation paid to the Company's Chief Executive Officer and other four (4) most highly compensated executive and non-executive officers named below as a group for the two most recently completed fiscal years (2014 and 2015) and the ensuing fiscal year (2016) are:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Alfredo C. Ramos	Chairman/CEO				
Christopher M. Gotanco	President (up to Dec. 2016)				
Adrian S. Arias	EVP-Legal and Administration				
Adrian Paulino S. Ramos	EVP/Treasurer (up to December 2016) President/COO (Jan 2017 to present)				
Gerard Anton S. Ramos*	EVP-Investments				
		2016	5,896,910	6,174,745	
		2017	9,611,900	1,356,600	
		2018 (est)	10,573,090	1,491,600	
All officers and directors as a group unnamed		2016	6,611,910	9,095,635	
		2017	10,326,900	1,356,600	
		2018 (est)	11,359,590	1,492,260	

In 2016-2017, executive officers were paid the 13<sup>th</sup> month pay and bonuses. In 2016, directors were paid the 13<sup>th</sup> month pay and bonuses. In 2017, directors were paid the 13th month pay.

For the most recently completed fiscal year and the ensuing fiscal year, directors received and will receive a per diem of ₱5,000 per month to defray their expenses in attending board

meetings. There are no other arrangements for compensation of directors, as such, during the last fiscal year and for the ensuing fiscal year.

The Company maintains standard employment contracts with its executives officers which provide for compensation and benefits, including entitlement to health benefits, representation expenses and company car plan.

Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive more than P2,500,000 as a result of their resignation or any other termination of employment, or from a change in control of the Company, or a change in the executive officers' responsibilities following a change in control of the Company.

The Company maintains a retirement plan pursuant to which an eligible employee will receive one month's pay for every year of service for the first 10 years and two month's pay for every year of service beyond 10 years. Based on this policy, the retirement pay of some officers and employees of the Company may exceed P2,500,000.

There are NO warrants or options outstanding in favor of directors and officers of the Company.

#### **Item 7. Independent Public Accountants**

The accounting firm of SycipGorresVelayo and Co. (SGV), with address at 6760 Ayala Avenue, 1226 Makati City, was appointed external auditor of the Company in the 2015, 2016, and 2017 Annual Stockholders Meetings with Mr. Jose Rao'ul J. Balisalisa as the new partner-in-charge. Ms. Eleanore A. Layug was the partner-in-charge in 2014 to 2016.

SRC Rule 68, paragraph 3 (b) (iv) and (ix) (Rotation of External Auditors) requires that the signing partner shall be rotated after five (5) years of engagement and, prior to re-engagement if desired, should first observe a 2-year cooling off period. Pursuant to this, Mr. John T. Villa, signing partner for the examination of the Company's Financial Statements from 2009-2013; Ms. Eleanore A. Layug was signing partner for the examination of the Company's Financial Statements from 2014-2016; and, Mr. Jose Rao'ul J. Balisalisa is signing partner for the examination of the Company's Financial Statements in 2017.

No signing partner of the Company's external auditor has repeated as signing partner after serving their initial term.

For 2018, SGV is recommended to stockholders for appointment as independent external auditor of the Company.

The fees of the external auditor in the past three (3) years are as follows:

<u>Year</u>	<u>Audit &amp; Audit Related Fees</u>	<u>Tax Fees</u>	<u>Other Fees</u>
2015	P555,014	P66,602	0
2016	P562,000	P67,552	0
2017	P579,700	P69,564	0

For the past three (3) years, the Company has engaged the services of the SGV for the audit



and review of the annual financial statements in connection with statutory and regulatory filings for the years 2015, 2016 and 2017. The amounts under the caption "*Audit & Audit Related Fees*" for the years 2015, 2016 and 2017 pertain to these services. The Audit Committee has an existing policy prohibiting the Company from engaging the external auditor to provide services that may adversely impact its independence, including those expressly prohibited by regulations of the Securities & Exchange Commission (SEC).

SGV representatives are expected to be present at the Meeting and they will have the opportunity to make a statement and respond to appropriate questions.

The Company **NEVER** had any disagreement with its auditors, SGV, on any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedures and the Company did not engage any new independent external auditor, either as principal accountant to audit the Company's financial statements or as an independent accountant on whom the principal accountant has expressed or is expected to express reliance in its report regarding a significant subsidiary, during the two most recent fiscal years or any subsequent interim period.

**NO** independent accountant engaged by the Company as principal accountant, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned, or has declined to stand for re-election after completion of the current audit, or was dismissed. The auditor's representatives are expected to be present at the Meeting and will have the opportunity to make a statement and respond to appropriate questions.

The Company's audit committee is headed by Mr. Renato C. Valencia, as Chairman, and the members are Messrs. Ramoncito Z. Abad, Christopher m. Gotanco and Reynaldo E. Nazarea. The Audit Committee reviews and recommends to the Board and the stockholders the appointment of the external auditor and the fixing of the audit fees for the Company.

#### **Item 8.Compensation Plans.**

Not applicable.

#### **C. Issuance and Exchange of Securities**

#### **Item 9. Authorization or Issuance of Securities Other than for Exchange**

##### **(a) Title and Amount of Securities to be Authorized or Issued**

On March 12, 2014, the Board of Directors approved a proposal to undertake a private placement of up to 2,300,000,000 Company shares in favour of Alakor Corporation (AC) and its designated affiliate(s) to be taken from a proposed increase in capital stock from P2 billion to P4 billion and, if necessary, partly from the existing unissued capital stock of the Company.

Alfredo C. Ramos, Presentacion S. Ramos, Maureen Alexandra S. Ramos-Padilla, Gerard Anton S. Ramos and Adrian Paulino S. Ramos are directors of the Company and of AC. They did not participate in the deliberation and approval of the proposed capital increase and private placement.

The proposed capital increase was submitted and approved by the stockholders at the annual stockholders' meeting on May 20, 2014. A waiver of the requirement to undertake a stock rights offer, concurrent with the private placement, was also obtained from the minority stockholders at the same meeting.

On June 17, 2014, AC and its affiliate, National Book Store, Inc. (NBSI) subscribed to 414,700,000 shares and 85,300,000 shares, respectively, at a subscription price of Php1.8516 per share, from the increase in capital stock of the Company as approved by a majority of the stockholders at the meeting held on May 20, 2014.

On September 23, 2014, the amendment to the Company's Articles of Incorporation, was approved by the Securities and Exchange Commission, amending the following articles:

1. Third Article - specifying the place of principal office from "Metro Manila, Philippines," to "Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, 1550, Philippines"; and

2. Sixth Article - increasing the authorized capital stock of the Company from Two Billion Pesos (P2,000,000,000.00) divided into Two Billion (2,000,000,000) shares with a par value of One Peso (P1.00) per share, to Four Billion Pesos (P4,000,000,000.00) divided into Four Billion (4,000,000,000) shares with a par value of One Peso (P1.00) per share.

On October 03, 2014, NBSI subscribed to an additional 228,340,759 shares of the Company at a subscription price of Php1.8516 per share, from the unissued capital stock of the Company.

On October 24, 2014, AC further subscribed to an additional 1,109,961,961 shares of the Company at a subscription price of Php1.8516 per share from the unissued capital stock of the Company.

On December 3, 2014, the Company issued stock certificates to fully paid subscription of Alakor and NBSI for a total of 414,700,000 shares and 313,640,759 shares respectively.

On February 1, 2016, the Company issued stock certificates to fully paid subscription of AC of 1,109,961,961. Listing application have been filed with the PSE on February 22, 2016.

#### **Item 10. Modification or Exchange of Securities**

Not Applicable.

#### **Item 11. Financial and Other Information**

See the Company's 2017 Audited Financial Statements accompanying this Information Statement.

#### **Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

1. On December 3, 2015, the Company acquired additional shares in UPM, for P26.3 million thereby increasing the Company's ownership therein from 22.96% to 24.30,

2. On December 21, 2015, the Company acquired 97.59% ownership in Tipo Valley Realty, Inc. (TVRI) for P299,089,000.00. The Group consolidated financial statements for the year 2015 includes the account of TVRI.
3. The Company acquired additional shares in AT last February 27, 2017 and August 11, 2017, for 25.1 M shares and 819.9 M shares, respectively, thereby increasing the Company's ownership therein from 8.37% to 28.64%.

#### **Item 13. Acquisition or Disposition of Property**

Not applicable.

#### **Item 14. Restatement of Accounts**

**NO** restatement of any account has been made from the time the Company's financial statements were last audited (31 December 2017) up to the date of this Information Statement.

**NO** material reclassification, merger, consolidation, or purchase/sale of a significant amount of assets, not in the ordinary course of business, has been undertaken by the Company and/or its subsidiary during the last three (3) years, **EXCEPT** (i) the sale of NTDCC investment on December 10, 2014 and February 5, 2015 for P1.26 billion; (ii) the acquisition of 97.59% ownership in TVRI on December 21, 2015 for P299,089,000.00; (iii) the reclassification of the Company's AT investment from AFS investment to Investment in Associate effective as of 2015. (iv) the acquisition of additional shares in UPM last December 3, 2015 and May 5-6, 2016 for 3.5 million shares and 3.6 million shares, respectively, thereby increasing the Company's ownership therein from 22.96% to 25.69%. (v) the acquisition of additional shares in AT last February 27, 2017 and August 11, 2017, for 25.1 M shares and 819.9 M shares, respectively, thereby increasing the Company's ownership therein from 8.37% to 28.64%.

**NO** action will be taken at the meeting with respect to the restatement of any asset, capital or surplus account of the Company.

#### **D. Other Matters**

##### **Item 15. Action With Respect to Reports**

The following matters/acts/resolutions of the Board will be submitted to the stockholders for ratification at the Meeting:

- (a) Minutes of the 2017 Annual Stockholders' Meeting;

Approval of the Minutes of the 2017 Annual Stockholders' Meeting constitutes a ratification of the accuracy and faithfulness of the Minutes to the events that transpired during the said meeting. This does not constitute a second approval of the matters taken up at the 2017 Annual Stockholders' Meeting, which have already been approved.

- (b) Management Report for the year ended 31 December 2017 (a copy containing the information required by SRC Rule 20A is enclosed). Approval of the Management Report constitutes a ratification of the Company's performance during the previous fiscal year as contained therein.
- (b) Acts and Resolutions of the Board of Directors and Management from the date following the last Annual Stockholders' Meeting (June 14, 2017) to the present, including but not limited to the following:
1. Authorizing the mortgage of OV shares in favor of BDO to secure the loan extended to NBS and Abacus Book and Card Corp. (June 14, 2017);
  2. Authorizing the Company to update bank signatories of all the Company's Bank account with Metrobank (June 14, 2017);
  3. Authorizing the Company to designate Mr. Alfredo C. Ramos, or the President Mr. Adrian Paulino S. Ramos, as the proxy of the Company to the Annual Stockholders' Meeting of Atlas Consolidated Mining and Development Corporation to be held on 27 July 2017 (June 14, 2017);
  4. Authorizing Bataan Aggregate Corp. (BAC) to designate Atty. Benedict Ines as its Attorney-in-fact (June 14, 2017)
  5. Authorizing the Company to subscribe to additional AT shares (July 24, 2017);
  6. Authorizing the Company to avail loan from Alakor Corp to fund its subscription to AT shares (July 24, 2017);
  7. Authorizing the Company to guaranty the loan of Bataan Aggregates Corp. (BAC) a wholly owned subsidiary of Anglo Phil. Power Corp. (which in turn is the Company's wholly owned subsidiary (September 18, 2017);
  8. Authorizing the appointment of Atty. Iris Marie U. Carpio-Duque as its Data Privacy Officer (February 21, 2018);
  9. Authorizing the Company to open a new bank account with BPI (April 12, 2018);
  10. Authorizing the Company to designate Mr. Alfredo C. Ramos, or the President Mr. Adrian Paulino S. Ramos, as the proxy of the Company to the Annual Stockholders' Meeting of Atlas Consolidated Mining and Development Corporation to be held on 26 April 2018. (April 12, 2018);
  11. Authorizing the setting of the Annual Stockholders' Meeting on July 27, 2018, and setting the record date therefore on April 30, 2018. (April 12, 2018);
  12. Approving the Company's Audited Financial Statements for the year ended 2017 (April 12, 2018);

**Item 16. Matters Not Required to be Submitted**

Proofs of transmittal to stockholders of the required Notice for the Meeting and of the presence of a quorum at the Meeting form part of the Agenda for the Meeting and will not be submitted for approval by the stockholders.

**Item 17. Amendment of Articles of Incorporation**

On September 23, 2014, amendments to Article III and Article VI of the Company's Articles of Incorporation has been approved by the Securities and Exchange Commission.

**NO** amendment to the Company's articles of incorporation or by-laws is being proposed at the Meeting.

**Item 18. Other Proposed Action**

**NO** action on any matter, other than those stated in the Agenda for the Meeting, is proposed to be taken, except matters of incidence that may properly come at the Meeting.

**Item 19. Voting Procedures**

- (a) In the election of directors, the eleven (11) nominees with the greatest number of votes will be elected directors.
- (b) If the number of nominees for election as directors does not exceed the number of directors to be elected, the Secretary of the Meeting shall be instructed to cast all votes represented at the Meeting equally in favor of all such nominees. However, if the number of nominees for election as directors exceeds the number of directors to be elected, voting shall be done by ballot, cumulative voting will be followed, and counting of votes shall be done by two (2) election inspectors appointed by the stockholders present or represented by proxy at the Meeting.

In accordance with SRC Sec. 38 and SRC Rule 38, only nominees whose names appear in the Final List of Candidates for Independent Directors shall be eligible for election as Independent Directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared and no further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

Messrs. Renato C. Valencia and Ramoncito Z. Abad are nominated for election as independent directors of the Company for fiscal year 2018.

**PART II**

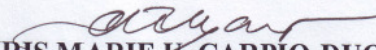
**INFORMATION REQUIRED IN A PROXY FORM**

**Part II and its required disclosures are not relevant to the Company since the Company is not requesting or soliciting proxies.**

### PART III

#### SIGNATURE PAGE

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 at Mandaluyong City on May 22, 2018.

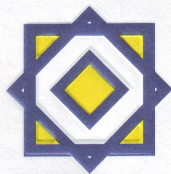
  
**IRIS MARIE U. CARPIO-DUQUE**  
Corporate Secretary

#### Materials accompanying this Information Statement

1. Notice of the 2018 Annual Meeting of Stockholders with Agenda
2. Management Report on SEC Form 20A
3. Final List of Candidates for Independent Directors
4. Audited Financial Statements for 2017 and SEC Form 17Q – March 31, 2018
5. Minutes of the Meetings of Stockholders – June 14, 2017

*The Company undertakes to provide, without charge, upon the written request of a stockholder, a copy of the Company's Annual Report on SEC Form 17-A. Such request should be addressed to the Corporate Secretary, Anglo Philippine Holdings Corporation, 6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines.*





# ANGLO PHILIPPINE HOLDINGS CORPORATION

AN INFRASTRUCTURE AND PROPERTY DEVELOPMENT COMPANY

## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

The Annual Stockholders' Meeting of Anglo Philippine Holdings Corporation will be held on the following date and place:

**FRIDAY, 27 JULY 2018, 3:00 P.M.,**  
Rajah Room, The Legend Villas 60 Pioneer St. corner Madison Streets,  
Mandaluyong City, Philippines

The agenda for the Meeting shall be, as follows:

1. Call to Order
2. Proof of Notice and Certification of Quorum
3. Approval of Minutes of Stockholders' Meetings – June 14, 2017
4. Management Report
5. Approval of the Company's Annual Report
6. Ratification of Corporate Acts and Resolutions
7. Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

Registration for the Meeting begins at 2:00 p.m. For purposes of the Meeting, stockholders of record as of **30 April 2018** are entitled to notice of and to vote at the Meeting. If you will not be able to attend the Meeting but would like to be represented thereat, you may submit your proxy form, duly signed and accomplished, to the Corporate Secretary at the 6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, no later than **20 July 2018**. Corporate stockholders should also provide a notarized secretary's certificate attesting to the appointment of the corporation's proxy for the Meeting as well as the execution and delivery of the proxy form.

### **THE COMPANY IS NOT SOLICITING PROXIES.**

All information and materials for the meeting may be accessed online for viewing or download at <http://www.anglophil.com> disclosure section.

Mandaluyong City, Metro Manila, Philippines, May 16, 2018.

  
**IRIS MARIE U. CARPIO-DUQUE**  
Corporate Secretary

**"Helping Build the Filipino Future"**

6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines

Telephone Nos.: (632) 631-5139 • (632) 635-6130 • Fax No.: (632) 631-3113 • E-mail: [info@anglophil.com](mailto:info@anglophil.com) • Website: [www.anglophil.com](http://www.anglophil.com)

# **ANGLO PHILIPPINE HOLDINGS CORPORATION**

6<sup>th</sup> Floor, Quad Alpha Centrum  
125 Pioneer Street, Mandaluyong City, Philippines  
Tel (632) 631-5139; 635-6130; Fax (632) 631-3113

## **MANAGEMENT REPORT ACCOMPANYING INFORMATION STATEMENT PURSUANT TO SRC RULE 20(4)**

### **I. Audited Financial Statements**

The audited financial statements of Anglo Philippine Holdings Corporation (the “Company”) for the fiscal year ended 31 December 2017 and the corresponding Statement of Management's Responsibility are attached hereto.

### **II. Disagreements with Accountants on Accounting and Financial Disclosure.** NONE

### **III. Management’s Discussion and Analysis or Plan of Operations**

#### **(1) Plan of Operation**

- a. To sustain business growth, the Company plans to focus and build on its core investments in natural resources (through investments in OV, UPM, AT, VMC and APPC), property development (through investments in TVRI and MRTDC), and infrastructure (through MRTHI). In addition, the Company will continue to take advantage of new business opportunities that may emerge in other investment areas which provide synergies with the Company’s investment portfolio.
- b. Owing to the nature of the business of the Company (investment holdings), VMC (mineral and aggregates exploration and development), TVRI (property development), and APPC (power generation), no product research and development is expected to be undertaken in the next twelve (12) months.
- c. The Company does not expect to make any purchase or sale of any plant and/or significant equipment within the next twelve (12) months.
- d. The Company and its subsidiaries, VMC, TVRI and APPC, do not expect any significant change in the number of its employees in the next twelve (12) months.

The Company and its subsidiaries, VMC, TVRI and APPC, will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

The Company’s financial statements for the year ended 31 December 2017 reflect foreign exchange gain/losses on the Company’s deposits.

#### **(2) Management’s Discussion and Analysis**

The property development sector is enjoying a boom as more development projects are undertaken to satisfy rising demands from overseas Filipino workers (OFWs), new business ventures, and a growing working class who prefers to live and work nearby to avoid severe traffic conditions in Metro Manila. Likewise, the country’s stable and improved economic performance continue to contribute significantly to property demand. These factors augur well for TVRI and MRTDC, all of whom are planning



to develop, or are in the process of developing, their respective property portfolios. The present environment also bodes well for VMC and APPC's wholly subsidiary, Bataan Aggregates Corp. (BAC), which supplies basic aggregates materials for real estate development and public works.

TVRI is completing all the necessary steps and obtaining all required permits and approvals for the issuance of PEZA accreditation over its properties.

The natural resources sector, unfortunately, has been adversely hit by the general downtrend in the prices of petroleum (OV), nickel and copper (AT), and gold (UPM). Nevertheless, the Company remains optimistic that commodity prices will recover and rebound in 2018 and generate attractive returns soon.

The infrastructure sector is in its growth stage as the infrastructure needs of the country far exceed the available supply of funds for various projects. Private sector financing, such as that provided by the Company, will continue to supplement, if not totally supplant, Government funding for infrastructure projects.

**(a) Full fiscal years**

**Financial Condition, Changes in Financial Condition and Results of Operations**

Financial highlights for the years 2017, 2016 and 2015 are presented below:

	<b>2017</b> <b>(Consolidated)</b>	<b>2016</b> <b>(Consolidated)</b>	<b>2015</b> <b>(Consolidated)</b>
Revenues	43,779,066	197,065,108	509,036,379
Net income/(loss)	(233,207,480)	(113,400,211)	280,383,996
Total assets	10,287,518,908	6,991,514,198	7,032,449,128
Total Liabilities	3,901,829,486	383,874,969	369,676,039
Net worth	6,386,859,470	6,607,639,229	6,662,773,089
Issued & subscribed capital	3,003,302,538	3,003,302,538	3,003,302,538

**Changes in Financial Condition (2015-2017)**

Revenues decreased from 2015 to 2017 due to lower revenue generated by the Company in 2016 and 2017.

Total sales generated by the Company's subsidiary, VMC, is higher in 2015 at P72.27 million compared to P40.74 million in 2016 due to the discontinuance Montalban quarry operations as of the 3rd quarter 2016. There are no sales recorded in 2017 since the VMC has no operation for the year 2017.

Net Income in 2015 is due to higher revenues generated by the Company arising from the sale of NTDCC shares. On the other hand, the Company incurred net losses of P113.4 million and P234.2 million in 2016 and 2017, respectively, due to lower income generated by the Company during the same period.

Total Assets slightly decreased in 2016 as compared to 2015 as a result of write-off of the Company's receivable from EPL. In 2017, the increased in total assets was due to additional subscription to AT shares.

Total Liabilities increased in 2016 compared to 2015 due to booking of deposit from contractor. In 2017, total liabilities is higher due to recognition of the Company's subscription payable to AT and the booking of advances from related parties to fund the 25% downpayment to the Company's subscription to AT shares.

The Company's Net Worth continue to decreased from 2015 to 2017 due to net loss incurred by the Company in 2016 and 2017.

## **Results of Operations - Full Year**

### **Natural Resources**

**Vulcan Materials Corporation (VMC)** (100% owned) posted a net loss of P12.8 million for 2017, compared to a net loss of P11.6 million in 2016.

VMC entered into an agreement for the sale of the crushing plant and assignment of its rights to explore, develop, operate and utilize the Montalban quarry in favor of Big Rock Aggregates Corporation, an affiliate and designee of Solid Integrated Co., Inc., for P20 million, subject to certain conditions. VMC has received the full payment and has satisfied all conditions of the assignment.

**Anglo Philippine Power Corporation (APPC)** (100% owned) is presently evaluating various renewable energy projects for future investment and is still in its pre-operating stage. Its wholly-owned subsidiary, **Bataan Aggregates Corp. (BAC)**, has began purchasing equipment and facilities for eventual full operation of sand and gravel quarrying in Bataan.

For year 2017, **The Philodrill Corporation (OV)** (34.32% owned) registered a consolidated net loss of P6.4 million, compared to a net income of P29.1 million in 2016.

The Galoc wells continue to produce at an aggregate output of around 3,500 bopd and total production has reached about 20 million barrels as of end-2017.

**United Paragon Mining Corporation (UPM)** (25.69% owned) UPMC posted a net loss of P51.7 million in 2017, compared to a net loss of P57.8 million in 2016. UPM awaits the grant of a new permit for its Longos area, while other options are also being explored to allow UPMC to exploit the mine on a limited basis.

**Atlas Consolidated Mining & Development Corp. (AT)** (28.64% owned) posted a consolidated net loss of P1.97 billion in 2017, compared to a net loss P879.9 million in 2016.

Pending the transfer of its petroleum assets, the Company continues to participate in the following **Oil Exploration** contracts:

Service Contract 6A	Octon, NW Palawan	11.11000 %
Service Contract 14D	Tara, NW Palawan	2.50000 %
Service Contract 41	Sulu Sea	1.67900 %
Service Contract 53	Onshore Mindoro	5.00000 %

In **SC 6A (Octon)**, Philodrill completed the pre-stack depth migration (PSDM) re-processing of the 520 sq km seismic data volume on the northern block of the SC in October 2017. Subsequently, Philodrill engaged DUG to undertake a QI study using the PSDM data to investigate all identified structures and horizons of interests in the northern portion of the block.

In **SC 14D (Tara, NW Palawan)**, the preparation and contracting out for the permanent plug and abandonment (P&A) of offshore production wells Tara and Libro is well underway.

In **SC 53 (Onshore Mindoro)**, between April-June 2017, MPOGI sought to farm out its interests in Mindoro due to lack of manpower and technical expertise to prosecute the work commitments for the joint venture.

DOE has approved the revised 2017 work program and budget of block operator Mindoro-Palawan Oil & Gas, Inc (MPOGI) to re-schedule the Progreso-2 drilling to December 2017. However, as of the end of the year, MPOGI has yet to provide the JV with a concrete plan to carry-out the necessary works related to the JV's commitments on the drilling of Progreso-2.

In **SC 41 (Sulu Sea)**, the DOE will reportedly re-bid the **Area 15 (Sulu Sea)** area where Anglo has an option to acquire portion of Philodrill's interest in Area 15 in the event that Philodrill is awarded the contract for Area 15.

In the **SWAN Block**, The consortium continues to work on a possible swap of participating interest in some of their blocks in exchange for interest in Service Contract No. 57 and 58 of PNOC-EC, which now cover the old SWAN Block.

PNOC-EC had agreed in principle to the proposal and asked and have been granted ample time to conduct due diligence to evaluate the merits of the proposed interest swap.

### Property Development

**Tipo Valley Realty, Inc. (TVRI)** (97.59% owned) – TVRI continues to complete the required documentations to obtain a DAR conversion certificate over its properties in Hermosa, Bataan.

For 2017, TVRI posted a net loss of P3.8 Million, compared to a net loss of P4.4 million for the same period in 2016.

Following the sale of the Company's 15.79% equity in **North Triangle Depot Commercial Corporation (NTDCC)** last December 10, 2014 and February 5, 2015, the Company has entered into a Lease Agreement Assignment of development rights with NTDCC for the lease of the Company's *pro indiviso* shares in the North Avenue Lot Pads and associated Lot Pad Slivers. The lease will be *co-terminus* with the lease of the North Triangle depot with NHA (2047), subject for extension of Development Rights Period. The Lease Agreement was treated as a sale.

The Company continues to maintain 15.79% interest in **MRT Development Corp.** which generates revenues from concessionaire rentals and advertising fees in the MRT 3 stations.

### Infrastructure

The Company continues to maintain 18.6% equity in **MRT Holdings, Inc.**, the indirect majority owner of the Metro Rail Transit Corporation (MRTC). As of end-December 2017, average ridership is about 250,000 passengers per day.

### Other Investments

The Company has minority investment in **Brightnote Assets Corporation**, a holding company organized for the purpose of investing in the Calabarzon area.

**Filipinas Energy Corporation (FEC)** has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's oil and mineral assets.

### Results of Operations – 1<sup>st</sup> Quarter 2018

### Natural Resources

The Company owns 100% of **Vulcan Materials Corporation (VMC)** which is involved in the exploration and development of various mineral and aggregates resources. VMC posted a net loss of P0.013 million as of end March 2018, compared to a net loss of P1.4 million as of end March 2017.

VMC continues to satisfy all conditions for the sale of the crushing plant and assignment of its rights to explore, develop, operate and utilize the Montalban quarry in favor of Big Rock Aggregates Corporation, an affiliate and designee of Solid Integrated Co., Inc.

**Anglo Philippine Power Corporation (APPC)** (100% owned) is presently evaluating various renewable energy projects for future investment and is still in its pre-operating stage. Its wholly-owned subsidiary, **Bataan Aggregates Corp. (BAC)**, has began purchasing equipment and facilities for eventual full operation of sand and gravel quarrying in Bataan.

The Company owns 25.69% of **United Paragon Mining Corporation (UPMC)** which holds highly prospective gold mining properties in the Bicol area. UPMC posted a net loss of P17.1 million as of end March 2018, compared to a net loss of P12.5 million as of end March 2017.

As of March 31, 2018, the Company owns 28.64% of **Atlas Consolidated Mining & Development Corporation (AT)**, which posted a net income of P474.7 million as of end-March 2018 compared to a net loss of P210.9 million as of end-March 2017.

The Company owns 34.32% of **The Philodrill Corporation (OV)** which posted a net income of P8.4 million as of end-March 2018, compared to a net income of P7.1 million as of end-March 2017.

The Company likewise continues to hold interests in the following **Oil Exploration** contracts:

Service Contract 6A	Octon, NW Palawan	11.11000 %
Service Contract 14D	Tara, NW Palawan	2.50000 %
Service Contract 41	Sulu Sea	1.67900 %
Service Contract 53	Onshore Mindoro	5.00000 %
SWAN Block	NW Palawan	33.57800 %

In **SC 6A (Octon)**, DUG has completed the QI work as of March 2018, and Philodrill is currently undertaking seismic interpretation work on the reprocessed PSDM final stack and QI volumes. Focus of the interpretation works to identify areas where the Galoc sand reservoir may be expected to be better developed. Results from these activities will serve as basis to conduct scoping project activities to assess viability of pursuing drilling and development of these prospects.

In **SC 14D (Tara, NW Palawan)**, the implementation of permanent plug and abandonment of offshore production wells Tara and Libro is well underway. The consortium has completed the refurbishment works on the Libro platform, and the P&A of the Tara and Libro wells are slated for late April-May 2018.

In **SC 53 (Onshore Mindoro)**, as of the end March 2018, MPOGI has yet to provide the JV with a concrete plan to carry-out the necessary works related to the JV's commitments on the drilling of Progreso-2.

In **SC 41 (Sulu Sea)**, the DOE will reportedly re-bid the **Area 15 (Sulu Sea)** area where Anglo has an option to acquire portion of Philodrill's interest in Area 15 in the event that Philodrill is awarded the contract for Area 15.

In the **SWAN Block**, The consortium continues to work on a possible swap of participating interest in some of their blocks in exchange for interest in Service Contract No. 57 and 58 of PNOC-EC, which now cover the old SWAN Block.

PNOC-EC had agreed in principle to the proposal and asked and have been granted ample time to conduct due diligence to evaluate the merits of the proposed interest swap.

#### Property Development

**Tipo Valley Realty, Inc. (TVRI)** (97.59% owned) posted a net loss of P1.2 million as of end March 2018, compared to a net loss of P2.1 million as of end March 2017.

TVRI continues to complete the required documentations to obtain a DAR conversion certificate over its properties in Hermosa, Bataan.

The Company continues to maintain 15.79% interest in **MRT Development Corp.** which generates revenues from concessionaire rentals and advertising fees in the MRT 3 stations.

#### Infrastructure

The Company continues to maintain 18.6% equity in **MRT Holdings, Inc.**, the indirect majority owner of the Metro Rail Transit Corporation (MRTC). As of end-March 2018, average ridership is about 280,000 passengers per day.

### Other Investments

The Company has minority investment in ***Brightnote Assets Corporation***, a holding company organized for the purpose of investing in the Calabarzon area.

***Filipinas Energy Corporation (FEC)*** has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's oil and mineral assets.

**NO** bankruptcy, receivership or similar proceeding has been filed by or against the Company and/or its subsidiary during the last three (3) years.

**NO** material reclassification, merger, consolidation, or purchase/sale of a significant amount of assets, not in the ordinary course of business, has been undertaken by the Company and/or its subsidiary during the last three (3) years, ***EXCEPT*** (i) the sale of NTDCC investment on December 10, 2014 and February 5, 2015 for P1.26 billion; (ii) the acquisition of 97.59% ownership in TVRI on December 21, 2015 for P299,089,000.00; (iii) the reclassification of the Company's AT investment from AFS investment to Investment in Associate effective as of 2015. (iv) the acquisition of additional shares in UPM last December 3, 2015 and May 5-6, 2016 for 3.5 million shares and 3.6 million shares, respectively, thereby increasing the Company's ownership therein from 22.96% to 25.69%. (v) the acquisition of additional shares in AT last February 27, 2017 and August 11, 2017, for 25.1 M shares and 819.9 M shares, respectively, thereby increasing the Company's ownership therein from 8.37% to 28.64%.

The top key performance indicators of the Company and its majority-owned subsidiary are as follows:

	<u>December 31, 2017</u> <u>(Consolidated)</u>	<u>December 31, 2016</u> <u>(Consolidated)</u>	<u>December 31, 2015</u> <u>(Consolidated)</u>
<b>Current Ratio</b>	<b>0.06:1</b>	<b>1.07:1</b>	<b>1.51:1</b>
<u>Current Assets</u>	<u>233,560,472</u>	<u>388,165,746</u>	<u>527,778,874</u>
Current Liabilities	3,896,396,570	364,120,765	350,140,112
<b>Assets to Equity Ratio</b>	<b>1.61 : 1</b>	<b>1.06 : 1</b>	<b>1.05 : 1</b>
<u>Total Assets</u>	<u>10,287,518,908</u>	<u>6,991,514,198</u>	<u>7,032,449,128</u>
Stockholders Equity	6,386,859,470	6,607,639,229	6,662,773,089
<b>Debt to Equity Ratio</b>	<b>0.61 : 1</b>	<b>0.06 : 1</b>	<b>0.06 : 1</b>
<u>Total Liabilities</u>	<u>3,901,829,486</u>	<u>383,874,969</u>	<u>369,676,039</u>
Stockholders Equity	6,386,859,470	6,607,639,229	6,662,773,089
<b>Equity to Debt Ratio</b>	<b>1.64 : 1</b>	<b>17.21 : 1</b>	<b>18.02 : 1</b>
<u>Stockholders Equity</u>	<u>6,386,859,470</u>	<u>6,607,639,229</u>	<u>6,662,773,089</u>
Total Liabilities	3,901,829,486	383,874,969	369,676,039

<b>Book Value per share</b>	<b>2.13</b>	<b>2.20</b>	<b>2.22</b>
<u>Stockholders Equity</u>	<u>6,386,859,470</u>	<u>6,607,639,229</u>	<u>6,662,773,089</u>
Shares Outstanding	3,003,302,538	3,003,302,538	3,003,302,538
<b>Earnings/(Loss) per share</b>	<b>(0.08)</b>	<b>(0.04)</b>	<b>0.09</b>
<u>Net Income/(Loss)</u>	<u>(234,342,579)</u>	<u>(113,400,211)</u>	<u>280,383,996</u>
Average Number of shares outstanding	3,003,302,538	3,003,302,538	3,003,302,538

Current Ratio continue to decreased from 2015 to 2016 due to: i) the decrease in current assets cause by the decrease in cash and cash equivalents as a result of the booking of the convertible loan extended to AT in June 2015, ii) the purchase of additional UPM shares in May 2016, iii) the write off of receivable from Euronote Profits Limited (EPL). From 2016 to 2017 Current ratio decreased due to i) increased in current liabilities brought about by the advances made from shareholders and the recognition subscription payable due the Company's subscription to AT shares.

Assets to Equity Ratio slightly increased from 2015 to 2016 . In 2017, Assets to Equity Ratio increased due to increased in Total Assets as a result of the Company's subscription to AT shares.

Debt-to-Equity Ratio remains the same from 2015 to 2016, however, debt-to-equity ratio increased in 2017 due to increase in total liabilities brought about by the Company's subscription to AT shares.

Equity-to-Debt Ratio decreased from 18.02:1 in 2015 to 17:21 in 2016 due to the decrease in Stockholders Equity due to net loss incurred by the Company in 2016. In 2017, Equity to Debt Ratio decreased to 1.64:1 due to the increase in total liabilities brought about by the Company's subscription to AT shares.

Book Value per Share (BVPS) continue to decreased in 2015 to 2017 due to the decrease in Stockholders Equity resulting from the due to net loss incurred by the Company from 2016 to 2017.

Earnings Per Share (EPS) decreased from 2015 to 2016, and from 2016 to 2017 due net losses incurred by the Company in 2016 to 2017.

	<b><u>March 31, 2018</u></b> <b><u>(Consolidated)</u></b>	<b><u>December 31, 2017</u></b> <b><u>(Consolidated)</u></b>
<b>Current Ratio</b>	<b>0.07:1</b>	<b>0.06:1</b>
<u>Current Assets</u>	<u>263,998,744</u>	<u>233,560,472</u>
Current Liabilities	3,890,639,110	3,896,396,570
<b>Assets to Equity Ratio</b>	<b>1.60 : 1</b>	<b>1.61 : 1</b>
<u>Total Assets</u>	<u>10,451,425,564</u>	<u>10,287,595,103</u>
Stockholders Equity	6,515,353,539)	6,385,765,617)
<b>Debt to Equity Ratio</b>	<b>0.60 : 1</b>	<b>0.61 : 1</b>
<u>Total Liabilities</u>	<u>3,936,072,026</u>	<u>3,901,829,486</u>
Stockholders Equity	6,515,353,539	6,385,765,617
<b>Equity to Debt Ratio</b>	<b>1.66 : 1</b>	<b>1.64 : 1</b>
<u>Stockholders Equity</u>	<u>6,515,353,539</u>	<u>6,385,765,617</u>
Total Liabilities	3,936,072,026	3,901,829,486
<b>Book Value per share</b>	<b>2.17</b>	<b>2.13</b>
<u>Stockholders Equity</u>	<u>6,515,353,539</u>	<u>6,385,765,617</u>
Shares Outstanding	3,003,302,538	3,003,302,538
<b>Earnings/(Loss) per share</b>	<b>0.043</b>	<b>(0.080)</b>
<u>Net Income/(Loss)</u>	<u>129,587,920</u>	<u>(234,266,384)</u>
Average Number of shares outstanding	3,003,302,538	3,003,302,538

Current Ratio increased from 0.07:1 as of end-March 2018 compared to to 0.06 :1 as of end-2017 due to increase in Current Assets as a result of the (i) increase cash and cash equivalent due to loan availment of its subsidiary.

Assets to Equity Ratio is slightly lower at 1.60:1 as of end-March 31, 2018 as compared to 1.61:1 as of end-2017.

Debt-to-Equity Ratio is slightly lower at 0.60 :1 as of end-March 2018 as compared to 0.61:1 as of end 2017. On the otherhand, Equity-to-debt ratio slightly increased as of end-March 31, 2018 as compared to end-2017 due to increase Stockholders Equity due to net income generated by the Company during the 1st quarter 2018.



Book Value per Share increased to P2.17 per share as of end-March 2018 as compared to P2.13 as of end-2017. The Company posted P0.04 Earnings Per Share as of end-March 2018 compared to a net loss of P0.08 as of end 2017.

- (i) There are **NO** known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity.
- (ii) The Company's internal source of liquidity comes, primarily, from revenues generated from operations. The Company's external source of liquidity comes, primarily, from loans/financing obtained from financial institutions and, alternatively, may also come from the collection of its accounts receivables.
- (iii) The Company has **NO** material commitments for capital expenditures but is expected to contribute its equity share in the capital expenditures of its investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing.
- (iv) There are **NO** known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income from continuing operations.
- (v) There are **NO** significant elements of income or loss that did not arise from the Company's operations.
- (vi) There have been **NO** material changes from 2015-2017 in one or more line items of the Company's financial statements, EXCEPT as disclosed below:
  - a. Net Revenues decreased from 2015 to 2017 due lower revenue generated by the Company in during the years.
  - b. Total sales generated by the Company's subsidiary, VMC, is higher in 2015 at P72.27 million compared to P40.74 million in 2016 due to the discontinuance Montalban quarry operations as of the 3<sup>rd</sup> quarter 2016. There are no sales recorded in 2017 since the VMC has no operation for the year 2017.
  - c. Costs and Expenses are higher in 2016 compared to 2015 as a result of write-off of the Company's receivable from EPL. In 2016, the Company recorded a P277.0 million cost and expenses mainly due to the Company's share in net losses of its associates.
  - d. Income/(Loss) Before Income Tax. In 2015, the Company a recorded P284.2 million income before income tax due to higher revenues generated by the Company arising from the sale of NTDCC shares. On the other hand, The Company incurred losses before income tax of P118.2 million and P233.2 million in 2016 and 2017, respectively, due to lower income generated by the Company during the same period .
  - e. Basic and Diluted Earnings(Loss) Per Share is P0.09, (P0.04) and (P0.08) in for the year 2015, 2016, and 2017, respectively.
  - f. Retained Earnings continue to decreased in 2015 to 2017 due to net loss incurred by the Company during for the year 2016 and 2017.

- g. Current Assets decreased from 2015 to 2016 mainly due i) additional loan extended to Alakor Corporation, and ii) write-off of the Company's receivable from EPL. Likewise, Current Assets decreased in 2017 due to: i) the decrease in cash and cash equivalents due the Company's additional loan/advances to its affiliates/subsidiaries.
  - h. Non-Current Assets increased from 2015 to 2016 due to i) additional loan extended to Alakor Corporation and ii) purchase of additional UPM shares. In 2017, Non-Current Assets increased due to the increase the Company's subscription to AT shares.
  - i. Current Liabilities increased from 2015 to 2016 due to booking of deposit from contractor. In 2017, Current Liabilities increased due the advances made by shareholders for the 25% payment of the Company to its subscription to AT shares, and the recognition of subscription payable to AT.
  - j. Stockholders' Equity continue to decreased from 2015 to 2017 due to net loss incurred by the Company during in 2016 and 2017.
- (vii) There have been NO seasonal aspects that had a material effect on the financial condition or results of operations of the Company.
  - (viii) There are NO events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
  - (ix) There are NO material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
  - (x) There have been NO material changes from 31 March 2018 to 31 March 2017 in one or more line items of the Company's financial statements, EXCEPT as disclosed below:
    - (a) Cash and Cash Equivalents is lower at P48.3 million as of end-March 2018 million as compared to P130.8 as of end-March 2017 due to cash used for general and administrative expenses and advances to its subsidiaries and affiliates.
    - (b) Accounts Receivable is slightly lower at P197.2 as of end-March 2018 as compared to P198.0 million as of end-March 2017.
    - (c) Financial Assets at Fair Value through FVPL decreased to P3.7 million as of end-March 2018 compared to P4.6 million as of end-March 2017 due to sale of Wilcon shares.
    - (d) Prepayments and other current assets decreased due to application of deposit for future subscription as 25% payment for AT shares and reclassification of required cash bond, filing fee and inspection cost of TVRI for its DAR conversion application to non-current assets.
    - (e) Long-term note decreased due to partial payment of loan received from Carmen Copper Corp. (CCC).

- (f) Investment in Associates increased due to the Company's additional subscription to AT shares.
- (g) Property and equipment increased due to booking of construction-in-progress on account of APPC subsidiary, Bataan Aggregates Corp. (BAC).
- (h) Other non-current assets increased due to reclassification of required cash bond, filing fee and inspection cost of TVRI for its DAR conversion application to non-current assets.
- (i) Accounts Payable decreased due to completion of sale of VMC group assets to Solid Integrated Co. Inc. (SICI) affiliate and designee Big Rock Aggregate Corp. (BRAC) and payment of the Company's other payables and accrued expenses.
- (j) Due to related parties increased advances made by Alakor Corp. to the Company to fund acquisition of AT shares.
- (k) Subscription payable increase due to corresponding payable in relation to subscription to AT shares.
- (l) Decommissioning liability was part of the sale of VMC group assets to SICI's affiliate and designee, BRAC.
- (m) Loans payable pertains to loan availment of APPC subsidiary, BAC.
- (n) Retained Earnings and stockholders equity decreased due to net loss incurred by the Company in the year 2017.
- (xi) There have been **NO** material changes from 31 December 2017 to 31 March 2018 in one or more line items of the Company's financial statements, EXCEPT as disclosed below:
  - (a) Cash and Cash Equivalents increased from P19.1 million as of end-2017 to P48.4million as of end-March 2018 mainly due to the increase cash and cash equivalent due to loan availment of APPC subsidiary, BAC.
  - (b) Account Receivables increased due to additional advances made to its affiliates.
  - (c) Investment in associates increased due to income incurred by its associates during the period.
  - (d) Total liabilities increased due to loan availment of its subsidiary from PBCom.
  - (e) Retained Earnings increased due to a corresponding Net income incurred by the Company as of end-March 2018.

## **Employees**

As of 31 December 2017, the Company has thirteen (13) full-time employees (including officers). TVRI has not engaged any employee yet.

#### IV. Brief Description of the General Nature and Scope of Business of the Company

Anglo Philippine Holdings Corporation (the “Company”) was incorporated in 1958, originally as an oil and mineral exploration company with the corporate name of “*Anglo Philippine Oil Corp.*” In 1996, the Company changed its primary purpose to that of an investments holding firm focused on natural resources, property development and infrastructure, and changed its corporate name to “*Anglo Philippine Holdings Corporation*”. On September 14, 2006, the SEC approved the Company’s Amended Articles of Incorporation extending the life of the Company for another fifty (50) years from June 25, 2008.

On December 18, 2012, the Company acquired 100% ownership of Vulcan Materials Corporation (VMC). VMC was registered with the Philippine SEC on September 12, 1991 and is involved in the exploration and development of mineral and aggregates resources.

On December 21, 2015, the Company acquired 97.59% ownership of Tipo Valley Realty, Inc. (TVRI), a company involved in property development.

On September 26, 2016, SEC approved the incorporation of ***Anglo Philippine Power Corporation (APPC)*** (100% owned) to spearhead the Company’s foray into the power generation business. Subsequently, **APPC** formed a new wholly-owned subsidiary, **Bataan Aggregates Corp. (BAC)**, which will engage in sand and gravel quarrying. SEC approved the incorporation of BAC on May 4, 2017.

#### V. Market Price and Dividends

##### (1) Market Information

The Company’s shares are listed and traded in the Philippine Stock Exchange. As of May 18, 2018, the Company’s shares traded at P0.93 per share. The high and low sale price of the Company’s shares for each quarter during the last two (2) fiscal years 2017 and 2016 and the first quarter of the current fiscal year 2018, expressed in Philippine Pesos, are as follows:

	<b><u>Stock Prices (Php)</u></b>	
	<b><i>High</i></b>	<b><i>Low</i></b>
<b>2018- 1<sup>st</sup> quarter</b>	1.18	0.88
<b>2017– 1<sup>st</sup> quarter</b>	1.24	1.10
2 <sup>nd</sup> quarter	1.35	1.10
3 <sup>rd</sup> quarter	1.36	1.35
4 <sup>th</sup> quarter	1.11	0.91
<b>2016 – 1<sup>st</sup> quarter</b>	1.20	0.82
2 <sup>nd</sup> quarter	1.62	1.03
3 <sup>rd</sup> quarter	1.69	1.07
4 <sup>th</sup> quarter	1.29	0.99

## (2) Holders

As of 30 April 2018, total number of shareholders of record is 3,087 while common shares outstanding were 3,003,302,538 shares. The Company's top 20 Stockholders as of 30 April 2018 are as follows:

<u>Rank</u>	<u>Stockholders</u>	<u>Total Shares</u>	<u>Percentage</u>
1	ALAKOR CORPORATION	1,524,661,961	50.7662%
2	PCD NOMINEE CORPORATION CORPORATION	1,126,513,210	37.302%
3	NATIONAL BOOK STORE INC.	313,640,759	10.4432%
4	SAN JOSE OIL COMPANY	4,693,332	0.1563%
5	ALYROM PROPERTY HOLDINGS, INC.	2,924,900	0.0974%
6	SANTIAGO TANCHAN III	972,398	0.0324%
7	JALANDONI, JAYME, ADAMS & Co., INC.	964,700	0.0321%
8	CONSTANTINE TANCHAN	881,466	0.0293%
9	MARIANO GO BIAO	850,000	0.0283%
10	S.J. ROXAS & CO., INC. A/C # 2.19.038	850,000	0.0283%
11	JACK F. CONLEY	825,000	0.0275%
12	ANSALDO, GODINEZ & CO, INC.	753,835	0.0251%
13	ANTONIO M. HENARES	660,000	0.0220%
14	TBG MBTC FAO CARLOS EJERCITO	500,000	0.0166%
15	JESUS GARCIA	440,000	0.0147%
16	ANTONIO HENARES &/OR CARMEN HENARES	440,000	0.0147%
17	ALAKOR SECURITIES CORPORATION	400,000	0.0133%
18	FRANCISCO A. NAVARRO	400,000	0.0133%
19	SAN JOSE, ROBERTO V.	373,866	0.0124%
20	YEE, JUANITO L.	330,000	0.0109%

*\*Of the total 1,126,513,210 shares under the name of PCD Nominee Corp., 466,081,757 shares (15.50%) are under the name of BDO Securities Corp. (BDOSC), and 255,127,900 shares (8.50%) are under the name of Alakor Securities Corporation (ASC).*

*Of the 466,081,757 shares under the name of BDOSC, National Book Store Inc.(NBSI) owns 464,143,757 shares (15.45%). Of the 255,127,900 shares under the name of ASC, Alakor Corporation (AC) owns 105,375,425 shares (3.51%), while NBSI owns 115,949 shares (0.00%).*

### (3) Dividends

Cash Dividend	Amount	Declaration Date	Record Date	Payment Date
2016 –CD 14	P0.015/share	November 3, 2016	November 18, 2016	December 15, 2016
2015 –CD 13	P0.02/share	June 01, 2015	June 16, 2015	July 10, 2015
2014 –CD 12	P0.015/share	October 29, 2014	November 12, 2014	December 8, 2014
2013 –CD 11	P0.03/share	October 22, 2013	November 8, 2013	December 4, 2013
2013 –CD 10	P0.03/share	March 19, 2013	April 05, 2013	May3, 2013
2012 –CD 9	P0.02/share	October 19, 2012	Nov. 07, 2012	November 23, 2012
2012 –CD 8	P0.04/share	March 28, 2012	April 16, 2012	May 4, 2012
2011 –CD 7	P0.03/share	September 28, 2011	October 12, 2011	November 08, 2011
2011 –CD 6	P0.05/share	March 25, 2011	April 08, 2011	April 29, 2011
2010 –CD 5	P0.03/share	April 12, 2010	April 30, 2010	May 24, 2010
2009 –CD 4	P0.15/share	April 22, 2009	May 08, 2009	May 29, 2009
2008 - CD 3	P0.05/share	April 25, 2008	May 30, 2008	June 25, 2008
2007 –CD 2	P0.05/share	July 27, 2007	October 15, 2007	November 8, 2007
2007 - CD 1	P0.10/share	April 30, 2007	May 17, 2007	June 8, 2007
Stock Dividend	Rate	Declaration Date	Record Date	Payment Date
2008 - SD 1	10%	Sept. 19, 2008	October 31,2008	Nov. 26, 2008

The Company's ability to declare and pay dividends on common equity is restricted by the availability of retained earnings and cash.

### 4) Recent Sales of Unregistered Securities

**NO** unregistered securities were sold during the past 3 years. All of the Company's issued and outstanding shares of stock are duly registered in accordance with the provisions of the Securities Regulation Code (SRC).

- (a) Securities Sold – Not Applicable; NO securities were sold
- (b) Underwriters and Other Purchases – Not Applicable; NO securities were sold
- (c) Consideration – Not Applicable; NO securities were sold
- (d) Exemption from Registration Claimed – Not Applicable; NO securities were sold.

## VI. Corporate Governance

- (a) The Company uses the evaluation system established by the SEC in this Memorandum Circular No. 5 series of 2003, including the accompanying Corporate

Governance Self Rating Form (CG-SRF) to measure or determine the level of compliance of the Board of Directors and top-level management with the Company's Corporate Governance Manual.

- (b) The Company undertakes as self-evaluation process regularly and any deviation from the Company's Corporate Governance Manual is reported to the Management and the Board together with the proposed measures to achieve compliance.
- (c) The Company is in full compliance with the leading practices on good corporate governance as embodied in its Revised Manual on Corporate Governance (May 2017).
  - 1. The Company has adopted a Code of Conduct for the Board and its employees, and is being assessed regularly to cope with the dynamics of the business. The Company has existing policies and procedures that can identify and resolve potential conflicts of interest.
  - 2. Employees and officers undergo professional development programs subject to meeting the criteria set by the Company. The Compensation & Remuneration Committee (CRC) is engaged, in the Succession Planning of the Executive officers, including the President. In the latter case, the CRC coordinates closely with the Chairman any and all activities involved in planning for the President's succession.
- (d) The Company shall adopt improvement measures on its corporate governance as the exigencies of its business will require from time to time.

*The Company undertakes to provide, without charge, upon the written request of a stockholder, a copy of its Annual Report on SEC Form 17-A. Such request should be addressed to the Corporate Secretary, Anglo Philippine Holdings Corporation, 6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines.*

## FINAL LIST OF CANDIDATES FOR ELECTION AS INDEPENDENT DIRECTOR

### (A) Candidates for Election as Independent Director

#### (1) Identity, names and ages of candidates for election as Independent Director

Name	Age	Current Position	Period of service
Renato C. Valencia.	76	Independent Director	December 2006 to Present
Ramoncito Z. Abad	71	Independent Director	March 2007 to Present

Directors elected in the Annual Meeting of Stockholders have a term of office of one (1) year and serve as such until their successors are elected and qualified in the next succeeding Annual Meeting of Stockholders; *provided*, that a director who was elected to fill in a vacancy arising in the Board shall only serve the unexpired portion of his predecessor.

#### Business Experience During the Past Five (5) Years of Candidates for Independent Directors

**Mr. Renato C. Valencia** was elected independent director of the Company in December 2006. He is the former administrator of the Social Security System and former director/executive officer of the Bases Conversion Development Authority and Civil Aeronautics Board. He currently serves as director of GT Capital Holdings Inc., EEI Corporation, among others.

**Mr. Ramoncito Z. Abad** was elected independent director of the Company in March 2007. He is the former Chairman of the Development Bank of the Philippines and currently serves as a director/executive officer of the Monheim Group of Distributors and Cybertech International Builders.

#### Candidates for Independent Director with directorship(s) held in reporting companies

<b>Renato C. Valencia</b>	Anglo Philippine Holdings Corporation (ID) EEI Corporation (ID) i- People, Inc. (ID) Omnipay Inc. (RD)	Vulcan Industrial & Mining Corp.(ID) GT Capital Holdings , Inc. (ID) Malayan Insurance Co., Inc
<b>Ramoncito Z. Abad</b>	Anglo Philippine Holdings Corporation (ID)	Monheim Group of Distributors

*\*ID-Independent Director, RD-Regular Director*

#### (3) Family Relationships

The candidates for election as independent directors of the Company are **NOT** related by consanguinity or affinity, either with each other or with any other member of the Company's Board of Directors.



#### (4) Involvement in Certain Legal Proceedings

The Company is not aware of: (1) any bankruptcy petition filed by or against any business of which an independent director, person nominated to become an independent director of the Company was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior that time; (2) any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses of any independent director, person nominated to become an independent director; (3) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities or banking activities an independent director, person nominated to become an independent director of the Company; and, (4) judgment against an independent director, person nominated to become an independent director of the Company found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

There had been **NO** transaction during the last two years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any independent director of the Company, or nominee for election as an independent director, or any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons had or is to have a direct or indirect material interest. In the ordinary and regular course of business, the Company had or may have transactions with other companies in which some of the foregoing persons may have an interest.

#### (C) Security Ownership of Candidates for Independent Directors

The candidates for independent directors own the following number of voting shares:

<u>Type</u>	<u>Name of beneficial owner</u>	<u>Amount and nature of Beneficial ownership</u>		<u>Citizenship</u>	<u>Percent Of Class</u>
		<u>Direct</u>	<u>Indirect</u>		
Common	Renato C. Valencia	1,100	0	Filipino	<0.01%
Common	Ramoncito Z. Abad	1,100	0	Filipino	<0.01%

As of 30 April 2018 (the “Record Date”), the aggregate number of shares owned by the candidates for election as independent director is 2,200 shares, or less than 0.01% of the Company’s outstanding capital stock.

## CERTIFICATE OF QUALIFICATIONS INDEPENDENT DIRECTORS

I, **RENATO C. VALENCIA**, Filipino of legal age and resident of 331 Ma. Cristina Road Ayala Alabang Village, Muntinlupa City, after having been sworn to in accordance with law do hereby declare that:

1. I am an independent director of **ANGLO PHILIPPINE HOLDINGS CORPORATION** and have been its independent director since December 2006.
2. I am affiliated with the following companies or organizations:

Company / Organization	Position/ Relationship	Period of Service/Status
1 Anglo Phil. Holdings Corporation	ID	Dec. 2006 to date
2 EEI Corporation	ID	Sept. 8, 2015 to date
3 I-People Inc.	Chairman/ ID	Sept. 2, 2005 to date/ 2003 to Sept. 2, 2005
4 Malayan Insurance Co. Inc.	RD	March 19, 2007 to date
5 Vulcan Industrial & Mining Corporation	ID	November 2009 to date
6 Omnipay Inc.	Vice Chairman Director	January 2014 to date 2009 to date

*\*ID – Independent Director RD – Regular Director*

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Anglo Philippine Holdings Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am **not** related to any of the director/officer/substantial shareholder of Anglo Philippine Holdings Corporation and its subsidiaries and affiliates, in any relationship provided under Rule 38.2.3 of the Securities Regulation Code.

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
	Not Applicable	

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not connected with any government agencies or its instrumentalities as of this filing.

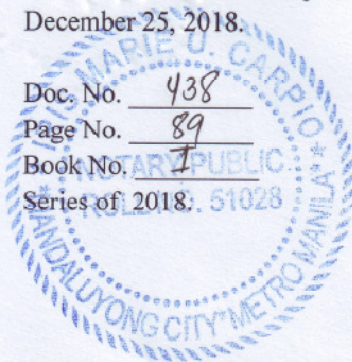
7. I shall faithfully and diligently comply with the duties and responsibilities as an independent director under Securities Regulation Code and its Implementing Rules and Regulations, Code of corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Anglo Philippine Holdings Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

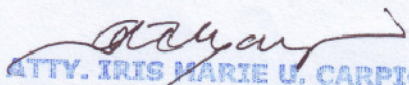
Done this **MAY 21 2018** day of \_\_\_\_\_ at **MANDALUYONG CITY**

  
**RENATO C. VALENCIA**  
Affiant

SUBSCRIBED AND SWORN to before me this **MAY 21 2018** at Mandaluyong City, affiant exhibiting to me his Passport No. EB9878248 issued on December 26, 2013 with expiry date on December 25, 2018.

Doc. No. 438  
Page No. 89  
Book No. 1  
Series of 2018: 51028



  
**ATTY. IRIS MARIE U. CAPIO**  
NOTARY PUBLIC - CITY OF MANDALUYONG  
APPT. NO. 0374-18 / UNTIL DECEMBER 31, 2019  
QUAD ALPHA CENTRUM, 125 PIONEER STREET  
MANDALUYONG CITY 1550  
PTR NO. 3413317/ MANDALUYONG CITY / 01-08-18  
IBP NO. 024168 / 01-08-18 / QC CHAPTER  
MCLE COMPLIANCE NO. IV-0014403 / 04-14-2019  
ROLL NO. 51028 (2005)

<b>COMPANY / ORGANIZATION AFFILIATIONS</b>		
<b>Company / Organization</b>	<b>Position/Relationship</b>	<b>Period of Service/Status</b>
1 Anglo Phil Inc.	D	2006 to date
2 EEI Corporation	I, D	2015 to date
3 I-People Inc.	Chairman D	Sept. 2, 2005 to date/ 2003 to Sept. 2, 2005
4 Malayan Insurance Co. Inc.	D	March 19, 2007 to date
5 Vulcan Industrial & Mining Corporation	D	November 2009 to date

## CERTIFICATE OF QUALIFICATIONS INDEPENDENT DIRECTORS

I, **RAMONCITO Z. ABAD**, Filipino of legal age and resident of Suite 301 Vasquez Madrigal Plaza, 51 Annapolis, Greenhills San Juan, Metro Manila, after having been sworn to in accordance with law do hereby declare that:

1. I am an independent director of **ANGLO PHILIPPINE HOLDINGS CORPORATION** and have been its independent director since March 2007.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Monheim Distributors	Chairman – Director	1999 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Anglo Philippine Holdings Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am **not** related to any of the director/officer/substantial shareholder of Anglo Philippine Holdings Corporation and its subsidiaries and affiliates, in any relationship provided under Rule 38.2.3 of the Securities Regulation Code.

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
	Not Applicable	

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not connected with any government agencies or its instrumentalities as of this filing.
7. I shall faithfully and diligently comply with the duties and responsibilities as an independent director under Securities Regulation Code and its Implementing Rules and Regulations, Code of corporate Governance and other SEC issuances.



8. I shall inform the Corporate Secretary of Anglo Philippine Holdings Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done this MAY 21 2018 day of \_\_\_\_\_ at MANDALUYONG CITY

**RAMONCITO Z. ABAD**

Affiant

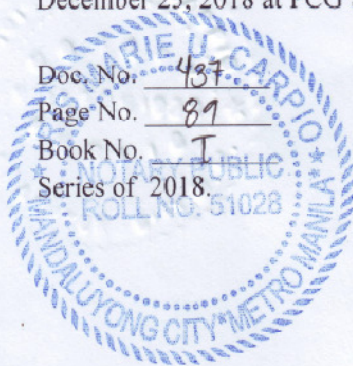
SUBSCRIBED AND SWORN to before me this MAY 21 2018 at Mandaluyong City, affiant exhibiting to me his Passport No. EB9878878 issued on December 26, 2013 with expiry date on December 25, 2018 at PCG San Francisco.

Doc. No. 437

Page No. 89

Book No. I

Series of 2018



**ATTY. IRIS MARIE U. CARPIO**  
NOTARY PUBLIC - CITY OF MANDALUYONG  
APPT. NO. 0374-18 / UNTIL DECEMBER 31, 2019  
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MCLE COMPLIANCE NO. IV-0014403 / 04-14-2019  
ROLL NO. 51028 (2005)

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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**COMPANY NAME**

A	N	G	L	O		P	H	I	L	I	P	P	I	N	E		H	O	L	D	I	N	G	S		C	O	R	P
O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S						

**PRINCIPAL OFFICE** ( No. / Street / Barangay / City / Town / Province )

6	t	h		F	l	o	o	r		Q	u	a	d		A	l	p	h	a		C	e	n	t	r	u	m	,	
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t	y																												

Form Type

A	A	C	F	S
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Department requiring the report

S	E	C	
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Secondary License Type, if Applicable

N	/	A	
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**COMPANY INFORMATION**

Company's Email Address

**info@anglophil.com**

Company's Telephone Number

**(02) 631-5139**

Mobile Number

**N/A**

No. of Stockholders

**3,089**

Annual Meeting (Month / Day)

**Last Friday of July**

Fiscal Year (Month / Day)

**12/31**

**CONTACT PERSON INFORMATION**

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

**Mr. Gilbert V. Rabago**

Email Address

**info@anglophil.com**

Telephone Number/s

**(02) 631-5139**

Mobile Number

**+63 9176217350**

**CONTACT PERSON'S ADDRESS**

**6th Floor, Quad Alpha Centrum Building, 125 Pioneer Street, Mandaluyong City**

**NOTE 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.





# ANGLO PHILIPPINE HOLDINGS CORPORATION

AN INFRASTRUCTURE AND PROPERTY DEVELOPMENT COMPANY

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Anglo Philippine Holdings Corporation and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2017 and 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

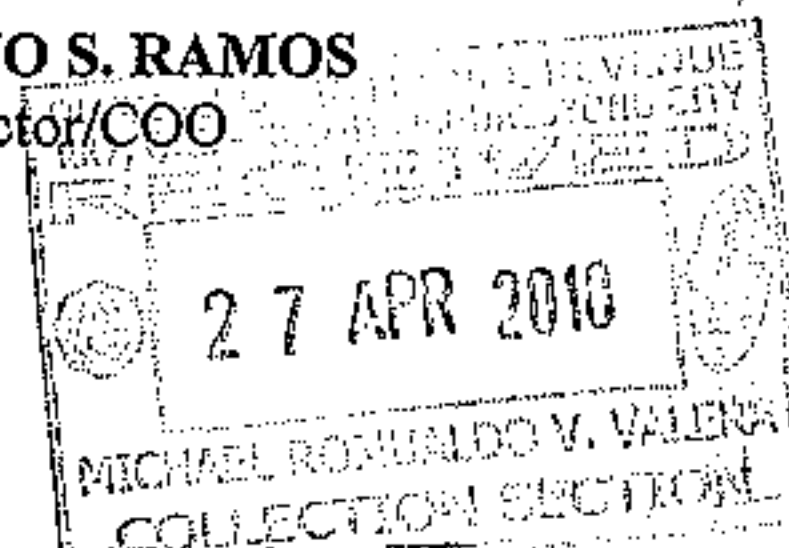
The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCipGorresVelayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
**ALFREDO C. RAMOS**  
Chairman of the Board/CEO

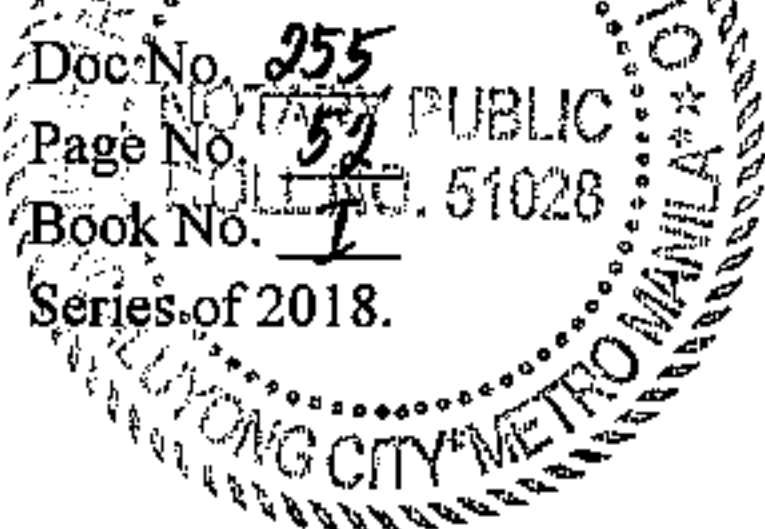
  
**ADRIAN PAULINO S. RAMOS**  
President/Director/COO


  
**GILBERT M. RABAGO**  
Treasurer



SUBSCRIBED AND SWORN to before me this APR 27 day of 2018 **MANDALUYONG CITY**, 2018, affiant exhibited to me his Community Tax Certificates, as follows:

Names	Passport Number/ Government Issued ID	Issue Date/Expiry Date	Place of Issue
Alfredo C. Ramos	EC8370209	Jul 21, 2016/Jul 20, 2021	DFA Manila
Adrian Paulino S. Ramos	EC6344702	Jan 08, 2016/Jan 7, 2021	DFA Manila
Gilbert V. Rabago	PRC 0105874	Valid until 03/24/2020	Manila



  
**ATTY. IRIS MARIE U. CARPIO**  
NOTARY PUBLIC - CITY OF MANDALUYONG  
APPT. NO. 0374-18 / UNTIL DECEMBER 31, 2019  
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ROLL NO. 51028 (2005)

**"Helping Build the Filipino Future"**

6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines

Telephone Nos.: (632) 631-5139 • (632) 635-6130 • Fax No.: (632) 631-3113 • E-mail: info@anglophil.com • Website: www.anglophil.com



## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders  
Anglo Philippine Holdings Corporation

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Anglo Philippine Holdings Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2017 in accordance with Philippine Financial Reporting Standards (PFRSs).

#### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

#### Recoverability of Deferred Exploration Costs

The carrying value of deferred exploration costs amounted to ₱208.6 million as at December 31, 2017. PFRSs require the Group to assess the recoverability of its deferred exploration costs when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The assessment on whether there is an indication that deferred exploration costs may be impaired requires significant management judgment regarding the ability of the Group to recover its deferred exploration costs. Hence, such assessment is a key audit matter. The disclosures related to recoverability of deferred exploration costs are included in Note 14 to the consolidated financial statements.

#### *Audit Response*

We obtained management's assessment on whether there is any indication that deferred exploration costs may be impaired and reviewed relevant updates on the current status of the projects and future management plans. We inspected the licenses/permits of each exploration project to determine that the period for which the Group has the right to explore in the specific area has not expired or will not expire within their plan of operation. We also inquired about the existing concession areas that are expected to be abandoned or any exploration activities that are planned to be discontinued in those areas. We also reviewed the Group's relevant disclosures.

#### Recoverability of Investments in Associates

The Group's investments in associates amounting to ₱8.7 billion represents about 84.7% of its consolidated total assets as at December 31, 2017. In 2017, the Group's share in the net losses of associates amounted to ₱213.2 million, which is 91.0% of the Group's consolidated net loss. Under PFRSs, the Group assesses at each reporting period whether there is an indication that such investments may be impaired. We consider this matter as significant to our audit in view of the magnitude of the investments' carrying amounts and the share in the net losses of these associates and the significant management judgement and estimates applied in determining the recoverable amount of these investments. Information on these investments is disclosed in Note 11 to the consolidated financial statements.



### *Audit Response*

We obtained an understanding of management's process in accounting for investments in associates. We obtained relevant financial information of the associates and recomputed the Group's share in equity in the associates' net earnings/losses. We obtained management's impairment analysis and gained an understanding of their impairment assessment process and the relevant controls. We discussed with management the current and projected financial performance of the associates and assessed whether these were reflected in the Group's own assumptions. We also involved our internal specialist in assessing the Group's methodology and assumptions used in calculating the recoverable amount of the investments which key assumptions include the future production levels and costs, gold prices and discount rate. We assessed future production levels and costs based on the Group's historical performance. We compared the key inputs such as gold prices against externally published data. We also assessed the discount rate used to available third party information. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect in the determination of the recoverable amount of the investments in associates.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

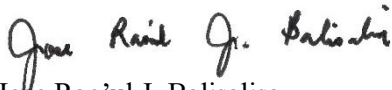


We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is  
Jose Rao'ul J. Balisalisa.

SYCIP GORRES VELAYO & CO.



Jose Rao'ul J. Balisalisa

Partner

CPA Certificate No. 109542

SEC Accreditation No. 1557-A (Group A),

April 14, 2016, valid until April 14, 2019

Tax Identification No. 931-743-705

BIR Accreditation No. 08-001998-113-2016,

February 15, 2016, valid until February 14, 2019

PTR No. 6621227, January 9, 2018, Makati City

April 12, 2018



**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2017	2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱19,051,021	₱175,811,234
Receivables (Note 5)	196,236,889	183,069,404
Financial assets at fair value through profit or loss (FVPL; Note 6)	3,712,820	10,556,420
Inventories (Note 7)	–	3,636,782
Prepaid expenses and other current assets (Note 8)	14,559,742	15,091,906
<b>Total Current Assets</b>	<b>233,560,472</b>	<b>388,165,746</b>
<b>Noncurrent Assets</b>		
Long-term note receivable (Note 9)	630,379,005	750,569,613
Available-for-sale financial asset (Note 10)	8,583,953	8,665,703
Investments in associates (Note 11)	8,714,846,099	5,211,688,844
Property and equipment (Note 12)	79,556,368	51,558,073
Investment property (Note 13)	305,581,329	305,456,767
Deferred exploration costs (Note 14)	208,611,166	206,353,224
Pension assets (Note 25)	7,865,186	6,956,287
Deferred tax assets - net (Note 26)	8,103,450	8,511,940
Other noncurrent assets (Note 15)	90,508,075	53,588,001
<b>Total Noncurrent Assets</b>	<b>10,054,034,631</b>	<b>6,603,348,452</b>
<b>TOTAL ASSETS</b>	<b>₱10,287,595,103</b>	<b>₱6,991,514,198</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Note 16)	₱273,981,416	₱314,948,081
Subscription payable (Note 11)	2,780,623,880	2,136,170
Due to related parties (Note 24)	841,791,274	47,036,514
<b>Total Current Liabilities</b>	<b>3,896,396,570</b>	<b>364,120,765</b>
<b>Noncurrent Liabilities</b>		
Deposits from customers (Note 16)	5,432,916	5,432,916
Decommissioning liability (Note 18)	–	14,321,288
<b>Total Noncurrent Liabilities</b>	<b>5,432,916</b>	<b>19,754,204</b>
<b>Total Liabilities</b>	<b>3,901,829,486</b>	<b>383,874,969</b>

(Forward)



	December 31	
	2017	2016
<b>Equity</b> (Note 19)		
Capital stock - ₱1 par value		
Authorized - 4,000,000,000 shares		
Issued - 3,008,919,508 shares	<b>₱3,008,919,508</b>	₱3,008,919,508
Subscribed - 7,383,030 shares (net of subscriptions receivable of ₱1,367,687)	<b>6,015,353</b>	6,015,343
Additional paid-in capital	<b>1,570,157,056</b>	1,570,157,056
Net unrealized gain on AFS financial assets (Note 10)	<b>163,500</b>	245,250
Remeasurement gains on defined benefit obligation, net of deferred taxes	<b>1,838,026</b>	1,114,838
Share in other comprehensive income of associates (Note 11)	<b>213,976,700</b>	202,225,376
Retained earnings	<b>1,605,072,357</b>	1,839,248,015
Treasury stock - 13,000,000 shares at ₱2.12 cost per share	<b>(27,566,075)</b>	(27,566,075)
Equity attributable to equity holders of the Parent Company	<b>6,378,576,425</b>	6,600,359,311
Non-controlling interest	<b>7,189,192</b>	7,279,918
<b>Total Equity</b>	<b>6,385,765,617</b>	6,607,639,229
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱10,287,595,103</b>	₱6,991,514,198

*See accompanying Notes to Consolidated Financial Statements.*



**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2017	2016	2015
<b>REVENUES</b>			
Sales	₱ –	₱40,735,955	₱72,270,725
Interest income (Note 21)	34,148,962	33,949,269	23,376,770
Royalty income (Note 17)	8,403,894	2,790,013	19,491,981
Dividend income (Note 10)	446,139	311,674	–
Gains on:			
Sale of investments (Notes 6 and 11)	780,071	–	379,447,677
Fair value changes of financial assets at FVPL (Note 6)	–	494,800	–
Foreign exchange - net	–	9,206,425	9,972,837
Other income		109,172,666	4,126,225
	<b>43,779,066</b>	<b>196,660,802</b>	<b>508,686,215</b>
<b>COST AND EXPENSES</b>			
Cost of Sales (Note 20)	–	42,858,065	72,286,430
General and administrative expenses (Note 22)	53,722,739	192,196,328	105,899,845
Equity in net losses of associates (Note 11)	213,244,350	78,379,530	40,592,683
Interest and other finance charges (Note 21)	164,449	1,433,156	5,636,904
Losses on:			
Sale of assets (Note 27)	8,915,819	–	–
Foreign exchange - net	572,194	–	–
Fair value changes of financial assets at FVPL (Note 6)	290,800	–	118,140
	<b>276,910,351</b>	<b>314,867,079</b>	<b>224,534,002</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(233,131,285)</b>	<b>(118,206,277)</b>	<b>284,152,213</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 26)			
Current	1,036,547	3,086,307	798,274
Deferred	98,552	(7,892,373)	2,969,943
	<b>1,135,099</b>	<b>(4,806,066)</b>	<b>3,768,217</b>
<b>NET INCOME (LOSS)</b>	<b>(₱234,266,384)</b>	<b>(₱113,400,211)</b>	<b>₱280,383,996</b>
<b>Net income (loss) attributable to:</b>			
Equity holders of the Parent Company	<b>(₱234,175,658)</b>	<b>(₱113,294,080)</b>	<b>₱280,383,996</b>
Non-controlling interest	<b>(90,726)</b>	<b>(106,131)</b>	<b>–</b>
	<b>(₱234,266,384)</b>	<b>(₱113,400,211)</b>	<b>₱280,383,996</b>

(Forward)





	Years Ended December 31		
	2017	2016	2015
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Item that will be reclassified to profit or loss in subsequent periods:</i>			
Share in other comprehensive income of associates (Note 11)	<b>₱11,751,324</b>	₱104,007,149	₱136,922,265
Net unrealized gain (loss) on AFS financial assets (Note 10)	<b>(81,750)</b>	245,250	(1,068,901,038)
Effect of reclassification of AFS financial assets to investment in associates	—	—	1,355,246,720
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gains (losses) on retirement benefit, net of deferred tax (Note 25)	<b>723,188</b>	(936,515)	(80,967)
	<b>12,392,762</b>	103,315,884	423,186,980
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(₱221,873,622)</b>	(₱10,084,327)	₱703,570,976
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>			
Equity holders of the Parent Company	<b>(₱221,782,896)</b>	(₱9,978,196)	₱703,570,976
Non-controlling interest	<b>(90,726)</b>	(106,131)	—
	<b>(₱221,873,622)</b>	(₱10,084,327)	₱703,570,976
<b>Basic and Diluted Earnings (Loss) Per Share (Note 28)</b>	<b>(₱0.08)</b>	(₱0.04)	₱0.09

See accompanying Notes to Consolidated Financial Statements.



**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**

	Attributable to equity holders of the Parent Company											Non-controlling Interest	Total
	Capital Stock (Note 19)				Additional Paid-in Capital (Note 19)	Net Unrealized Gain on AFS (Note 10)	Remeasurement Gains (Losses) on Defined Benefit Obligation (Note 26)	Share in Other Comprehensive Income (Loss) of Associates (Note 11)	Retained Earnings	Treasury Stock (Note 19)	Total		
	Issued	Subscribed	Subscriptions Receivable	Subscribed - net									
Balances at January 1, 2015	₱1,898,957,547	₱1,117,344,991	(₱295,259,490)	₱822,085,501	₱1,570,157,056	(₱286,345,682)	₱2,132,320	(₱38,704,038)	₱1,777,273,683	(₱27,566,075)	₱5,717,990,312	₱-	₱5,717,990,312
Net income	-	-	-	-	-	-	-	-	280,383,996	-	280,383,996	-	280,383,996
Other comprehensive income (loss)	-	-	-	-	-	286,345,682	(80,967)	136,922,265	-	-	423,186,980	-	423,186,980
Total comprehensive income (loss)	-	-	-	-	-	286,345,682	(80,967)	136,922,265	280,383,996	-	703,570,976	-	703,570,976
Issuance of capital stock	1,109,961,961	(1,109,961,961)	293,891,803	(816,070,158)	-	-	-	-	-	-	293,891,803	-	293,891,803
Cash dividends (Note 19)	-	-	-	-	-	-	-	-	(60,066,051)	-	(60,066,051)	-	(60,066,051)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	7,386,049	7,386,049
Balances at December 31, 2015	3,008,919,508	7,383,030	(1,367,687)	6,015,343	1,570,157,056	-	2,051,353	98,218,227	1,997,591,628	(27,566,075)	6,655,387,040	7,386,049	6,662,773,089
Net loss	-	-	-	-	-	-	-	-	(113,294,080)	-	(113,294,080)	(106,131)	(113,400,211)
Other comprehensive income (loss)	-	-	-	-	-	245,250	(936,515)	104,007,149	-	-	103,315,884	-	103,315,884
Total comprehensive income (loss)	-	-	-	-	-	245,250	(936,515)	104,007,149	(113,294,080)	-	(9,978,196)	(106,131)	(10,084,327)
Cash dividends (Note 19)	-	-	-	-	-	-	-	-	(45,049,533)	-	(45,049,533)	-	(45,049,533)
Balances at December 31, 2016	3,008,919,508	7,383,030	(1,367,687)	6,015,343	1,570,157,056	245,250	1,114,838	202,225,376	1,839,248,015	(27,566,075)	6,600,359,311	7,279,918	6,607,639,229
Net loss	-	-	-	-	-	-	-	-	(234,175,658)	-	(234,175,658)	(90,726)	(234,266,384)
Other comprehensive income (loss)	-	-	-	-	-	(81,750)	723,188	11,751,324	-	-	12,392,762	-	12,392,762
Total comprehensive income (loss)	-	-	-	-	-	(81,750)	723,188	11,751,324	(234,175,658)	-	(221,782,896)	(90,726)	(221,873,622)
Subscription of capital stock	-	10	-	10	-	-	-	-	-	-	10	-	10
Balances at December 31, 2017	₱3,008,919,508	₱7,383,040	(₱1,367,687)	₱6,015,353	₱1,570,157,056	₱163,500	₱1,838,026	₱213,976,700	₱1,605,072,357	(₱27,566,075)	₱6,378,576,425	₱7,189,192	₱6,385,765,617

See accompanying Notes to Consolidated Financial Statements.



# ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2017	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax	(P233,131,285)	(P118,206,277)	P284,152,213
Adjustments for:			
Equity in net losses of associates (Note 11)	213,244,350	78,379,530	40,592,683
Interest income (Note 21)	(34,148,962)	(33,949,269)	(23,376,770)
Loss on sale of assets (Note 27)	8,915,819	—	—
Depreciation, depletion and amortization (Notes 12 and 22)	1,965,600	6,217,450	9,894,417
Unrealized foreign exchange losses (gains)	(1,317,164)	(9,210,325)	(9,452,837)
Dividend income	(446,139)	(311,674)	—
Interest and other finance charges (Note 21)	164,449	1,433,156	5,636,904
Movement in net pension asset (Notes 23 and 25)	124,227	(1,741,399)	—
Gain on sale of investment (Note 11)	—	—	(379,447,677)
Gain on sale of equipment	—	—	(120,000)
Other income	—	—	(6,843,473)
Operating loss before working capital changes	(44,629,105)	(77,388,808)	(78,964,540)
Decrease (increase) in:			
Receivables	(11,854,785)	110,783,055	(142,273,601)
Financial assets at FVPL	6,843,600	(7,194,800)	(3,361,620)
Inventories	—	(679,107)	(1,957,030)
Prepaid expenses and other current assets	(504,383)	(10,155,409)	(1,430,560)
Increase (decrease) in:			
Accounts payable and accrued expenses	(989,325)	(6,146,192)	115,666,704
Due to related parties	794,754,760	—	—
Cash generated from (used in) operations	743,620,762	9,218,739	(112,320,647)
Interest received	32,836,262	31,721,345	21,558,365
Dividends received	446,139	16,771,746	25,712,608
Income taxes paid	—	(81,581)	(630,993)
Net cash flows from (used in) operating activities	776,903,163	57,630,249	(65,680,667)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Collection of long-term note receivable (Note 9)	808,505,795	—	—
Issuance of long-term note receivable (Note 9)	(686,993,695)	(35,569,613)	(715,000,000)
Additions to:			
AFS financial assets (Note 10)	—	(4,087,500)	—
Investments in associates (Note 11)	(926,162,571)	(30,144,326)	(26,342,138)
Property and equipment (Note 12)	(68,505,798)	(38,491)	(3,071,406)
Investment property (Note 13)	(124,562)	(860,530)	—
Deferred exploration costs (Note 14)	(2,257,942)	(3,222,353)	(1,517,404)
Decrease (increase) in other noncurrent assets	(38,142,945)	(12,862,781)	2,687,018
Increase (decrease) in accounts payable and accrued expenses	(20,000,000)	20,000,000	—
Cash acquired on acquisition of subsidiary	—	—	311,607
Proceeds from sale of:			
Investments in associates (Note 11)	—	—	523,079,898
Property and equipment	—	—	120,000
Net cash flows used in investing activities	(933,681,718)	(66,785,594)	(219,732,425)

(Forward)



	Years Ended December 31		
	2017	2016	2015
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from subscription to capital stock	<b>₱10</b>	<b>₱ –</b>	<b>₱ –</b>
Payments of:			
Loans	–	–	(100,000,000)
Dividends (Note 19)	–	(44,841,107)	(58,359,294)
Interest	–	(1,214,879)	(5,421,955)
Net cash flows from (used in) financing activities	<b>10</b>	<b>(46,055,986)</b>	<b>(163,781,249)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(156,778,545)</b>	<b>(55,211,331)</b>	<b>(449,194,341)</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>18,332</b>	<b>2,560,325</b>	<b>2,749,837</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>175,811,234</b>	<b>228,462,240</b>	<b>674,906,744</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	<b>₱19,051,021</b>	<b>₱175,811,234</b>	<b>₱228,462,240</b>

*See accompanying Notes to Consolidated Financial Statements.*



# **ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **1. General Information and Authorization for Issue of the Consolidated Financial Statements**

#### Anglo Philippine Holdings Corporation

Anglo Philippine Holdings Corporation (the Parent Company; APHC) was registered with the Philippine Securities and Exchange Commission (SEC) on June 25, 1958 originally as an oil and mineral exploration company with the corporate name of “Anglo Philippine Oil Corp.” In 1996, the Parent Company changed its primary purpose to that of an investments holding firm focused on natural resources-based companies, infrastructure and property development. On September 14, 2006, the SEC approved the Parent Company’s amended Articles of Incorporation extending the life of the Parent Company for another fifty (50) years from June 25, 2008. The Parent Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on the Philippine Stock Exchange (PSE).

The registered office address of the Parent Company is 6th Floor, Quad Alpha Centrum, 125 Pioneer St., Mandaluyong City.

#### Authorization for Issue of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017, were authorized for issue by the Board of Directors (BOD) on April 12, 2018.

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### **2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies**

#### Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at FVPL and AFS financial assets, which are carried at fair value. The consolidated financial statements are presented in Philippine peso, which is the Group’s functional and presentation currency under the Philippine Financial Reporting Standards (PFRSs). All values are rounded off to the nearest peso, except when otherwise indicated.

#### Statement of Compliance

The consolidated financial statements have been prepared in compliance with PFRSs.

#### Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively referred to as “the Group”), as of December 31 of each year.

The Group is considered to have control over an investee, if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.



When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of the subsidiary begins when the Group obtains control, and continues to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies

Profit or loss and each component of other comprehensive are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI), even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-company balances and transactions, including income, expenses, unrealized gains and losses and dividends, are eliminated in full consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income or other comprehensive income (OCI) to profit or loss or retained earnings, as appropriate.

The consolidated financial statements include the accounts of the Parent Company and the subsidiaries listed below:

Company	Principal Activities	Percentage of Ownership	
		2017	2016
<i>Direct interest:</i>			
Vulcan Materials Corporation (VMC)	Mining exploration and sale of aggregates	100	100
Tipo Valley Realty, Inc. (TVRI)	Real estate holding and development	97.59	97.59
Anglo Phil. Power Corp. (APPC)	Energy resources	100	100
<i>Indirect interest:</i>			
Bataan Aggregates Corp. (BAC)	Sand and gravel quarrying	100	–



On December 22, 2015, the Parent Company acquired 97.59% of interest in TVRI. As at April 12, 2018, TVRI has not yet started its commercial operations.

On September 26, 2016, SEC approved the incorporation of APPC. APPC is presently evaluating various renewable energy projects for future investment. Furthermore, APPC has formed a new wholly owned subsidiary, BAC, which will engage in sand and gravel quarrying. Philippine SEC approved the incorporation of BAC on May 4, 2017.

#### Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amended standards, which are effective for annual periods beginning on or after January 1, 2017.

#### *PFRS 12 (Amendments), Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard (Part of Annual Improvements to PFRSs 2014-2016 Cycle)*

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

Adoption of these amendments did not have any impact on the Group's consolidated financial statements as the Group does not have any interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

#### *Philippine Accounting Standards (PAS) 7 (Amendments), Statement of Cash Flows, Disclosure Initiative*

The amendments to PAS 7 require entities to provide disclosures that enable users of consolidated financial statements to evaluate changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

Adoption of these amendments did not have any impact on the Group's financial statements as the Group does not have liabilities arising from financing activities.

#### *PAS 12 (Amendments), Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions upon the reversal of the deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Group applied the amendments applied the amendments retrospectively. However, the application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.



New Accounting Standards, Interpretations and Amendments to Existing Standards Effective  
Subsequent to December 31, 2017

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the applicable standards, interpretations, amendments and improvements when these become effective.

*Effective beginning on or after January 1, 2018*

*PFRS 2 (Amendments), Share-based Payment, Classification and Measurement of Share-based  
Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

*PFRS 9, Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group is currently assessing the impact of adopting this standard.

*PFRS 4 (Amendments), Insurance Contracts, Applying PFRS 9 with PFRS 4*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

*PFRS 15, Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018.

The Group is currently assessing the impact of adopting this standard.





PAS 28 (Amendments), *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014-2016 Cycle*)

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

PAS 40 (Amendments), *Investment Property, Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the consolidated financial statements of the reporting period in which the entity first applies the interpretation.

*Effective beginning on or after January 1, 2019*

PFRS 9 (Amendments), *Prepayment Features with Negative Compensation*

The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income.

PFRS 16, *Leases*

PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be



required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

#### PAS 28 (Amendments), *Long-term Interests in Associates and Joint Ventures*

The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9.

#### Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

#### *Deferred effectivity*

#### PFRS 10 and PAS 28 (Amendments), *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.



On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

### Summary of Significant Accounting Policies

#### Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting date; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each end of the reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 30.

#### *“Day 1” Difference*

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (Day 1 difference) in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated statement of comprehensive income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference amount.

#### Presentation of Financial Statements

The Group has elected to present all items of recognized income and expense in single consolidated statement of comprehensive income.

#### Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid deposits that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

#### Financial Instruments

##### *Date of Recognition*

Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date (i.e., the date that the Group commits to purchase or sell the asset).



#### *Initial Recognition and Measurement of Financial Instruments*

The Group determines the classification of financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every end of the reporting period.

Financial instruments are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of all financial instruments, except for financial instruments measured at FVPL.

#### *Financial Assets*

Financial assets are classified in the following categories: financial assets at FVPL, loans and receivables, AFS financial assets, held-to-maturity (HTM) investment, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the purpose for which the financial assets were acquired and whether they are quoted in an active market.

The Group's financial assets are in the nature of loans and receivables, financial assets at FVPL and AFS financial assets. As at December 31, 2017 and 2016, the Group has no financial assets classified as HTM investments.

#### *Financial Liabilities*

Financial liabilities are classified into financial liabilities at FVPL and other financial liabilities, as appropriate.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

The Group's financial liabilities are in the nature of other financial liabilities. As at December 31, 2017 and 2016, the Group has no financial liabilities at FVPL.

#### *Subsequent Measurement*

The subsequent measurement of financial instruments depends on their classification as follows:

#### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets at FVPL or designated as AFS financial asset. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in the "Interest income" account in the consolidated statement of comprehensive income. Any losses arising from impairment are recognized in "General and administrative expenses" in the consolidated statement of comprehensive income.

As at December 31, 2017 and 2016, the Group's loans and receivables include cash and cash equivalents, receivables, long-term note receivable, deposit and mine rehabilitation fund (MRF) under "Other noncurrent assets" (see Notes 4, 5, 9 and 15).



#### *Financial Assets at FVPL*

Financial assets at FVPL include financial assets held for trading purposes and financial assets designated upon initial recognition as at FVPL.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses are recognized in consolidated statement of comprehensive income. Interest and dividend income or expense is recognized in the consolidated statement of comprehensive income, according to the terms of the contract, or when the right to the payment has been established. Interest earned on holding financial assets at FVPL is reported as interest income using the EIR. Dividends earned on holding financial assets at FVPL are recognized in the consolidated statement of comprehensive income when the right of payment has been established.

Financial assets may be designated as at FVPL by management on initial recognition when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis;
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

The Group's investments held for trading are classified as financial assets at FVPL as at December 31, 2017 and 2016 (see Note 6).

#### *AFS Financial Assets*

AFS financial assets are those non derivative financial assets designated as such or are not classified as at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value, with unrealized gains or losses arising from the changes in fair values of AFS financial assets are reported as "Net unrealized valuation gain (loss) on AFS financial assets" in the OCI. When the investment is disposed of or determined to be impaired, the cumulative gains or losses previously recognized in OCI is recognized as income or loss in the consolidated statement of comprehensive income. Dividends earned on holding AFS financial assets are recognized when the right of payment has been established. The losses arising from impairment of such financial assets are recognized as provision for impairment losses in the consolidated statement of comprehensive income.

The fair value of AFS financial assets that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business on the reporting period. AFS financial assets whose fair value cannot be reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, are carried at cost.

The Group's AFS financial assets are presented as noncurrent assets in the consolidated statements of financial position. As at December 31, 2017 and 2016, the Group's AFS financial assets include quoted and unquoted equity shares (see Note 10).



### *Other Financial Liabilities*

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations and borrowings. Issued financial instruments or their components, which are not classified as at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. The EIR amortization is included in the “Interest and other finance charges” in the consolidated statement of comprehensive income.

Other financial liabilities are classified as current liabilities when they are expected to be settled within twelve (12) months from the end of the reporting period or the Group does not have an unconditional right to defer settlement for at least twelve (12) months from the end of the reporting period. Otherwise, they are classified as noncurrent liabilities.

As at December 31, 2017 and 2016, the Group’s other financial liabilities include accounts payable and accrued expenses (excluding statutory payables), subscription payable and due to related parties (see Note 16).

### Impairment of Financial Assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial asset is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has or have occurred after initial recognition of the asset (an incurred “loss event”) and that loss has an impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated.

Objective evidence includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that borrower will enter bankruptcy or other financial reorganization.

### *Loans and Receivables*

For loans and receivables, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to



those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is recognized in the consolidated statement of comprehensive income. Interest income continues to be recognized based on the reduced amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Receivables, together with the associated allowance accounts, are written-off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income by adjusting the allowance account.

#### *AFS Financial Assets Carried at Cost*

If there is objective evidence that an impairment loss in unquoted equity instrument for AFS financial assets carried at cost, such as unquoted equity instruments that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Objective evidence of impairment includes, but is not limited to, significant financial difficulty of the issuer or obligor and it becoming probable that the borrower will enter bankruptcy or other financial reorganization.

#### *AFS Financial Assets Carried at Fair Value*

For AFS financial assets, the Group assesses at each end of reporting period whether there is objective evidence that an AFS financial asset is impaired.

In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in OCI) is removed from OCI and recognized in the consolidated statement of comprehensive income. Impairment losses on equity investments are not reversed through the consolidated statement of comprehensive income. While increases in fair value after impairment are recognized directly in OCI under equity.





### Derecognition of Financial Instruments

#### *Financial Assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. In such case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

#### *Financial Liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Group’s consolidated statement of comprehensive income.

### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

### Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). Cost is determined by the monthly moving average production cost during the year for finished goods and raw materials and supplies. The NRV of finished goods is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. For raw materials and supplies, the Group expects to realize or consume the assets within twelve (12) months after the end of the reporting period. NRV of raw materials and supplies is the current replacement cost.



### Prepaid Expenses

Prepaid expenses include items of goods or services purchased by the Group for use in its operations but not fully consumed by the end of the accounting period. When goods or services are initially purchased, the amount is recorded in the asset account. At the end of the period, the Group determines the portion of such expenditures that is applicable to subsequent period and the portion used up during the current period. The used up portion is recognized in profit or loss.

### Investments in Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investments in associates are accounted for using the equity method. Under the equity method, the investments in associates are carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate.

The consolidated statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on the Group's investment in associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

### Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to the consolidated statement of comprehensive income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.



Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Quarry development costs are amortized on a units-of-production (UOP) basis over the economically recoverable reserves of the quarry concerned. The unit of account for aggregates is cubic meter in loose volume (LCM).

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortized on a UOP basis whereby the denominator is the proven and probable reserves and the portion of resources expected to be extracted economically. The estimated fair value of the mineral resources that are not considered to be probable of economic extraction at the time of the acquisition is not subject to amortization, until the resource becomes probable of economic extraction in the future and is recognized in "Deferred exploration costs" account in the consolidated statement of financial position.

Depreciation and amortization of other items of property and equipment is computed using the straight-line method over the estimated useful lives of the asset as follows:

Category	Number of Years
Condominium units and improvements	20
Machinery and equipment	10 - 15
Transportation equipment	3 - 5
Furniture, fixtures and office equipment	2 - 5

The estimated recoverable reserves, assets residual values, useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Property and equipment also include the estimated costs of rehabilitating the Group's Montalban Aggregates Project, for which the Group is liable. These costs are amortized using the UOP method based on the estimated recoverable mine reserves until the Group actually incurs these costs in the future.

When property and equipment are retired or otherwise disposed of, both the cost and related accumulated depletion, depreciation, amortization and any impairment in value are removed from the accounts, and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

#### Investment Properties

Investment properties pertain to the Group's investment in parcels of land and related improvements that are measured initially at cost, including transaction costs. Expenditures for the development and improvement of land are capitalized as part of the cost of the land. The carrying amounts include the costs of replacing part of an existing investment property at the time those costs are incurred if the recognition criteria are met, and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, these are carried at cost less any impairment in the books of the Group.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the



asset is recognized in the consolidated statement of comprehensive income in the period of derecognition. Transfers are made to or from investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of an owner-occupation or commencement of development with a view to sale.

Under the cost model, transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

#### Deferred Exploration Costs

Oil and gas exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with exploration are capitalized under “Deferred exploration costs” account. The Group’s deferred exploration costs are specifically identified for each Service Contract (SC)/Geophysical Survey, Exploration Contract (GSEC) area and quarrying area. All oil exploration costs relating to each SC/GSEC are deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in the consolidated statement of comprehensive income when incurred.

If no potentially commercial hydrocarbons are discovered or mineral reserve, the deferred exploration costs are written off through the consolidated statement of comprehensive income. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried under deferred exploration costs account while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as deferred exploration costs.

At the completion of the exploration phase, if technical feasibility is demonstrated and commercial reserves are discovered, then, following the decision to continue into the development phase, the deferred exploration costs relating to the SC/GSEC, where oil and gas in commercial quantities are discovered, is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to property and equipment in the consolidated statement of financial position.

Deferred exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the consolidated statement of comprehensive income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

The recoverability of deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.



#### Other Noncurrent Assets

##### *Input Value-Added Tax (VAT)*

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

##### *Advances for Future Land Acquisitions*

Advances for future land acquisitions represent the advance payments to the land owners plus transaction costs. These are carried at undiscounted amounts.

##### *Leasehold Rights*

Leasehold rights pertains to an interest in real property held under agreement by which the owner gives the Group the right to occupy or use the property for a period of time. This is amortized over the life of the contract.

#### Impairment of Nonfinancial Assets

##### *Investments in Associates*

The Group determines at each end of the reporting period whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment being the difference between the recoverable amount of the investment and the carrying value and recognizes the amount in the consolidated statement of comprehensive income.

An assessment is made at the end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognized impairment loss is reverse only if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the investments is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the assets in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

##### *Deferred Exploration Costs*

An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the deferred exploration costs may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined. Deferred exploration costs are reassessed on a regular basis and these costs are carried forward provided that at least one of the following conditions is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.



*Prepaid Expenses and Other Current Assets, Property and Equipment, Investment Properties and Other Noncurrent Assets (excluding Deposit and MRF)*

The Group assesses at each reporting period whether there is an indication that a nonfinancial asset may be impaired when events or changes in circumstances indicate that the carrying value of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. As asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the parent company statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

As assessment is made at each end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions

*General*

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax amount that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as "Interest and other finance charges" in the consolidated statement of comprehensive income.

*Decommissioning Liability*

The Group records the present value of estimated costs of legal and constructive obligations required to restore quarry site in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the quarry site. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related assets to the extent that it was incurred as



a result of the development/construction of the quarry. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in the consolidated statement of comprehensive income. Additional disturbances or changes in rehabilitation costs are recognized as additions or charges to the corresponding assets and decommissioning liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in the consolidated statement of comprehensive income as extraction progresses.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of comprehensive income.

For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of comprehensive income.

Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when receipt of reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement.

#### Capital Stock

The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in equity as a deduction, net of tax, from the proceeds.

Subscription receivable pertains to the amount of subscribed capital stock less the amount paid-up. Subscription receivable is presented as deduction from capital stock.

#### Additional Paid-in Capital

Additional paid-in capital is the portion of paid-in capital received representing excess over par value.

#### Treasury Stock

Treasury stock is recorded at cost and is presented as a deduction from equity. Any consideration paid or received in connection with treasury stock is recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given:

(1) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares are issued, and (2) retained earnings. When shares are sold, the treasury stock account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

Transaction costs incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to the issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.



### Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend declarations, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Dividend distribution to the Parent Company's stockholders is recognized as a liability and deducted from retained earnings when they are approved by the Parent Company's BOD. Dividends for the year that are approved after the end of the reporting period are dealt with as an event after the end of the reporting period.

### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized.

### *Sale of Aggregates*

Sale of aggregates is recognized when the goods are delivered to and accepted by the customer.

### *Dividend Income*

Dividend income is recognized when the shareholder's right to receive payment is established.

### *Interest Income*

Income is recognized as the interest accrues (using the EIR that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

### *Other Income*

Income is recognized in the consolidated statement of comprehensive income as they are earned.

### Costs and Expenses Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. General and administrative expenses are generally recognized when the services are used or the expenses arise while interest and other finance charges are accrued in the appropriate period.

### Earnings Per Share (EPS)

Basic EPS is computed based on the weighted average number of shares outstanding and subscribed for each respective period with retroactive adjustments for stock dividends declared, if any. When shares are dilutive, the unexercised portion of stock options is included as stock equivalents in computing diluted earnings per share.

Diluted EPS amounts are calculated by dividing the net income by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares, excluding treasury shares.

Since the Group has no potential dilutive common shares, basic and diluted earnings per share are stated at the same amount.





### Business Segment

For management purposes, the Group is organized into two (2) major operating segments (mining and non-mining business) according to the nature of the products and the services provided with each segment representing a strategic business unit that offers different products and serves different markets. The entities are the basis upon which the Group reports its primary segment information. Financial information on business segments are presented in Note 31.

### Retirement Benefits Plan

The Group has a defined retirement benefit plan which requires contributions to be made to a separately administered fund. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as "Personnel cost" under general and administrative expenses in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods. These are retained in OCI until full settlement of the obligation. Re-measurements recognized in OCI after the initial adoption of Revised PAS 19 are closed to retained earnings.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).



If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

### Income Taxes

#### *Current Income Tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The income tax rates and income tax laws used to compute the amount are those that have been enacted or substantively enacted as at the end of the reporting period.

#### *Deferred Income Tax*

Deferred tax is provided using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in foreign subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in foreign subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the income tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on income tax rates (and income tax laws) that have been enacted or substantively enacted at each end of the reporting period.



Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### Foreign Currency Transactions

The consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing as at the date of the initial transactions. All differences are taken to "Foreign exchange gains (losses) - net" in the consolidated statement of comprehensive income.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

#### Events After the Reporting Period

Post year-end events that provide additional information on the Group's financial position at the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

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### **3. Significant Accounting Judgments and Estimates**

The Group's consolidated financial statements prepared in accordance with PFRSs requires management to make judgments, estimates and assumptions that affect amounts reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

#### Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### *Determining Whether Significant Influence Exists for Purposes of Applying PAS 28, Investment in Associates and Joint Ventures*

The Group evaluates various factors in determining whether significant influence exists. Under PAS 28, there is a presumption that if ownership is below 20%, significant influence does not exist unless otherwise supported. Among the factors being considered by management in the assessment



are, degree of representation in the BOD of the investee, representations in management committees of the investee, corporate governance arrangements, and power to veto significant operating and financial decisions.

Starting in 2015, the Group classified its 8.36% investment in Atlas Consolidated Mining and Development Corporation (ACMDC) as an investment in associate which was previously classified as AFS financial asset due to the execution of Collective Undertaking of Ramos Group to maintain its significant representation in the BOD of ACMDC. In 2017, the Group subscribed to an additional 845 million shares of ACMDC at ₱4.3842 per share and paid the corresponding paid-up capital of ₱926.2 million. As a result, the Group's percentage of ownership increased from 8.36% to 28.64%. The Group has subscription payable amounting to ₱2,778.5 million as at December 31, 2017. Total acquisition cost of this investment is ₱5,770.4 million and ₱2,065.7 million as at December 31, 2017 and 2016, respectively.

*Determining Distinction Between Investment Property and Owner-Occupied Property*

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied property generates cash flows that are attributable not only to the property but also to the other assets used in the service process.

Properties amounting to ₱305.6 million and ₱305.5 million as at December 31, 2017 and 2016, respectively, are held for capital appreciation and are accounted for as investment properties by the Group. The Group considers each property separately in making its judgment. Further details are disclosed in Note 13.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

*Estimating Allowance for Impairment Losses on Receivables*

The Group assesses at each end of the reporting period whether there is any objective evidence that receivables are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the affiliated companies and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on age and status of the financial asset, as well as historical loss experience. Allowance for impairment loss is provided when management believes that the receivable balance cannot be collected or realized after exhausting all efforts and courses of action.

In addition to specific allowance against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the Group's assessment of the accounts since their inception. The Group's assessments take into consideration factors such as any deterioration in country risk and industry, as well as identified structural weaknesses or deterioration in cash flows.

No provision for impairment loss on receivables, long-term note receivable, deposit and MRF were recognized in 2017 and 2016. The aggregate carrying amount of receivables, long-term note receivable, deposit and MRF as at December 31, 2017 and 2016 amounted to ₱853.8 million and ₱934.7 million, respectively (see Notes 5, 9 and 15).



#### *Estimating Impairment on Investments in Associates*

PFRSs requires that an impairment review be performed when certain impairment indicators are present. In determining the fair value of the investment in associates, the Group makes estimates and assumptions that can materially affect the consolidated financial statements. The Group considers the current and projected financial performance of the associates and determines future cash flows expected to be generated from the continued use and ultimate disposition of such assets. Furthermore, the Group makes assumptions on the future production levels and costs, as well as external inputs such as metal prices and discount rate. Future events could cause the Group to conclude that the investment is impaired. Any resulting impairment loss could have a material adverse impact on the consolidated statement of financial position and consolidated statement of comprehensive income.

Investments in associates amounted to ₱8,714.8 million and ₱5,211.7 million as at December 31, 2017 and 2016, respectively. No provision for impairment losses recognized in 2017, 2016 and 2015 (see Note 11).

#### *Assessing Recoverability of Deferred Exploration Costs*

The Group assesses impairment on deferred exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an entity shall measure, present and disclose any resulting impairment loss. Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:

- The period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The carrying value of deferred exploration costs amounted to ₱208.6 million and ₱206.4 million as at December 31, 2017 and 2016, respectively. No allowance for impairment losses on deferred exploration costs was recognized by the Group in 2017 and 2016 (see Note 14).

#### *Estimating Useful Lives of Property and Equipment*

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the noncurrent assets. There is no change in the estimated useful lives of the property and equipment in 2017 and 2016.



There were no changes in the estimated useful lives of the Group's property and equipment. The aggregate net book values of property and equipment amounted to ₱79.6 million and ₱51.6 million as at December 31, 2017 and 2016, respectively. The balance of the accumulated depreciation of property and equipment amounted to ₱70.0 million and ₱125.8 million as at December 31, 2017 and 2016, respectively (see Note 12).

*Estimating Impairment of Prepaid Expenses and Other Current Assets, Property and Equipment, Investment Properties and Other Noncurrent Assets (except Deposit and MRF)*

The Group assesses impairment on prepaid expenses and other current assets, property and equipment, investment properties and other noncurrent assets (except deposit and MRF) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs. For impairment loss on specific assets, the recoverable amount represents the net selling price.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

As at December 31, 2017 and 2016, the aggregate carrying amount of non-financial assets amounted to ₱463.0 million and ₱424.6 million, respectively (see Notes 8, 12, 13 and 15).

*Assessing Recoverability of Deferred Tax Assets*

The Group reviews the carrying amounts of deferred tax assets at each end of the reporting period and reduces the amounts to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The Group has deferred tax assets amounting to ₱10.3 million and ₱11.7 million as at December 31, 2017 and 2016 (see Note 26).

*Estimating Retirement Benefits Expense*

The determination of the Group's obligation and cost for retirement is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. These assumptions are described in Note 25 to the consolidated financial statements. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. While management believes that its assumptions are reasonable and appropriate, significant differences in actual



experience or significant changes in the assumptions may materially affect the Group's retirement obligations.

As at December 31, 2017 and 2016, the retirement benefit plan asset amounted to ₱7.9 million and ₱7.0 million, respectively. Net retirement benefit expense in 2017 and 2016 amounted to ₱124,227 and ₱1,467 (see Note 23).

#### 4. Cash and Cash Equivalents

	2017	2016
Cash on hand	<b>₱30,000</b>	₱50,000
Cash with banks	<b>13,997,257</b>	18,001,662
Short-term deposits	<b>5,023,764</b>	157,759,572
	<b>₱19,051,021</b>	₱175,811,234

Cash with banks earn interest at their respective bank deposit rates. Short-term deposits are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

In 2017, 2016 and 2015, interest income from cash with banks and short-term deposits, net of final tax, amounted to ₱0.7 million, ₱3.4 million, and ₱7.6 million, respectively (see Note 22).

The Group has United States dollar (US\$)-denominated cash with banks and short-term deposits amounting to US\$0.2 million and US\$0.9 million as at December 31, 2017 and 2016, respectively.

#### 5. Receivables

	2017	2016
Trade	<b>₱15,921,190</b>	₱15,921,190
Advances to:		
MRT Dev't. Corp. (MRTDC; Note 17)	<b>156,569,453</b>	166,806,965
Advances to related parties (Note 24)	<b>22,217,356</b>	6,347,743
Accrued interest receivable (Note 9)	<b>5,251,735</b>	3,939,035
Others	<b>13,357,216</b>	7,134,532
	<b>213,316,950</b>	200,149,465
Less allowance for impairment losses	<b>17,080,061</b>	17,080,061
	<b>₱196,236,889</b>	₱183,069,404

Trade receivables are noninterest-bearing and generally have a thirty (30) day term.

Others include advances to officers and employees which are non-interest bearing and are collectible within the year.

The receivables of the Group consist of individually significant accounts that were subjected to specific impairment approach. Others that were not individually significant for which no specific impairment were subjected to collective assessment. Based on the assessment done, the Group have not recognized additional provision for impairment losses in 2017, 2016 and 2015.



	2017	2016
Trade	<b>₱15,444,055</b>	₱15,444,055
Others	<b>1,636,006</b>	1,636,006
	<b>₱17,080,061</b>	₱17,080,061

In 2016, accrued management fees receivables was written off by the Group. This resulted to loss on write-off of receivable amounting to ₱124.3 million recorded under “General and administrative expense” of the 2016 consolidated statement of comprehensive income (see Note 22).

#### 6. Financial Assets at FVPL

	2017	2016
Shang Properties, Inc.	<b>₱3,361,620</b>	₱3,576,420
Chelsea Logistics Holdings Corp.	<b>351,200</b>	—
Pilipinas Shell Petroleum Corp.	—	6,980,000
	<b>₱3,712,820</b>	₱10,556,420

Movements in the financial assets at FVPL as at December 31, 2017 and 2016 are as follows:

	2017	2016
Balances at beginning of year	<b>₱10,556,420</b>	₱3,361,620
Additions	<b>2,912,200</b>	6,700,000
Disposals	<b>(9,465,000)</b>	—
Changes in fair value of financial assets at FVPL	<b>(290,800)</b>	494,800
Balances at end of year	<b>₱3,712,820</b>	₱10,556,420

Gain on sale of financial assets at FVPL recognized in 2017 amounted to ₱0.8 million.

#### 7. Inventories

As at December 31, 2016, inventories, which are carried at cost, consist of:

Finished goods	₱3,546,579
Raw materials	90,203
	<b>₱3,636,782</b>

In December 2017, the Group sold a group of assets including inventories amounting to ₱3.6 million (see Note 27).

#### 8. Prepaid Expenses and Other Current Assets

	2017	2016
Prepaid taxes	<b>₱8,415,765</b>	₱8,795,041
Advances to suppliers	<b>5,915,690</b>	5,007,557
Prepaid expenses	<b>228,287</b>	241,692
Deposits	—	477,200
Others	—	570,416
	<b>₱14,559,742</b>	₱15,091,906





Advances to suppliers consist of payments made for future purchases of goods and services which are expected to be realized within one year.

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## 9. Long-term Note Receivable

### Convertible Note

On June 9, 2015, the Group entered into a loan agreement with ACMDC amounting to ₱700.0 million, which bears a fixed interest rate of 4.0%, payable semi-annually in arrears. The loan will mature on June 9, 2018. The loan contains multiple embedded derivatives such as conversion, call and put options. The conversion option pertains to the right of the Group to convert the loan into common shares of ACMDC at the conversion price of ₱8.29 per share at any time beginning July 21, 2015 until June 2, 2018. The call option pertains to the right of ACMDC to early redeem the loan, in whole but not in part, on or after December 9, 2016 subject to the conditions stated in the loan agreement. On the other hand, the put option pertains to the right of the Group to require ACMDC to redeem all or some of the loan at their prepayment amount on the date fixed for prepayment beginning June 9, 2016.

In 2017, ACMDC pre-terminated the loan agreement and paid the outstanding balance of ₱700.0 million. Interest earned from this note in 2017, 2016 and 2015 amounted to ₱6.0 million ₱28.7 million and ₱15.7 million, respectively. Accrued interest receivable as at December 31, 2016 amounted to ₱1.7 million (see Note 5).

### Fixed-interest Note

#### *Carmen Copper Corporation (CCC)*

On March 21, 2017, the Group entered into a loan agreement with Carmen Copper Corporation (CCC) amounting to \$13.4 million (₱672.5 million), which bears an interest rate of 5.0% per annum for the first two (2) years and will increase by 1.0% in succeeding years until it reached its maturity. The loan will mature on March 21, 2024. CCC made principal and interest payments in 2017 amounting to \$2.0 million (₱101.6 million) and \$0.5 million (₱24.0 million), respectively. Interest earned in 2017 amounted to ₱24.8 million (see Note 21). Accrued interest receivable as at December 31, 2017 amounted to ₱0.8 million (see Note 5).

#### *Alakor Corporation (Alakor)*

On October 29, 2015, the Group signed a loan facility with Alakor for a total commitment of ₱60.0 million. The loan shall earn 4.25% fixed interest per annum for a term of two (2) years. The first drawdown amounting to ₱15.0 million was made on the same date. Additional drawdowns were made amounting to ₱15.0 million and ₱35.6 million in 2017 and 2016, respectively. In 2017, Alakor paid ₱5.6 million and renewed the facility for another term of two (2) years.

Interest earned in 2017, 2016 and 2015 amounted to ₱2.5 million, ₱1.9 million and ₱0.1 million, respectively (see Note 21). Accrued interest receivable as at December 31, 2017 and 2016 amounted to ₱4.5 million and ₱2.0 million, respectively (see Note 5).



## 10. AFS Financial Assets

	2017	2016
Equity securities:		
Unquoted	<b>₱4,332,953</b>	₱4,332,953
Quoted	<b>4,251,000</b>	4,332,750
	<b>₱8,583,953</b>	₱8,665,703

Movements in the AFS financial assets as at December 31, 2017 and 2016 are as follows:

	2017	2016
Balances at beginning of year	<b>₱8,665,703</b>	₱4,332,953
Additions	–	4,087,500
Changes in fair value of AFS financial assets recognized in equity	<b>(81,750)</b>	245,250
Balances at end of year	<b>₱8,583,953</b>	₱8,665,703

Movements in the net unrealized gain on AFS financial assets in 2017 and 2016 are as follows:

	2017	2016
Balances at beginning of year	<b>₱245,250</b>	₱ –
Changes in fair value of AFS financial assets	<b>(81,750)</b>	245,250
Balances at end of year	<b>₱163,500</b>	₱245,250

Quoted AFS financial assets pertain to investments in preferred shares of a local public company, San Miguel Corp. that was purchased on March 16, 2016. The fair value of the quoted instruments is based on the exit market price as at December 31, 2017 and 2016.

Unquoted AFS financial assets pertain to investments in private local companies and have no fixed maturity date or coupon rate. Unquoted investments have been carried at cost less impairment since fair value of these AFS financial assets cannot be reliably determined as they have no available bid price.

No impairment loss was recognized in 2017, 2016 and 2015 on the Group's quoted and unquoted equity instruments.

Dividend income recognized in 2017, 2016 and 2015 related to AFS financial assets amounted to ₱0.4 million, ₱0.3 million and nil, respectively.



## 11. Investments in Associates

	2017	2016
Acquisition cost:		
Balances at beginning of year	<b>₱5,260,268,704</b>	₱5,230,124,378
Additions during the year	<b>3,704,650,281</b>	30,144,326
Balances at end of year	<b>8,964,918,985</b>	5,260,268,704
Accumulated equity in net earnings:		
Balances at beginning of year	<b>(250,805,236)</b>	(155,965,634)
Equity in net losses during the year	<b>(213,244,350)</b>	(78,379,530)
Dividends received	–	(16,460,072)
Balances at end of year	<b>(464,049,586)</b>	(250,805,236)
Accumulated equity share in OCI:		
Balances at beginning of year	<b>202,225,376</b>	98,218,227
Equity share in other comprehensive income during the year	<b>11,751,324</b>	104,007,149
Balances at end of year	<b>213,976,700</b>	202,225,376
	<b>₱8,714,846,099</b>	₱5,211,688,844

The carrying values of investments in associates are as follows:

	Percentage of Ownership		Amount	
	2017	2016	2017	2016
ACMDC	<b>28.64%</b>	8.36%	<b>₱5,600,703,039</b>	₱2,084,345,739
The Philodrill Corporation (TPC)	<b>34.32%</b>	34.32%	<b>2,575,846,734</b>	2,575,817,651
United Paragon Mining Corporation (UPMC)	<b>25.69%</b>	25.69%	<b>538,296,326</b>	551,525,454
			<b>₱8,714,846,099</b>	₱5,211,688,844

### Investment in ACMDC

On December 18, 2015, the Group, TPC, Alakor and National Book Store individually executed an Undertaking in favor of the others to vote their shares in ACMDC in all matters affecting their rights as shareholders effective January 1, 2015. The Collective Undertaking aims to consolidate their voting rights to enable the Ramos Group to maintain its significant representation in the BOD of ACMDC.

The Collective Undertaking triggered the reclassification of the Group's 8.36% investment in ACMDC shares from AFS financial assets to investment in associate due to the Group gaining significant influence over ACMDC. The combined interest of the parties to the Collective Undertaking represents 31.48% interest in ACMDC as of December 31, 2016.

In 2017, the Group subscribed to an additional 845 million shares of ACMDC at ₱4.3842 per share and paid the corresponding paid-up capital of ₱926.2 million. Subscription payable related to this acquisition as at December 31, 2017 amounted to ₱2,778.5 million. As a result, the Group's percentage of ownership increased from 8.36% to 28.64%.

### Investment in TPC

TPC is primarily engaged in petroleum and mineral exploration and development.



### Investment in UPMC

UPMC's main business is the exploration, development, exploitation, recovery and sale of gold.

### Investment in NTDCC

NTDCC owns and operates the Triangle North of Manila (TriNoma) Commercial Center which is built adjacent to the Metro Rail Transit (MRT) Depot. The development rights over the 8.3-hectare portion of the MRT Depot were acquired from MRT Development Corp. in 2002.

On December 10, 2014, the Group partially sold its 539,249 common shares and 2,265,507 redeemable preferred shares of NTDCC to Ayala Land, Inc. (ALI), representing 9.24% ownership for a consideration of ₱738.3 million, resulting to a gain of ₱553.6 million.

The sale of the remaining 382,072 common shares and 1,605,169 redeemable preferred shares representing 6.55% ownership in NTDCC was consummated on February 5, 2015. Consideration received amounted to ₱523.1 million, resulting to a gain of ₱379.4 million.

The summarized financial information of the associates as at and for the years ended December 31, 2017 and 2016 are as follows (in thousands):

#### **2017**

	ACMDC	TPC	UPMC
Current assets	<b>₱5,443,457</b>	<b>₱1,065,608</b>	<b>₱34,619</b>
Noncurrent assets	<b>68,959,417</b>	<b>2,575,513</b>	<b>1,079,529</b>
Current liabilities	<b>12,364,406</b>	<b>46,778</b>	<b>1,051,115</b>
Noncurrent liabilities	<b>25,647,265</b>	<b>29,002</b>	<b>1,110</b>
Revenue	<b>11,070,571</b>	<b>388,202</b>	<b>—</b>
Net loss	<b>(1,967,948)</b>	<b>(6,367)</b>	<b>(51,695)</b>
Other comprehensive income	<b>94,386</b>	<b>6,451</b>	<b>200</b>

#### **2016**

	ACMDC	TPC	UPMC
Current assets	<b>₱5,888,549</b>	<b>₱1,110,145</b>	<b>₱34,284</b>
Noncurrent assets	<b>68,010,585</b>	<b>2,519,949</b>	<b>1,079,852</b>
Current liabilities	<b>23,442,695</b>	<b>40,252</b>	<b>999,688</b>
Noncurrent liabilities	<b>13,786,347</b>	<b>24,583,940</b>	<b>1,029</b>
Revenue	<b>10,924,490</b>	<b>358,688</b>	<b>—</b>
Net income (loss)	<b>(₱879,496)</b>	<b>29,119</b>	<b>(57,794)</b>
Other comprehensive income	<b>1,069,360</b>	<b>42,647</b>	<b>(108)</b>

As of December 31, 2017, 2016 and 2015, the undistributed losses of the associates included in the Group's retained earnings amounting to ₱213.2 million, ₱78.4 million and ₱40.6 million, respectively, are not available for distribution to the stockholders unless declared by the investees.



## 12. Property and Equipment

	2017						Total
	Condominium Units and Improvements	Transportation Equipment	Furniture, Fixtures and Office Equipment	Quarry Development Costs	Machinery and Equipment	Construction in Progress	
<b>Cost:</b>							
Balances at beginning of year	₱22,091,617	₱2,924,455	₱2,536,379	₱94,665,468	₱55,103,561	₱ –	₱177,321,480
Additions	–	2,708,000	–	–	–	65,797,798	68,505,798
Disposals (Note 27)	–	–	(1,644,357)	(94,665,468)	–	–	(96,309,825)
<b>Balances at end of year</b>	<b>22,091,617</b>	<b>5,632,455</b>	<b>892,022</b>	<b>–</b>	<b>55,103,561</b>	<b>65,797,798</b>	<b>149,517,453</b>
<b>Accumulated depreciation, depletion and amortization:</b>							
Balances at beginning of year	11,266,159	857,281	2,409,782	56,126,624	55,103,561	–	125,763,407
Depreciation, depletion and amortization (Note 22)	1,105,211	779,818	80,571	–	–	–	1,965,600
Disposals (Note 27)	–	–	(1,641,298)	(56,126,624)	–	–	(57,767,922)
<b>Balances at end of year</b>	<b>12,371,370</b>	<b>1,637,099</b>	<b>849,055</b>	<b>–</b>	<b>55,103,561</b>	<b>–</b>	<b>69,961,085</b>
<b>Net book values</b>	<b>₱9,720,247</b>	<b>₱3,995,356</b>	<b>₱42,967</b>	<b>₱ –</b>	<b>₱ –</b>	<b>₱65,797,798</b>	<b>₱79,556,368</b>

	2016						Total
	Condominium Units and Improvements	Transportation Equipment	Furniture, Fixtures and Office Equipment	Quarry Development Costs	Machinery and Equipment		
<b>Cost:</b>							
Balances at beginning of year	₱22,091,617	₱2,924,455	₱2,497,888	₱94,665,468	₱55,103,561		₱177,282,989
Additions	–	–	38,491	–	–		38,491
<b>Balances at end of year</b>	<b>22,091,617</b>	<b>2,924,455</b>	<b>2,536,379</b>	<b>94,665,468</b>	<b>55,103,561</b>		<b>177,321,480</b>
<b>Accumulated depreciation, depletion and amortization:</b>							
Balances at beginning of year	10,160,948	339,009	2,285,588	51,656,851	55,103,561		119,545,957
Depreciation, depletion and amortization (Notes 20 and 22)	1,105,211	518,272	124,194	4,469,773	–		6,217,450
<b>Balances at end of year</b>	<b>11,266,159</b>	<b>857,281</b>	<b>2,409,782</b>	<b>56,126,624</b>	<b>55,103,561</b>		<b>125,763,407</b>
<b>Net book values</b>	<b>₱10,825,458</b>	<b>₱2,067,174</b>	<b>₱126,597</b>	<b>₱38,538,844</b>	<b>₱ –</b>		<b>₱51,558,073</b>

The Group disposed property and equipment with net book values amounting to ₱38.5 million on December 31, 2017 (see Note 27).

The cost of fully depreciated property and equipment that is still used in operations amounted to ₱1.1 million and ₱0.6 million as at December 31, 2017 and 2016, respectively.



### 13. Investment Properties

The movements in the land account are as follow:

	2017	2016
Balances at beginning of year	<b>₱305,456,767</b>	₱304,596,237
Additions	<b>124,562</b>	860,530
Balances at end of year	<b>₱305,581,329</b>	₱305,456,767

Investment property represents parcels of land which are carried at cost amounting to ₱305.6 million and ₱305.5 million as of December 31, 2017 and 2016. The fair market value of investment properties approximate its cost as of December 31, 2017 and 2016, respectively (see Note 30).

On December 15, 2015, the BOD of the Parent Company approved the acquisition of about 2.3 million shares or 97.59% of the outstanding capital stock of TVRI at a purchase price of ₱130.59 per share or a total of ₱299.1 million. The transaction was accounted for as an asset acquisition with net assets acquired amounting to ₱217.4 million.

The excess of the Parent Company's cost of investment in TVRI over the underlying net assets at the date of acquisition amounting to ₱89.1 million was allocated to the "Investment properties" account in the consolidated statement of financial position where no taxable temporary difference was recognized since the deferred tax liability arises from the initial recognition of an asset in a transaction which is not a business combination.

No significant costs were incurred in maintaining these investment properties.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop its investment properties.

### 14. Deferred Exploration Costs

The Group is a participant in certain SC and GSEC with the Philippine Government, through the Department of Energy (DOE), for the exploration, development and exploitation of the contract areas situated in Northwest Palawan, Sulu Sea and Mindoro Island.

The aforementioned SC and GSEC, which provide for minimum work expenditure obligations and the drilling of a specified number of wells, are covered by operating agreements which set forth the participating interests, rights, and obligations of the participants to the contracts. The deferred exploration costs represent the Group's share in the jointly controlled assets of the aforementioned SCs and GSECs. The full recovery of the deferred exploration costs incurred in connection with the Group's participation in the exploration of the contract areas is dependent upon the discovery of mineral resources from the respective contract areas and the success of the future development.



The percentage of participation and the balances of the Group's deferred exploration costs as of December 31, 2017 and 2016 are as follows:

	2017		2016	
	Percentage of Participation	Amount	Percentage of Participation	Amount
<b>Parent Company</b>				
SC 6 (Offshore Northwest Palawan)				
Block A (Octon)	11.11	₱60,425,147	11.11	₱59,224,694
Saddle Rock Prospect	11.11	7,325,360	11.11	7,325,361
Esperanza Prospect	11.11	823,118	11.11	823,118
SC 41 (Sulu Sea)	1.68	48,266,249	1.68	48,266,249
SC 53 (Onshore Mindoro)	5.00	31,430,961	5.00	31,430,961
SWAN Block (Northwest Palawan)				
SC 39 (Busuanga/Calauit)	33.58	15,891,445	33.58	15,891,445
GSEC 86 (Northwest Malampaya)	33.58	10,345,190	33.58	10,345,190
GSEC 83 (North Calamian Project)	33.58	533,923	33.58	533,923
SC 14 (Northwest Palawan, Tara Block)	2.50	5,252,274	2.50	4,194,784
<b>VMC</b>				
MPSA 003-90-X (Comet Nickel-Chromite Project)		₱25,765,432		₱25,765,432
APSA 000328-III and ISAG III-02-08 (Bataan Aggregates Project)		1,748,121		1,748,121
MPSA 091-97-IV (Batangas Aggregates Project)		803,946		803,946
		<b>₱208,611,166</b>		<b>₱206,353,224</b>

#### *Parent Company*

##### SC No. 6A (Octon)

Block operator Pitkin Petroleum Limited commissioned geophysical contractor Seabird Exploration to undertake bathymetric survey and 3D seismic data acquisition over the northern portion of SC 6A using the seismic vessel M/V Voyager Explorer. The 3D seismic survey was completed in November 2013. A total of 508 sq. km of full fold 3D and 48.5 line-km of 2D data were acquired without any major problems and within budget. Data processing commenced on November 22, 2013 at Fairfield's Ho Chi Minh Processing Center and completed in April 2014.

During a partners meeting in August 2014, Pitkin announced their decision to withdraw from their farming agreement and consequently from the SC 6A consortium and the Service Contract by the end of December 2014. Pitkin cited as reason their company strategy to focus resources on their other projects. With Pitkin's decision to withdraw, TPC regained majority ownership and the operatorship of the block by year-end. Effective January 1, 2015, TPC was designated block operator, in lieu of Pitkin who withdrew from the SC and returned its interest back to the consortium members. As a consequence, the Group's participating interest on the block increased from 3.33% to 11.11%.

For 2015, the new operator, TPC, continued the works done by Pitkin to mature prospects to drillable status. Detailed mapping and seismic interpretation work showed significant improvement in data quality vis-à-vis the 1997 3D volume. To resolve uncertainties in the quality and distribution of the primary target reservoir, quantitative interpretation (QI) work, involving the re-processing of 3D data to broadband quality and seismic inversion of the reprocessed data set, has been approved as the 2016 work program for the block.

In February 2017, the DOE approved the proposed Work Program and Budget (WP&B) for 2017 which consisted primarily of data-re processing and a re-run of QI on the northern portion of the block. The seismic re-processing segment was completed in September while the QI was still continuing as at end-December 2017.



SC No. 41 (Sulu Sea)

In early 2012, TPC executed a Joint Application and Participation Agreement with Philex Petroleum Corporation to jointly participate in the bidding for Area 15 under the PECR 4. Area 15 covers the old SC 41 block previously operated by Tap Oil Limited. TPC as the lead party prepared the bid application documents which it then submitted to the DOE on May 30, 2012. While results for some of the areas offered under the PECR4 were already announced, the DOE has yet to release the results for Area 15.

A new bidding round, the 5th PECR, was launched by DOE in May 2014. Nine new petroleum areas were offered for bidding which, unfortunately, did not include the Area 15 - Sulu Sea block offered under PECR4. TPC, Philex and the Parent Company, the latter having signed an earlier agreement with TPC for the transfer of a portion of its interest in the joint bid, would have likely participated in the PECR5 bidding if Area 15 was again offered.

The exclusion of the Sulu Sea block as one of the areas on offer under PECR5 was a decision of DOE as the area is within the contemplated regions proposed to be covered by the Bangsamoro Basic Law.

The DOE will reportedly rebid the area. Anglo has an option to acquire a portion of TPC's interest in the event that TPC is awarded a contract for Area 15.

SC NO. 53 (Onshore Mindoro)

In May 2012, Block Operator Pitkin Petroleum completed the reprocessing of the 200 line-kilometers onshore seismic data acquired in 2010.

A gradiometry survey was also carried out in April and May 2012, with about 9,700 line-kilometers of data acquired by contractor Bell Geospace (UK). The same contractor acquired LIDAR (Light Detection and Ranging Survey) data which provided an accurate topographic imagery of the surface. Parallel to the geophysical activities, Pitkin started preparations for the drilling of the Progreso 2 well and sent out tenders for the various services and equipment required for the drilling campaign.

The operator has also initiated consultation with local services providers and did ocular inspection of ports of entry and access facilities for various equipment to be brought in. They have likewise initiated meetings with local and provincial government units to gain approval for the various planned geophysical and drilling activities.

The Onshore Mindoro Consortium, during a Technical Committee Meeting held in April 2014, agreed to drill another well, Progreso-3, back-to-back with Progreso-2 subject to agreement on the final well locations. Interpretation of the re-processed data later in the year provided support on new locations for the proposed wells, the drilling of which is now seen to materialize in the first half of 2015. By the end of 2014, the consortium was waiting for partner RMA Limited (RMA) to approve the new well locations and drilling budget requirement.

Unfortunately, due to (1) RMA's failure to give timely approval of the proposed well locations leading to its eventual disengagement from the block; and (2) the assignment by operator Pitkin of its interests in the block to Philex Petroleum, the proposed drilling were not undertaken in 2015. The remaining consortium members are now preparing the work program for 2016.

In early February 2017, the DOE approved the revised 2017 work program and budget which was submitted in December 2017 by block operator, Mindoro-Palawan Oil & Gas, Inc. (MPOGI). The main revision involved the re-scheduling of the Progreso-2 drilling from the first quarter of 2017 to December 2017. MPOGI sought to delay the start of drilling due to the DOE's late approval of the transfer of Pitkin Petroleum's 70% participating interest to MPOGI and the latter's operatorship of





the block. At the end of the year, MPOGI has yet to provide the JV with a concrete plan to carry out the necessary works related to the JV's commitments on the drilling of Progreso-2.

SWAN BLOCK (Deepwater Northwest Palawan)

The consortium continues to work on a possible swap of participating interest in some of their blocks in exchange for interest in Service Contract No. 57 and 58 of PNOC-EC, which now cover the old SWAN Block.

PNOC-EC had agreed in principle to the proposal and asked and have been granted ample time to conduct due diligence to evaluate the merits of the proposed interest swap.

Thereafter, however, Executive Order No. 556 was issued limiting PNOC-EC's ability to transact through the normal farm-in/farm-out process in acquiring or disposing of interests in any SC. The parties are hopeful of having EO 556 amended to give PNOC-EC more latitude in dealing with SCs.

SC No. 14 (Retention Block, Tara and Libro)

EDSL Consultants have undertaken and completed an integrity test program for the Libro-1, Pandan-1 and Tara South-1 wells. They have likewise prepared and completed design concept and costing for the plugging and abandonment of these wells.

In 2013, the Group reported the consortium's intention to turn over the control and ownership of the now idle Pandan and Libro platforms to the Philippine Government through the DOE. These facilities can still be used by the Philippine Navy as forward outposts in the West Philippine Sea area.

The plug and abandonment (P&A) of the Pandan-1 well in Matinloc Block was successfully carried out in 2014. The SC14 B-1 consortium has ongoing refurbishment works on the Libro platform in 2018 as part of the preparations for the P&A of the Tara and Libro.

*VMC*

Comet Nickel-Chromite Project

The Group and Comet signed a Memorandum of Agreement (MOA) on December 4, 2007, to process, occupy, use and control explore, develop, conduct mining, mine, process and market any product from the MPSA 003-90-X area which was registered with the DENR-Region VI at Surigao City on January 22, 2008.

On March 25, 2010, the Mines and Geoscience Bureau (MGB) responded to Comet's concern, regarding the application for renewal of the MPSA in subject, stating that the same was already approved through a letter dated November 20, 2009. However, Comet responded through a letter to MGB on April 7, 2010 objecting to the further evaluation and eventual approval of the MPSA. On May 13, 2014 the Group sent a letter with intent to renew. The declaration of mining project feasibility for nickel was approved on September 16, 2014. Management believes that the future outcome is favorable to the Group.



#### Bataan Aggregates Project

The Bataan Aggregates Project is located in Barangay Nagbalayong, Municipality of Morong, Bataan. The Aggregates Project Sharing Agreement No. 000328-III was filed on January 8, 2001 with an area of 138.0397 hectares while the ISAG Permit No. III-02-08 with an area of 12.8 hectares was granted on December 17, 2008.

#### Batangas Aggregates Project

The Batangas Aggregates Project is located in Barangay San Miguel, Batangas City, Batangas. It is covered by MPSA No. 091-97-IV granted on November 20, 1997 with an area of 332.3980 hectares.

The recovery of these deferred exploration costs incurred in connection with the Group's participation in the acquisition and mineral exploration activities depends upon the discovery of commercial quantities or the success of exploration activities and future development of the corresponding mining properties.

### 15. Other Noncurrent Assets

	2017	2016
Advances for future land acquisitions	<b>₱60,865,128</b>	₱50,547,269
Deposit	<b>27,228,700</b>	—
Advance royalties	<b>14,336,742</b>	14,336,742
Input VAT	<b>1,051,174</b>	333,102
Advances to suppliers	<b>892,769</b>	892,769
Leasehold rights	<b>383,052</b>	591,990
MRF (Note 27)	—	1,064,563
Others	<b>87,252</b>	158,308
	<b>104,844,817</b>	67,924,743
Less allowance for impairment losses	<b>14,336,742</b>	14,336,742
	<b>₱90,508,075</b>	₱53,588,001

Advances for future land acquisitions pertain to purchases of parcels of land brokered by H. George Feliciano & Associates. Payments are initially recorded as advances for future land acquisitions while awaiting for the land titles to be transferred to the name of the Group.

Deposit pertains to the cash bond paid to DAR as required by DAR Administrative Order No. 01-99 in application for the conversion of its land use from idle to industrial. The amount paid is equivalent to 2.5% of the total zonal value of the land amounting to ₱1,089.1 million as at December 31, 2017.

Advance royalties pertains to advances made to Comet Mining Exploration Corporation and Asencio Pinzon Aggregates Corporation (APAC), owner of the mining rights in Loreto, Dinagat and Rodriguez, Rizal, respectively, amounting to ₱11.5 million. The Group conducts exploration activities in those locations. It also includes advances made to Vinc Vita Mining Corporation (VVMC) amounting to ₱2.9 million which pertains to the acknowledgment of the Group to develop and exploit the area in Bolinao, Pangasinan upon securing the necessary application and exploration permit by VVMC. The advance royalties have been fully provided with allowance for impairment losses as at December 31, 2017 and 2016 since the Group assessed that these are no longer recoverable.



Advances to suppliers are non-financial assets arising mainly from advanced payments made by the Group to its suppliers before goods or services have been received or rendered. These are classified as noncurrent since the goods and services are not expected to be received or rendered within one year.

In 1997, TVRI acquired a right to a property in Subic from an officer which was used as a staff house. The lease is for a period of twenty-two (22) years up to October 2019. Leasehold right is carried at cost less accumulated amortization. Amortization is computed using the straight-line method over the term of the lease and is being charged to general and administrative expenses. Amortization expense amounted to ₱0.2 million in 2017, 2016 and 2015 (see Note 22).

The Group maintains an account with Land Bank of the Philippines for its MRF pursuant to the requirements of Republic Act No. 7942, otherwise known as “The Philippine Mining Act of 1995”. The MRF shall be used for the physical and social rehabilitation of areas and communities affected by mining activities and for research in the social, technical and preventive aspects of rehabilitation. In 2017, the Group sold a group of assets in relation to its Montalban Quarry. MRF amounting to ₱1.1 million was included in the sale (see Note 27).

#### 16. Accounts Payable and Accrued Expenses

	2017	2016
Current:		
Trade	<b>₱2,152,313</b>	₱5,377,587
Due to NTDCC (Note 17)	<b>151,554,075</b>	160,024,411
Deposits from:		
Metro Pacific Investments Corporation (MPIC)	<b>89,399,792</b>	89,399,792
Customers	<b>9,981,138</b>	9,958,478
Contractor (Note 27)	—	20,000,000
Dividends payable (Note 19)	<b>11,274,180</b>	11,351,724
Payable to regulatory agencies	<b>1,697,268</b>	5,022,029
Others	<b>7,922,650</b>	13,814,060
	<b>273,981,416</b>	314,948,081
Noncurrent:		
Deposits from customers	<b>5,432,916</b>	5,432,916
	<b>₱279,414,332</b>	₱320,380,997

Trade payables are noninterest-bearing and generally settled within thirty (30) days. Trade payables relate to payables to suppliers and relate to transactions in the ordinary course of business.

Deposit pertains to advances received from MPIC in relation to the potential acquisition by MPIC of the shares owned by the Group in Metro Rail Transit Holdings, Inc. (MRTI), subject to the completion of certain closing requirements. Deposit pertains to the payment made by Laura Trading (HK) Limited Group (LTLC) amounting to \$0.2 million as agreed in the exclusive marketing agreement entered by LTLC and the Group. Per marketing agreement, the former agreed to pay the latter \$200,000 for the future extracted mines related to the Group’s Comet Project.

Deposit from customer classified as noncurrent pertains to a deposit received from Angat Rockbase Concrete Aggregates, Inc. (ARCAI). On August 8, 2008, VMC and ARCAI entered into a MOA wherein VMC warrants the delivery of approximately 2,000-2,200 LCM per day of blasted materials to ARCAI at the agreed price equivalent to VMC’s prevailing material cost plus ₱20 per LCM.



ARCAI also agreed to pay ₱20.0 million as contribution to the costs incurred by VMC and to develop the quarry and cost to prepare the area to be designated for use by ARCAI.

The amount is payable as follows:

- ₱5.0 million front end signing of contract; and
- ₱15.0 million to be built in the cost of raw materials and amortized over three years at the committed volume of 600,000 LCM per annum or ₱8.33 per LCM.

On July 24, 2012, VMC and ARCAI signed a MOA extending the term of the original agreement by another five years from the original expiration date. For and in consideration of the renewal, ARCAI agreed to pay VMC ₱1.5 million upon signing to pay for the historical development cost on the last year of the extended agreement.

Deposit from contractor pertains to deposit made by Solid Integrated Co., Inc. (SICI) for the purchase of group of assets of VMC. The sale was perfected on December 31, 2017 in favor of Big Rock Aggregates Corporation (BRAC), an affiliate and designee of SICI (see Note 27).

Dividends payable pertains to unpaid cash dividends declared by the Parent Company to its stockholders.

Payable to regulatory agencies include withholding taxes and other government contributions related to employees of the Group that are payable within the year.

Other payables include accrual of interest and other expenses that are payable within one year.

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## 17. Significant Agreements

### *Funding and Repayment Agreement*

On December 17, 2014, the Group and other MRTDC shareholders, MRTDC and NTDC executed a “Funding and Repayment Agreement” wherein the MRTDC shareholders agree to repay NTDC, for the account of MRTDC, their respective pro rata share in the Total Depot Development Rights Payments (DRP) Advances (the Pre-2006 DRP Payables and the Residual Depot DRP, including 15% interest rate accrued on such DRP payables).

Commencing on January 1, 2015, the MRTDC Shareholders (except Fil Estate Properties, Inc. and Metro Global Holdings Corporation) shall effect the repayment of their respective pro rata share in the Total Depot DRP Payables, through a set-off against their respective share in the commercial center royalties to be received from NTDC. Royalty income received amounted to ₱8.4 million, ₱2.8 million and ₱19.5 million in 2017, 2016 and 2015, respectively.

The set-off shall be effective as of the beginning of every calendar month, commencing January 30, 2015 and shall result in the settlement of the portion of the Total DRP Payables to the extent of the amount of the commercial center royalties then the balance will fall due to the relevant MRTDC Shareholders.

DRP due to NTDC included under “Accounts Payable and Accrued Expenses” account amounted to ₱151.6 million and ₱160.0 million as at December 31, 2017 and 2016, respectively (see Note 16) while due from MRTDC included under “Receivables” account amounted to ₱156.6 million and ₱166.8 million as at December 31, 2017 and 2016, respectively (see Note 5).



#### *Assignment of Development Rights*

In accordance with the agreement entered by MRTDC and its shareholders, MRTDC assigned to its shareholders the following:

- Development Rights over the 4,933 square meter North Avenue Lot Pad B; and
- Development Rights over the 9,401 square meter North Avenue Lot Pad A.

As a consideration, the shareholders agreed and undertook to become liable for the following obligations:

- To remit Development Rights payment over their respective shares in Lot Pad Areas
- To remit payments accruing in respect of Development Rights over their respective shares in Lot Pad Areas.

On January 29, 2016, the Group entered into an agreement with NTDC for the assignment of Development Rights over an aggregate of 1,964.20 square meters undivided portions of the North Avenue Lot Pad A and North Avenue Lot Pad B of the Trinoma Commercial Complex. As a consideration, NTDC paid ₱107.6 million, exclusive of VAT. The agreement shall be effective until August 8, 2047, subject to the extension of the Development Rights Period.

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#### 18. Decommissioning Liability

	2017	2016
Balances at beginning of year	<b>₱14,321,288</b>	₱14,103,011
Accretion of interest (Note 21)	<b>164,449</b>	218,277
Disposal	<b>(14,485,737)</b>	–
Balances at end of year	<b>₱ –</b>	₱14,321,288

The Group makes a full provision for the future cost of rehabilitation of the plant and other future costs on a discounted basis. Liability for mine rehabilitation and others represents the present value of future rehabilitation and other costs. These provisions have been created based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual costs will ultimately depend upon future market prices for the necessary works required which will reflect market conditions at the relevant time. Furthermore, the timing of the rehabilitation and expenditure of other costs is likely to depend on when the mine ceases to produce at economically viable rates, and the timing that the event for which the other provisions provided for will occur.

The Group's decommissioning liability, net of corresponding asset, is included in the sale of group of assets on December 31, 2017 (see Note 27).



## 19. Equity

### *Capital Stock*

The movements in capital stock of the Group are as follows:

	2017		2016	
	Shares	Amount	Shares	Amount
Issued and outstanding	3,008,919,508	₱3,008,919,508	3,008,919,508	₱3,008,919,508
Subscribed:				
At beginning of year	7,383,030	7,383,030	7,383,030	₱7,383,030
Subscription during the year	10	10	–	–
At end of year	7,383,040	7,383,040	7,383,030	7,383,030
Less subscriptions receivable	(1,367,687)	(1,367,687)	(1,367,687)	(1,367,687)
	6,015,353	₱6,015,353	6,015,343	₱6,015,343

The par value of the shares of stock is ₱1.

Below is the Parent Company's track record of registration of securities under the Securities Regulation Code of the SEC:

Date of Registration (SEC Approval)	Description	Number of shares registered	Par value per share	Total amount
June 25, 1958	Initial capital	50,000,000	₱0.01	₱500,000
November 5, 1958	Increase in authorized capital stock	1,000,000,000	0.01	10,000,000
		1,050,000,000		10,500,000
February 26, 1970	Increase in authorized capital stock	1,000,000,000	0.01	10,000,000
		2,050,000,000		20,500,000
March 22, 1979	Increase in authorized capital stock	8,000,000,000	0.01	80,000,000
		10,050,000,000		100,500,000
September 14, 1990	Increase in authorized capital stock	19,950,000,000	0.01	199,500,000
		30,000,000,000		300,000,000
March 13, 1996	Change of par value from ₱0.01 to ₱1.00	300,000,000	1.00	300,000,000
March 13, 1996	Increase in authorized capital stock	1,700,000,000	1.00	1,700,000,000
		2,000,000,000		2,000,000,000
September 23, 2014	Increase in authorized capital stock	2,000,000,000	1.00	2,000,000,000
		4,000,000,000		₱4,000,000,000

### *Treasury Stock*

In 2007, the BOD approved to reacquire shares totalling 13 million common shares, which were reacquired in 2008 and were stated at acquisition cost amounting to ₱27.6 million.

### Retained Earnings

#### *Dividends*

Details of the Group's dividend declaration follow:

	2016	2015
Date of declaration	November 15	June 1
Dividend per share	₱0.015	₱0.02
Total dividends	₱45.0 million	₱60.0 million
Date of record	November 18	June 16
Date of payment	December 15	July 10

The Group did not declare dividends in 2017.



## 20. Cost of Sales

Breakdown of cost of sales in 2016 and 2015 is as follows:

	2016	2015
Hauling and crushing consumables	₱13,088,533	₱31,450,787
Rental	10,857,621	8,663,165
Depreciation (Note 12)	4,402,628	8,122,348
Communication, light and water	3,085,299	5,414,720
Personnel costs (Note 24)	3,040,635	5,190,386
Royalties	2,347,144	4,279,500
Fuel and oil	2,331,875	4,190,477
Outside services	1,048,115	1,572,618
Plant dues	219,491	128,702
Others	2,436,724	3,273,727
	<b>₱42,858,065</b>	<b>₱72,286,430</b>

Rental pertains to lease of heavy equipment such as bulldozer, backhoe and loaders for use in the crushing plant and quarrying of the aggregates.

## 21. Interest and Other Finance Charges

The breakdown of interest income on bank deposits and receivables follows:

	2017	2016	2015
Cash in banks (Note 4)	<b>₱715,898</b>	₱3,372,051	₱7,554,096
Long-term note receivable (Note 9)	<b>33,433,064</b>	30,577,218	15,822,674
	<b>₱34,148,962</b>	<b>₱33,949,269</b>	<b>₱23,376,770</b>

Interest and other finance charges consist of:

	2017	2016	2015
Unwinding of discount (Note 18)	<b>₱164,449</b>	₱218,277	₱911,111
Amortization of discount on long-term debt	—	—	224,394
Bank charges and others	—	1,214,879	4,501,399
	<b>₱164,449</b>	<b>₱1,433,156</b>	<b>₱5,636,904</b>



## 22. General and Administrative Expenses

	2017	2016	2015
Personnel costs (Note 23)	<b>₱20,302,441</b>	₱25,975,530	₱21,097,407
Outside services	<b>15,817,365</b>	7,022,277	4,708,928
Entertainment, amusement and representation	<b>3,242,804</b>	6,882,751	6,824,286
Transportation and travel	<b>3,215,579</b>	846,996	857,775
Depreciation (Note 12)	<b>1,965,600</b>	1,814,822	1,772,069
Seminars and trainings	<b>1,366,838</b>	338,542	—
Communication, light and water	<b>977,579</b>	1,146,048	938,193
Taxes and licenses	<b>882,078</b>	11,374,962	66,873,143
Office supplies	<b>735,343</b>	597,053	518,230
Insurance	<b>466,323</b>	514,565	586,201
Membership fees	<b>350,193</b>	838,887	722,742
Amortization of leasehold rights	<b>208,938</b>	208,938	208,938
Repairs and maintenance	<b>91,572</b>	108,299	265,203
Loss on write-off of receivable (Note 5)	—	124,300,000	—
Others	<b>4,100,086</b>	10,226,658	526,730
	<b>₱53,722,739</b>	₱192,196,328	₱105,899,845

Others mainly comprise of legal fees, donations, seminars and training fees of its employees.

Taxes and licenses comprise of documentary stamps, capital gains tax, other taxes, license and fees and other tax payments.

## 23. Personnel Costs

	2017	2016	2015
Salaries and wages	<b>₱16,517,900</b>	₱29,016,165	₱24,562,740
Retirement expense (Note 25)	<b>124,227</b>	1,467	—
Other employee benefits	<b>3,660,314</b>	1,028,791	1,725,053
	<b>₱20,302,441</b>	₱30,046,423	₱26,287,793

Other employee benefits are composed of various benefits given to employees that are individually immaterial.

## 24. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors or its stockholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.





Category	Year	Transactions during the year	Outstanding Balance (Note 5)	Terms	Conditions
<b>Due from related parties</b>					
Entities under common control:					
Alakor	2017	₱5,569,612	₱5,569,612	Noninterest-bearing	Unsecured; unimpaired
	2016	₱ –	₱ –		
Associate:					
UPMC	2017	10,300,000	16,647,744	Noninterest-bearing	Unsecured; unimpaired
	2016	3,000,000	6,347,743		
	2017		₱22,217,356		
	2016		₱6,347,743		
<b>Due to related parties</b>					
Entities under common control:					
Alakor	2017	₱79,896,649	₱17,835,036	8% interest	Unsecured
	2016	₱ –	₱17,835,036	8% interest	
	2017	797,047,880	797,047,880	Noninterest-bearing	Unsecured
	2016	–	–		
VIMC	2017	–	26,908,358	Noninterest-bearing	Unsecured
	2016	–	29,201,478		
	2017		₱841,791,274		
	2016		₱47,036,514		

- Alakor and VIMC are entities under common control of an individual stockholder.
- Advances from Alakor Corporation pertains to cash provided to TVRI for working capital purposes. Loan pertains to the funding obtained by the TVRI from Alakor Corporation for capital expenditures with interest equivalent to 91-day Treasury bill for each quarter plus 2% spread.
- In 2017, the Group received advances from Alakor amounting to ₱797.0 million to fund the acquisition of ACMDC shares in 2017.
- In 2017, the Group made advances to UPMC amounting to ₱10.3 million for additional working capital.
- Compensation of key management personnel represents short-term benefits amounting to ₱14.8 million, ₱15.9 million and ₱12.6 million in 2017, 2016 and 2015, respectively.

## 25. Pension Benefits Costs

The Group has a funded, non-contributory defined pension plan covering all its regular employees. The retirement benefit plan obligation is determined using the projected unit credit method. There was no plan of termination or curtailment for the years ended December 31, 2017 and 2016.

Under the existing regulatory framework, Republic Act No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.



The following tables summarize the funded status and the amounts recognized in the consolidated statements of financial position, the components of net retirement benefit expense (income) recognized in consolidated statements of comprehensive income and the changes in the present value of the defined benefit obligation and the fair value of plan assets.

Changes in defined benefit liability and fair value of plan assets in 2017 are as follows:

	Defined Benefit Liability	Fair Value of Plan Asset	Effect of the Asset Ceiling	Net Defined Benefit Asset
<b>At January 1</b>	<b>₱10,151,978</b>	<b>(₱22,648,782)</b>	<b>₱5,540,517</b>	<b>(₱6,956,287)</b>
Current service cost	531,866	—	—	531,866
Net interest	594,906	(1,327,219)	324,674	(407,639)
Pension cost (benefit) charged to profit or loss	1,126,772	(1,327,219)	324,674	124,227
Remeasurement loss on plan assets (excluding amount included in net interest)	—	346,421	—	346,421
Remeasurement gain - change in the effect of the asset ceiling	—	—	(868,428)	(868,428)
Actuarial changes arising from changes in financial assumptions	58,384	—	—	58,384
Actuarial changes arising from experience adjustments	(569,503)	—	—	(569,503)
Pension cost (benefit) charged to other comprehensive income	(511,119)	346,421	(868,428)	(1,033,126)
<b>At December 31</b>	<b>₱10,767,631</b>	<b>(₱23,629,580)</b>	<b>₱4,996,763</b>	<b>(₱7,865,186)</b>

Changes in defined benefit liability and fair value of plan assets in 2016 are as follows:

	Defined Benefit Liability	Fair Value of Plan Asset	Effect of the Asset Ceiling	Net Defined Benefit Asset
<b>At January 1</b>	<b>₱9,412,638</b>	<b>(₱21,705,602)</b>	<b>₱5,740,198</b>	<b>(₱6,552,766)</b>
Current service cost	405,773	—	—	405,773
Net interest	580,760	(1,339,236)	354,170	(404,306)
Pension cost (benefit) charged to profit or loss	986,533	(1,339,236)	354,170	1,467
Benefits paid	(1,742,867)	—	—	(1,742,867)
Remeasurement loss on plan assets (excluding amount included in net interest)	—	396,056	—	396,056
Remeasurement gain - change in the effect of the asset ceiling	—	—	(553,851)	(553,851)

(Forward)

Actuarial changes arising from changes in financial assumptions	₱384,911	₱ —	₱ —	₱384,911
Actuarial changes arising from experience adjustments	1,110,763	—	—	1,110,763
Pension cost (benefit) charged to other comprehensive income	1,495,674	396,056	(553,851)	1,337,879
<b>At December 31</b>	<b>₱10,151,978</b>	<b>(₱22,648,782)</b>	<b>₱5,540,517</b>	<b>(₱6,956,287)</b>

The assets of the Plan are being held by Sun Life Financial Plans, Inc. The investing decisions of the Plan are made by certain officers of the Parent Company duly authorized by the BOD.

The Plan is composed of 100% insurance as at December 31, 2017 and 2016.



The principal assumptions used to determine retirement benefit plan obligation are as follows:

	2017	2016
Discount rates	5.79%	5.86%
Wage and salary increases	5.00%	5.00%
Average expected future service years of active plan members	19.1	20.1

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	2017	2016
Discount rates	+100 basis points	(P791,571)	(P1,178,477)
	-100 basis points	888,073	1,377,364
Salary increase rate	+100 basis points	777,149	1,278,950
	-100 basis points	(709,530)	(1,122,412)

The Group does not expect to contribute to the defined benefit pension plan in 2018.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2017	2016
One (1) year to five (5) years	P9,640,259	P890,635
Six (6) years and up	3,599,958	7,681,678
Total expected payments	P13,240,217	P8,572,313

The average duration of the defined retirement benefits liability as at December 31, 2017 and 2016 is 7.8 years and 14.5 years, respectively.

## 26. Income Taxes

The provision for current income tax in 2017 and 2016 represents MCIT for the Parent Company. In 2016, provision for current income tax represents MCIT for VMC and no provision for current income tax for TVRI since it is in taxable loss position. The provision for 2015 represents regular corporate income tax for the Parent Company and no provision for VMC and TVRI since they are in taxable loss position.



The reconciliation of income tax computed at statutory tax rate to provision for (benefit from) income tax follows:

	2017	2016	2015
Income tax at statutory rate	<b>(P69,939,386)</b>	(P35,461,883)	P85,245,664
Additions to (reductions in) income tax resulting from:			
Equity in net losses of associates	<b>63,973,305</b>	23,513,859	12,177,805
Change in unrecognized deferred tax assets	<b>4,788,474</b>	3,545,012	2,210,847
Nondeductible expenses	<b>2,574,077</b>	4,850,503	20,198,991
Interest income subjected to final tax and others	<b>(214,769)</b>	(1,011,615)	(2,266,229)
Fair value changes of financial assets at FVPL	<b>87,240</b>	(148,440)	35,442
Income subjected to capital gains tax and transfer tax	—	—	(113,834,303)
Dividend income exempt from tax	<b>(133,842)</b>	(93,502)	—
	<b>P1,135,099</b>	(P4,806,066)	P3,768,217

The components of the Group's net deferred tax assets are as follows:

	2017	2016
Deferred income tax assets recognized in profit or loss:		
MCIT	<b>P4,839,547</b>	P3,803,000
NOLCO	<b>4,278,459</b>	5,815,886
Unamortized past service cost	<b>1,224,085</b>	2,050,127
	<b>10,342,091</b>	11,669,013
Deferred income tax liabilities recognized in profit or loss:		
Retirement benefit plan asset	<b>(1,048,970)</b>	(1,086,238)
Unrealized foreign exchange gains	<b>(401,947)</b>	(1,593,049)
	<b>(1,450,917)</b>	(2,679,287)
Deferred income tax liability on remeasurement gains on defined benefit plan recognized in other comprehensive income	<b>(787,724)</b>	(477,786)
	<b>P8,103,450</b>	P8,511,940



As at December 31, 2017 and 2016, the Group did not recognize deferred tax assets on the following deductible temporary differences and carryforward benefits of MCIT and NOLCO since management believes that it is not probable that sufficient taxable profit will be available against which the benefits can be utilized:

	2017	2016
Deductible temporary differences on:		
NOLCO	<b>₱40,157,118</b>	₱23,695,748
Allowance for impairment losses on:		
Receivables	<b>17,080,061</b>	17,080,061
Investment	—	11,523,162
MCIT	<b>81,581</b>	81,581
Unrealized foreign exchange loss	<b>22,660</b>	464,411
Decommissioning liability, net of the corresponding asset	—	2,439,702

Movements in NOLCO and MCIT are as follows:

#### NOLCO

Year Incurred	Expiry Date	At January 1, 2016	Addition (Expired)	At December 31, 2016	Addition (Application /Expired)	At December 31, 2017
2014	2017	₱1,917,252	₱ —	₱1,917,252	(₱1,917,252)	₱ —
2015	2018	13,664,173	—	13,664,173	(3,019,697)	10,644,476
2016	2019	—	27,500,611	27,500,611	(2,105,061)	25,395,550
2017	2020	—	—	—	18,378,622	18,378,622
		<b>₱15,581,425</b>	<b>₱27,500,611</b>	<b>₱43,082,036</b>	<b>₱11,336,612</b>	<b>₱54,418,648</b>

#### MCIT

Year Incurred	Expiry Date	At January 1, 2016	Addition (Expired)	At December 31, 2016	Addition (Expired)	At December 31, 2017
2015	2018	₱798,274	₱ —	₱798,274	₱ —	₱798,274
2016	2019	—	3,086,307	3,086,307	—	3,086,307
2017	2020	—	—	—	1,036,547	1,036,547
		<b>₱798,274</b>	<b>₱3,086,307</b>	<b>₱3,884,581</b>	<b>₱1,036,547</b>	<b>₱4,921,128</b>

## 27. Sale of Assets

The Group entered into an agreement for the sale of its crushing plant and its rights to explore, develop, operate and utilize the Montalban Quarry in favor of BRAC for ₱20.0 million, payable in two tranches, subject to certain conditions. The Group received the full payment in advance in September 2016 and the sale was perfected on December 31, 2017.

The following assets and liabilities were recorded at their carrying values on the date of sale:

	Carrying Value on Date of Sale
Assets:	
Inventories (Note 7)	₱3,636,782
Property and equipment (Note 12)	38,541,903
Other noncurrent assets (Note 15)	1,222,871
	<b>43,401,556</b>

(Forward)



	Carrying Value on Date of Sale
Liability:	
Decommissioning liability (Note 18)	(P14,485,737)
Total identifiable net assets at carrying value	P28,915,819
Total consideration	P20,000,000
Total identifiable net assets at carrying value	28,915,819
Loss on sale	(P8,915,819)

## 28. Basic and Diluted EPS

Basic earnings per share is calculated by dividing the net income for the year divided by the weighted average number of common shares outstanding during the year (adjusted for any stock dividends).

Basic and diluted earnings per share are computed as follows:

	2017	2016	2015
Net income (loss) attributable to equity holders of the Parent Company	(P234,175,658)	(P113,294,080)	P280,383,996
Weighted average number of common shares	3,003,302,538	3,003,302,538	3,003,302,538
Basic and diluted earnings (loss) per share	(P0.08)	(P0.04)	P0.09

The resulting per share amounts are the same for both basic and diluted earnings per share in 2017, 2016 and 2015 since the Group does not have any debt or equity securities that will potentially cause an earnings per share dilution.

## 29. Financial Risk Management and Capital Management

The Group's main financial instruments are cash and cash equivalents, receivables, financial assets at FVPL, AFS financial assets, long-term note receivable, deposit and MRF under "Other noncurrent assets" and due to related parties. The main purpose of these financial instruments is to raise funds and maintain continuity of funding and financial flexibility for the Group. The Group has various other financial assets and liabilities such as accounts payable and accrued expenses, due to related parties and subscription payable which arise directly from its operations and investing activities.

The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to credit risk, liquidity risk, foreign currency risk and equity price risk from the use of its financial instruments. The Board reviews and approves the policies for managing each of these risks and they are summarized below.



### Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's cash and cash equivalents, receivables and AFS financial assets.

The Group ensures that its financial assets are considered high grade by transacting only with top banks in the Philippines and maintaining good relationships with related parties, key employees and debtors who are highly reputable and with good credit standing.

With respect to credit risk arising from cash and cash equivalents, trade and other receivables and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Since the Group trades only with recognized third parties, there is no requirement for collateral.

The tables below summarize the aging analyses of the Group's financial assets as at December 31, 2017 and 2016.

2017	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		Less than 30 days	30 to 180 days	More than 180 days		
Cash and cash equivalents	₱19,051,021	₱ –	₱ –	₱ –	₱ –	₱19,051,021
Receivables						
Trade	–	–	–	477,135	15,444,055	15,921,190
Due from related parties	22,217,356	–	–	–	–	22,217,356
Others	151,034,530	–	2,849,029	14,558,840	1,636,006	170,078,405
Financial assets at FVPL	3,712,820	–	–	–	–	3,712,820
AFS financial assets						
Unquoted equity instruments	4,332,953	–	–	–	–	4,332,953
Quoted equity instruments	4,251,000	–	–	–	–	4,251,000
Long-term note receivable	630,379,005	–	–	–	–	630,379,005
Deposit	27,228,700	–	–	–	–	27,228,700
	<b>₱862,207,385</b>	<b>₱ –</b>	<b>₱2,849,029</b>	<b>₱15,035,975</b>	<b>₱17,080,061</b>	<b>₱897,172,450</b>

2016	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		Less than 30 days	30 to 180 days	More than 180 days		
Cash and cash equivalents	₱175,761,234	₱ –	₱ –	₱ –	₱ –	₱175,761,234
Receivables						
Trade	–	–	–	477,135	15,444,055	15,921,190
Due from related parties	6,347,743	–	–	–	–	6,347,743
Others	169,065,169	–	–	7,779,357	1,636,006	178,480,532
Financial assets at FVPL	10,556,420	–	–	–	–	10,556,420
AFS financial assets						
Unquoted equity instruments	4,332,953	–	–	–	–	4,332,953
Quoted equity instruments	4,332,750	–	–	–	–	4,332,750
Long-term note receivable	750,569,613	–	–	–	–	750,569,613
MRF	1,064,563	–	–	–	–	1,064,563
	<b>₱1,122,030,445</b>	<b>₱ –</b>	<b>₱ –</b>	<b>₱8,256,492</b>	<b>₱17,080,061</b>	<b>₱1,147,366,998</b>

The credit quality of financial assets is managed by the Group using credit ratings and is classified into three (3): High grade, which has no history of default; Standard grade, which pertains to accounts with history of one (1) or two (2) defaults; and Substandard grade, which pertains to accounts with history of at least three (3) payment defaults or no repayment dates.



The Group has assessed the credit quality of the following financial assets:

- Cash and cash equivalents are classified as high grade since these are deposited with reputable banks.
- Receivables are classified standard grade since these are receivables from related parties which were transacted on an arm's length basis taking into account the related parties' financial standing and ability to pay. Other than the receivable which was written off in 2011, there was no history of default on the outstanding receivables as at December 31, 2017 and 2016.
- Financial assets at FVPL and quoted AFS financial assets in equity instrument are investments that can be traded and from companies with good financial capacity, making the investment secured and realizable. Management assesses the quality of these assets as high grade.
- Unquoted AFS financial assets are assessed as standard grade since these belongs to companies which have good financial conditions and operate in an industry which has potential growth. The unquoted AFS financial asset with allowance for impairment pertains to the investment of the Group to a project that did not materialize.
- Long-term note receivable, deposit and MRF are classified as standard grade since these belongs to companies which have good financial conditions and operate in an industry which has potential growth.

The Group's maximum exposure to credit risk is equal to the aggregate carrying amount of its financial assets.

#### *Liquidity Risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

The Group's financial assets used for liquidity management are its cash and cash equivalents, financial assets at FVPL, receivables and AFS financial assets.

As at December 31, 2017 and 2016, the Group's cash and cash equivalents may be withdrawn anytime, while its financial assets at FVPL and quoted AFS financial assets are traded in the stock exchange and may be converted to cash by selling them during the normal trading hours on any business day.





The following tables show the maturity profiles of the Group's financial liabilities as well as undiscounted cash flows from financial assets used for liquidity management:

	2017					Total
	Less than 6 months	6 to 11 months	1 to 2 years	More than 2 years	Impaired	
<b>Financial assets</b>						
Cash and cash equivalents	₱19,051,021	₱—	₱—	₱—	₱—	₱19,051,021
Receivables	178,351,885	—	17,407,869	477,135	17,080,061	213,316,950
Financial assets at FVPL	3,712,820	—	—	—	—	3,712,820
AFS financial assets*	—	—	—	8,583,953	11,523,162	20,107,115
Long-term note receivable	—	—	60,000,000	570,379,005	—	630,379,005
Deposit	—	—	27,228,700	—	—	27,228,700
	201,115,726	—	104,636,569	579,440,093	28,603,223	913,795,611
<b>Financial liabilities</b>						
Accounts payable and accrued expenses**	161,322,300	8,400,270	30,097,652	89,399,792	—	289,220,014
Subscription payable	2,780,623,880	—	—	—	—	2,780,623,880
Due to related parties	820,819,114	—	20,972,160	—	—	841,791,274
	(₱3,561,649,568)	(₱8,400,270)	₱53,566,757	₱490,040,301	₱28,603,223	(₱2,997,839,557)

\*Based on expected date of disposal.

\*\*Excluding payable to regulatory agencies

	2016					Total
	Less than 6 months	6 to 11 months	1 to 2 years	More than 2 years	Impaired	
<b>Financial assets</b>						
Cash and cash equivalents	₱175,811,234	₱—	₱—	₱—	₱—	₱175,811,234
Receivables	166,684,100	10,037,561	6,347,743	—	17,080,061	200,149,465
AFS financial assets*	—	—	—	8,665,703	11,523,162	20,188,865
Long-term note receivable	—	—	50,569,613	700,000,000	—	750,569,613
MRF	—	—	1,064,563	—	—	1,064,563
	342,495,334	10,037,561	57,981,919	708,665,703	28,603,223	1,147,783,740
<b>Financial liabilities</b>						
Accounts payable and accrued expenses**	165,401,998	31,351,724	47,036,514	120,741,415	—	364,531,651
Subscription payable	2,136,170	—	—	—	—	2,136,170
	₱174,957,166	(₱21,314,163)	₱10,945,405	₱587,924,288	₱28,603,223	₱781,115,919

\*Based on expected date of disposal.

\*\*Excluding payable to regulatory agencies

### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and other market variables which will adversely affect the Group's total comprehensive income or value of its financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters. The exposures to specific market risks are as follows:

### Foreign Exchange Risk

The Group uses the Philippine peso as its functional currency and is therefore exposed to foreign exchange movements, primarily in US\$ currency. The Group follows a policy to manage its foreign exchange risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-peso currencies.

Information on the Group's \$-denominated monetary assets and liabilities and their ₱ equivalent are as follows:

	2017		2016	
	US\$	₱	US\$	₱
<b>Financial assets:</b>				
Cash and cash equivalents	\$204,144	₱10,192,910	\$905,715	₱45,032,150
Long term note	11,423,573	570,379,005	—	—
Foreign currency-denominated assets	\$11,627,717	₱580,571,915	\$905,715	₱45,032,150



As at December 31, 2017 and 2016, the exchange rate of the Philippine peso to the US\$ is ₱49.93 and ₱49.72, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in Philippine ₱/US\$, with all other variables held constant, of the Group's income before income tax.

There is no other impact on the Group's equity other than those affecting the consolidated statements of comprehensive income.

	Change in ₱/US\$ exchange rate	
	US\$ strengthens by 5%	US\$ weakens by 5%
Increase (decrease) in income/loss before income tax and in equity		
<b>2017</b>	<b>₱29,028,595</b>	<b>(₱29,028,595)</b>
2016	2,251,608	(2,251,608)
2015	8,217,751	(8,217,751)

#### *Equity Price Risk*

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of the listed shares. The equity price risk exposure arises from the Group's investment in financial assets at FVPL and quoted AFS financial assets.

The effects on equity and income before income tax, (as a result of a change in the fair value of AFS financial assets and financial assets at FVPL, respectively, at December 31, 2017, 2016 and 2015 due to a reasonably possible change in bid market prices, with all other variables held constant), are as follows:

	Change in fair market value	
	Increase in market indices by 5%	Decrease in market indices by 5%
<b>Financial Assets at FVPL</b>		
Increase (decrease) in income/loss before income tax and in equity:		
<b>2017</b>	<b>(₱185,641)</b>	<b>₱185,641</b>
2016	(527,821)	527,821
2015	168,081	(168,081)
<b>AFS Financial Assets</b>		
<b>2017</b>	<b>₱212,550</b>	<b>(₱212,550)</b>
2016	216,638	(216,638)
2015	—	—

The impact on the Group's equity already excludes the impact on transactions affecting the consolidated statements of comprehensive income.



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### 30. Fair Value Measurement

#### Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

#### *Cash and Cash Equivalents, Receivables, Accounts Payable and Accrued Expenses, Subscription Payable and Due to Related Parties*

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses, subscription payable and due to related parties approximate their fair values due to their short-term maturities.

#### *Long-term Note Receivable*

The fair value of long-term note receivable is determined based on Level 3 inputs using the present value of future cash flows discounted using current rates available for note with the same profile as of reporting date. The fair value of long-term note receivable as at December 31, 2017 and 2016 amounted to ₱694.1 million and ₱820.4 million, respectively. Discount rates used ranged from 1.56% to 5.74% and 1.93% to 3.10% in 2017 and 2016, respectively.

#### *Financial Assets at FVPL and AFS Financial Assets*

The fair values of publicly traded instruments and similar investments are determined based on quoted closing market prices at the end of the reporting period. For unquoted AFS equity securities for which no reliable basis of fair value measurement is available, these are carried at cost, less impairment loss. The carrying amount of financial assets at FVPL and AFS financial assets approximate their fair values at the end of the reporting period.

#### *Deposit and MRF*

The carrying amount of deposit and MRF approximates its fair value. The timing and related amounts of future cash flows relating to deposit and MRF cannot be reasonably and reliably estimated for purposes of establishing the fair value using an alternative valuation technique.

#### Investment Properties

The fair value of investment properties is determined using the Sales Comparison Approach. In this approach, the value of the land was based on the sales of similar or substitute properties, related market data and listings of comparable property within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. This comparison was premised on the factors as property location, desirability, accessibility, neighborhood, utility, size and the time elements involved.

In determining the appropriate class of investment properties, the Group has considered the nature, characteristics and risks of its properties as well as the level of the fair value hierarchy within which the fair value measurements are categorized. This resulted in determining the fair value of investment properties under Level 3 of the fair value hierarchy. There have been no transfers between levels during the period.



Based upon analysis of the prevailing land usage in the neighborhood and the properties itself, a mix of residential, commercial and agricultural utility would represent the highest and best use of the property.

Significant increase (decrease) in the economic market value of land brought by inflation, area stability, development and improvements per hectare, per location, over time would result in a significantly higher (lower) fair value of the property.

#### Fair Value Hierarchy

	2017		
	Level 1	Level 2	Level 3
Financial assets measured at fair value			
Financial assets at FVPL	<b>₱3,712,820</b>	<b>₱ –</b>	<b>₱ –</b>
AFS financial assets - quoted equity securities	<b>4,251,000</b>	<b>–</b>	<b>–</b>
	<b>₱7,963,820</b>	<b>₱ –</b>	<b>₱ –</b>

	2016		
	Level 1	Level 2	Level 3
Financial assets measured at fair value			
Financial assets at FVPL	₱10,556,420	₱ –	₱ –
AFS financial assets - quoted equity securities	4,332,750	₱ –	₱ –
	₱14,889,170	₱ –	₱ –

In 2017 and 2016, the Group's quoted equity securities classified as AFS financial assets is composed of preferred shares to San Miquel Corporation.

For the years ended December 31, 2017 and 2016, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of the Level 3 measurements.

### **31. Segment Reporting**

The primary segment reporting format is determined to be the business segments since the Group is organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit. The mining segment is engaged in exploration and mining operations. Meanwhile, the non-mining segment is engaged in realty or acts as holding company.

The Group's operating business segments remain to be neither organized nor managed by geographical segment.

#### **2017**

	Mining	Non-Mining	Total	Eliminations	Consolidated
Segment revenue					
From external customers	₱ –	₱43,779,066	₱43,779,066	₱ –	₱43,779,066
From intersegment sales/services	–	–	–	–	–
	<b>₱ –</b>	<b>₱43,779,066</b>	<b>₱43,779,066</b>	<b>₱ –</b>	<b>₱43,779,066</b>
Segment results					
Loss before income tax	(₱12,589,404)	(₱7,297,531)	(₱19,886,935)	(₱213,244,350)	(₱233,131,285)
Benefit from income tax	–	(1,135,099)	(1,135,099)	–	(1,135,099)
Net Loss	<b>(₱12,589,404)</b>	<b>(₱8,432,630)</b>	<b>(₱21,022,034)</b>	<b>(₱213,244,350)</b>	<b>(₱234,266,384)</b>



	Mining	Non-Mining	Total	Eliminations	Consolidated
<b>Assets</b>					
Segment assets	₱214,133,625	₱1,439,655,717	₱1,653,789,342	(₱81,040,338)	₱1,572,749,004
Investments	–	9,265,443,899	9,265,443,899	(550,597,800)	8,714,846,099
<b>Liabilities</b>					
Segment liabilities	67,624,135	4,004,524,574	4,072,148,709	(170,319,223)	3,901,829,486
<b>Other segment information</b>					
Depreciation, depletion and amortization	155,743	1,809,857	1,965,600	–	1,965,600
Finance charges	164,449	–	164,449	–	164,449

## 2016

	Mining	Non-Mining	Total	Eliminations	Consolidated
<b>Segment revenue</b>					
From external customers	₱42,313,579	₱170,807,295	₱213,120,874	(₱16,460,072)	₱196,660,802
From intersegment sales/services	–	–	–	–	–
	₱42,313,579	₱170,807,295	₱213,120,874	₱16,460,072	₱196,660,802
<b>Segment results</b>					
Loss before income tax	(₱11,558,107)	(₱11,808,568)	(₱23,366,675)	(₱94,839,602)	(₱118,206,277)
Benefit from income tax	–	4,806,066	4,806,066	–	4,806,066
Net Loss	(₱11,558,107)	(₱7,002,502)	(₱18,560,609)	(₱94,839,602)	(₱113,400,211)
<b>Assets</b>					
Segment assets	₱254,135,566	₱1,569,992,234	₱1,824,127,800	(₱44,302,446)	₱1,779,825,354
Investments	–	5,471,452,234	5,471,452,234	(259,763,390)	5,211,688,844
<b>Liabilities</b>					
Segment liabilities	₱97,294,614	₱330,882,801	₱428,177,415	(₱44,302,446)	₱383,874,969
<b>Other segment information</b>					
Depreciation, depletion and amortization	367,902	1,630,871	1,998,773	–	1,998,773
Finance charges	218,277	1,214,879	1,433,156	–	1,433,156

The consolidated revenue in the above tables includes the non-mining revenue, which consist of interest income, royalty income, dividend income and gains.



## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and the Stockholders  
Anglo Philippine Holdings Corporation  
6th Floor, Quad Alpha Centrum  
125 Pioneer St. Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Anglo Philippine Holdings Corporation (the Company) as at December 31, 2017 and 2016, and for each of the three years in the period ended December 31, 2017 included in this SEC Form 17-A, and have issued our report thereon dated April 12, 2018. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibilities of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

**SYCIP GORRES VELAYO & CO.**

  
Jose Rao'ul J. Balisalisa

Partner

CPA Certificate No. 109542

SEC Accreditation No. 1557-A (Group A),

April 14, 2016, valid until April 14, 2019

Tax Identification No. 931-743-705

BIR Accreditation No. 08-001998-113-2016,

February 15, 2016, valid until February 14, 2019

PTR No. 6621227, January 9, 2018, Makati City

April 12, 2018



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**AND SUPPLEMENTARY SCHEDULES**  
**SEC FORM 17-A**  
**DECEMBER 31, 2017**

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Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2017, 2016 and 2015

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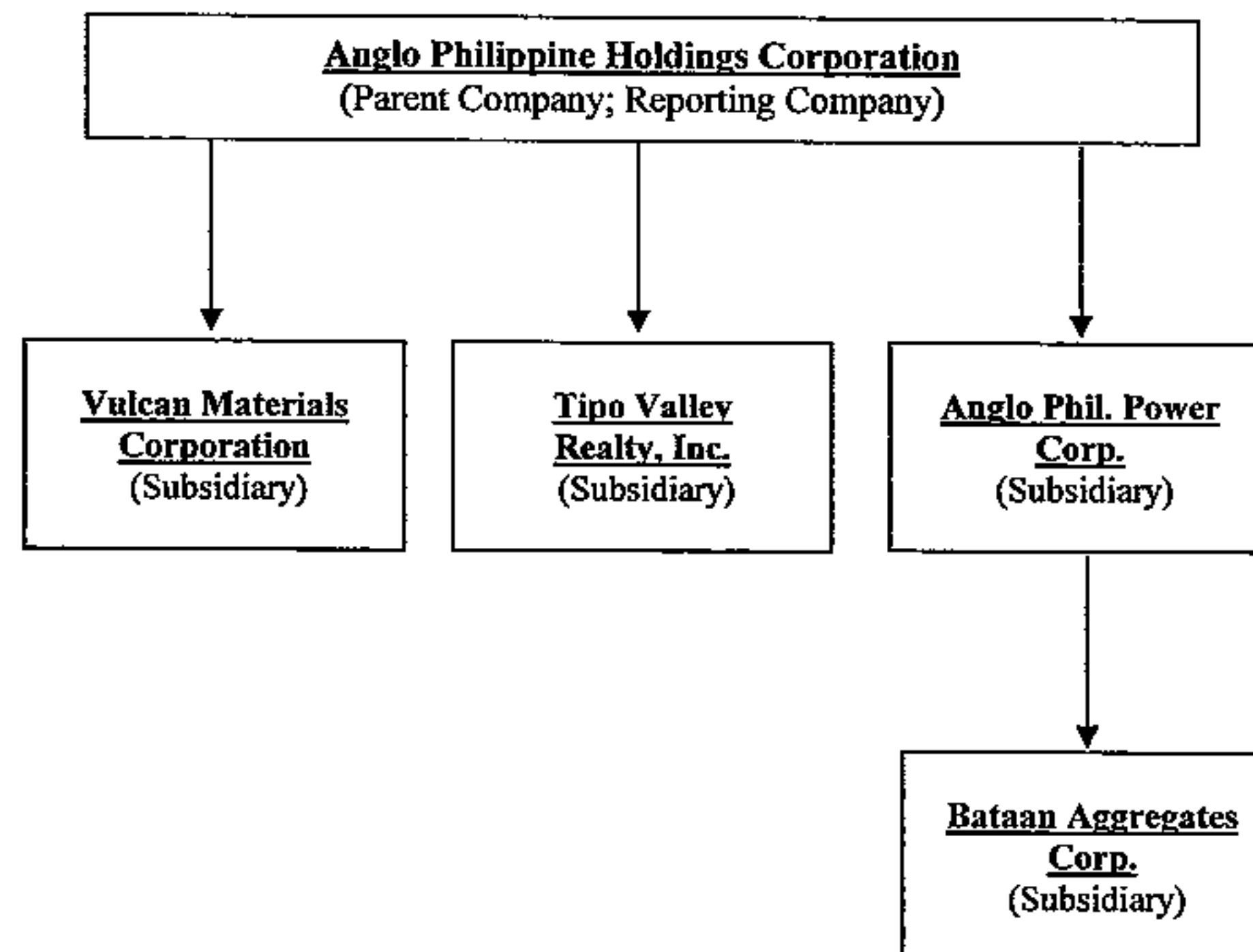
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**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**FINANCIAL RATIOS PURSUANT TO SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2017**

	2017	2016
<b><u>Profitability Ratios:</u></b>		
Return on assets	(2.28%)	(1.62%)
Return on equity	(3.67%)	(1.72%)
Gross profit margin	—	—
Net profit margin	(515.48%)	(57.54%)
<b><u>Liquidity and Solvency Ratios:</u></b>		
Current ratio	0.06:1	1.07:1
Quick ratio	0.06:1	1.02:1
Solvency ratio	(0.06:1)	(0.29:1)
<b><u>Financial Leverage Ratios:</u></b>		
Asset to equity ratio	1.61:1	1.06:1
Debt ratio	0.38:1	0.05:1
Debt to equity ratio	0.61:1	0.06:1
Interest coverage ratio	1,417	81.48



**SCHEDULE II**  
**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2017**



**SCHEDULE III**  
**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**SCHEDULE OF EFFECTIVE STANDARDS AND**  
**INTERPRETATIONS UNDER THE PFRS**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**DECEMBER 31, 2017**

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] and Philippine Interpretations Committee (PIC) Q&As effective as at December 31, 2017:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
<b>Framework for the Preparation and Presentation of Financial Statements</b>				
Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
<b>PFRS Practice Statement Management Commentary</b>		✓		
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
<b>PFRS 2</b>	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Share-based Payment, Classification and Measurement of Share-based Payment Transactions*	Not early adopted		
<b>PFRS 3 (Revised)</b>	Business Combinations			✓
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendments to PFRS 3: Scope Exceptions for Joint Ventures			✓

\*Standards and interpretations which will become effective subsequent to December 31, 2017.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS EFFECTIVE AS OF DECEMBER 31, 2017		Adopted	Not Adopted	Not Applicable
<b>PFRS 5</b>	Amendment to PFRS 5: Non-current Assets Held for Sale and Discontinued Operations, Changes in Methods of Disposal			✓
<b>PFRS 4</b>	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Insurance Contracts, Applying PFRS 9, <i>Financial Instruments</i> , with PFRS 4*	Not early adopted		
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations			✓
<b>PFRS 6</b>	Exploration for and Evaluation of Mineral Resources	✓		
<b>PFRS 7</b>	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not early adopted		
	Amendments to PFRS 7: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in PFRS 9*	Not early adopted		
	Amendments to PFRS 7: Disclosures - Servicing Contracts			✓
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
<b>PFRS 8</b>	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
<b>PFRS 9</b>	Financial Instruments*	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not early adopted		
	PFRS 9, Financial Instruments (Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39)*	Not early adopted		

\*Standards and interpretations which will become effective subsequent to December 31, 2017.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS As of December 31, 2017		Adopted	Not Adopted	Not Applicable
<b>PFRS 9</b>	PFRS 9, Financial Instruments (2014)*	Not early adopted		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation*	Not early adopted		
<b>PFRS 10</b>	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance	✓		
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities - Applying the Consolidation Exception			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not early adopted		
<b>PFRS 11</b>	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
<b>PFRS 12</b>	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendment to PFRS 12, Clarification of the Scope of the Standard			✓
<b>PFRS 13</b>	Fair Value Measurement	✓		
	Amendments to PFRS 13: Short-term Receivables and Payables			✓
	Amendments to PFRS 13: Portfolio Exception			✓
<b>PFRS 14</b>	Regulatory Deferral Accounts			✓
<b>PFRS 15</b>	Revenue from Contracts with Customers*	Not early adopted		
<b>PFRS 16</b>	Leases*	Not early adopted		
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiatives	✓		
<b>PAS 2</b>	Inventories	✓		
<b>PAS 7</b>	Statement of Cash Flows	✓		

\*Standards and interpretations which will become effective subsequent to December 31, 2017.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017		Adopted	Not Adopted	Not Applicable
<b>PAS 7</b>	Amendments to PAS 7: Disclosure Initiative			✓
<b>PAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
<b>PAS 10</b>	Events after the Reporting Period	✓		
<b>PAS 11</b>	Construction Contracts			✓
<b>PAS 12</b>	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
	Amendments to PAS 12: Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses			✓
<b>PAS 16</b>	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16: Bearer Plants			✓
<b>PAS 17</b>	Leases	✓		
<b>PAS 18</b>	Revenue	✓		
<b>PAS 19 (Amended)</b>	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
<b>PAS 20</b>	Accounting for Government Grants and Disclosure of Government Assistance			✓
<b>PAS 21</b>	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
<b>PAS 23 (Revised)</b>	Borrowing Costs			✓
<b>PAS 24 (Revised)</b>	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel Services			✓
<b>PAS 26</b>	Accounting and Reporting by Retirement Benefit Plans			✓
<b>PAS 27 (Amended)</b>	Separate Financial Statements	✓		
	Amendments to PAS 27 (Amended): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓

\*Standards and interpretations which will become effective subsequent to December 31, 2017.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2017				
<b>PAS 39</b>	Amendments to PAS 39: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
<b>PAS 40</b>	Investment Property	✓		
	Amendments to PAS 40: Clarifying the Interrelationship Between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
	Amendments to PAS 40: Investment Property, Transfers of Investment Property*	Not early adopted		
<b>PAS 41</b>	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
<b>Philippine Interpretations</b>				
<b>IFRIC 1</b>	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
<b>IFRIC 2</b>	Members' Share in Co-operative Entities and Similar Instruments			✓
<b>IFRIC 4</b>	<i>Determining Whether an Arrangement Contains a Lease</i>	✓		
<b>IFRIC 5</b>	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
<b>IFRIC 6</b>	<i>Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
<b>IFRIC 7</b>	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
<b>IFRIC 8</b>	<i>Scope of PFRS 2</i>			✓
<b>IFRIC 9</b>	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓
<b>IFRIC 10</b>	<i>Interim Financial Reporting and Impairment</i>			✓
<b>IFRIC 11</b>	PFRS 2- Group and Treasury Share Transactions			✓
<b>IFRIC 12</b>	Service Concession Arrangements			✓
<b>IFRIC 13</b>	Customer Loyalty Programs			✓

\*Standards and interpretations which will become effective subsequent to December 31, 2017.



IFRS/Philippine Financial Reporting Standards and Interpretations		Adopted	Not Adopted	Not Applicable
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration*	Not early adopted		
IFRIC 23	Uncertainty over Income Tax Treatments*	Not early adopted		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC 12	Consolidation - Special Purpose Entities			✓
IFRIC 5	Amendment to SIC - 12: Scope of SIC 12			✓
SIC 13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Note: Standards and interpretations tagged as "Not Applicable" are those standards and interpretations which were adopted but the entity has no significant covered transaction as at and for the years ended December 31, 2017 and 2016.

**SCHEDULE IV**  
**ANGLO PHILIPPINE HOLDINGS CORPORATION**  
**RECONCILIATION OF RETAINED EARNINGS**  
**AVAILABLE FOR DIVIDEND DECLARATION**  
**PURSUANT TO SEC RULE 68, AS AMENDED AND**  
**SEC MEMORANDUM CIRCULAR NO. 11**  
**December 31, 2017**

<b>Unappropriated Retained earnings as of December 31, 2016, as reflected in audited financial statements</b>	<b>P2,116,731,585</b>
Amount of recognized deferred tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized	(11,669,013)
Dividend declarations	(45,049,533)
Treasury shares	<u>(27,566,075)</u>
<b>Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning</b>	<b>2,032,446,964</b>
<b>Add: Net income actually earned/realized during the period</b>	<b>(4,668,080)</b>
Net loss during the period closed to Retained Earnings	
Less: Non-actual/unrealized income net of tax	
Equity in net income of associate/joint venture	—
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	1,303,160
Unrealized actuarial gain	—
Fair value adjustment (mark-to-market gains)	—
Fair value adjustment of investment property resulting to gain	—
Adjustment due to deviation from PFRS/GAAP – gain	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	<u>—</u>
Subtotal	<u>1,303,160</u>
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	—
Adjustment due to deviation from PFRS/GAAP – loss	—
Loss on fair value adjustment of investment property (after tax)	<u>—</u>
Subtotal	<u>—</u>
<b>Net loss actually earned during the period</b>	<b>(5,971,240)</b>
Add (Less):	
Dividend declarations during the period	—
Appropriations of retained earnings	—
Reversals of appropriations	—
Effects of prior period adjustments	—
Treasury shares	<u>—</u>
Subtotal	<u>—</u>
<b>Unappropriated Retained Earnings, as adjusted, ending</b>	<b><u>P2,026,475,724</u></b>



**SCHEDULE A**

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**FINANCIAL ASSETS IN EQUITY SECURITIES**  
**DECEMBER 31, 2017**

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balances sheet (figures in thousands)	Income received and accrued
<div data-bbox="1175 680 1958 779">NOT APPLICABLE</div>			

43

44

Name and designation of debtor	Balance at beginning period	Additions	Amounts collected / settlements	Amounts written-off	Current	Not current	Balance at end period
NOT APPLICABLE							

**SCHEDULE C**

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**AMOUNTS RECEIVABLE FROM RELATED PARTIES**  
**WHICH ARE ELIMINATED DURING THE**  
**CONSOLIDATION OF FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

Name and designation of debtor	Balance at beginning period	Additions	Amounts collected/ settlements	Amounts written-off	Current	Not current	Balance at end period
Vulcan Materials Corp.	₱7,369,762	₱13,602,398	₱ –	₱ –	₱20,972,160	₱ –	₱20,972,160
Tipo Valley Realty, Inc.	36,932,684	32,330,234	–	–	69,262,918	–	69,262,918
Anglo Phil. Power Corp.	–	79,896,649	–	–	79,896,649	–	79,896,649

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**INTANGIBLE ASSETS - OTHER ASSETS**  
**DECEMBER 31, 2017**

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
NOT APPLICABLE						

**SCHEDULE E**

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**LONG-TERM DEBT**  
**DECEMBER 31, 2017**  
**(Amounts in Thousands)**

Title of Issue and type of obligation	Amount authorized by: Indenture	Amount shown under the caption "Current Portion of long-term borrowings" in related balance sheet	Amount shown under the caption "Long-term borrowings- net of current portion" in related balance sheet
<div data-bbox="1163 764 1947 863">NOT APPLICABLE</div>			

**SCHEDULE F**

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES  
INDEBTEDNESS TO RELATED PARTIES  
(LONG-TERM LOANS FROM RELATED COMPANIES)  
DECEMBER 31, 2017**

Name of Related Party	Balance at beginning of period	Balance at end of period
<div data-bbox="1121 688 1905 787">NOT APPLICABLE</div>		

**SCHEDULE G**

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES  
GUARANTEES OF SECURITIES OF OTHER ISSUERS  
DECEMBER 31, 2017**

Name of issuing entity of securities guaranteed by the Parent Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
NOT APPLICABLE				

**SCHEDULE H**

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**CAPITAL STOCK**  
**DECEMBER 31, 2017**

Company's authorized share capital is ₱4 billion divided into 4 billion shares at ₱1.00 par value. As at December 31, 2017, total shares issued and outstanding is 3,003,302,538 held by 3,089 shareholders, and treasury shares is 13,000,000 shares.

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for option, warrants, conversions and other rights	Directors and Officers	Principal/ Substantial Stockholders	No of shares held by Government	Banks	Others
Common Stock	4,000,000,000	3,016,302,538*	—	96,206,705	2,407,937,951	1,320	—	499,156,562

\*Including 13,000,000 shares in Treasury Stock



# COVER SHEET

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S.E.C. Registration Number

A	N	G	L	O		P	H	I	L	I	P	P	I	N	E		H	O	L	D	I	N	G	S					
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(Company's Full Name)

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M	a	n	d	a	l	u	Y	o	n	g		C	i	t	y														
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(Business Address : No. Street City / Town / Province)

Atty. Adrian S. Arias																			
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Contact Person

+63(2)6315139																			
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Company Telephone Number

0	3
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Month

3	1
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Day

March 31, 2018

1	7	-	Q	
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FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License  
Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

3	0	8	9
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Total No. of Stockholders

Total Amount of Borrowings

-
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Domestic

-
---

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE**

1. For the Quarterly Period ended: **March 31, 2018**
2. SEC Identification Number: **14102**
3. BIR Tax Identification Number: **041-000-175-630**
4. Exact name of registrant as specified in its charter: **Anglo Philippine Holdings Corp.**
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code : (SEC Use Only)
7. Address of principal office: **6<sup>th</sup> Floor Quad Alpha Centrum, 125 Pioneer Street,  
Mandaluyong City 1550**
8. Registrant's telephone number, including area code: **(632) 631- 5139; (632) 635-6130**
9. Former name, former address, and former fiscal year if changed since last report: N. A.
10. Securities registered pursuant to Section 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
<b>Common Stock (P1.00 par value)</b>	<b><u>3,003,302,538 (excluding 13,000,000 shares in Treasury Stock)</u></b>
<b>Loans Payable and Long Term Debt</b>	<b>0.00</b>

11. Are any or all of these securities listed on the Philippine Stock Exchange: **Yes**
12. Check whether the registrant:
  - a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and Section 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):  
**Yes [ X ] No [ ]**
  - b) has been subject to such filing requirement held for the past 90 days.  
**Yes [ X ] No [ ]**
13. Documents incorporated by reference:
  - a) The Company's 2017 Audited Financial Statements.

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**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements Required Under SRC Rule 68**

1. The unaudited Consolidated Financial Statements of the Company for the quarter ended 31 March 2018 are included in this report. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of this SEC Form 17-Q.
2. Interim Statements of Comprehensive Income for the current interim period (01 January to 31 March 2018), with comparative Statement of Comprehensive Income for the comparable period (01 January to 31 March 2017) are attached to this report.
3. A statement showing changes in equity cumulatively for the current financial year to date period (01 January to 31 March 2018), with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (01 January to 31 March 2017) are attached to this report.
4. The basic and diluted earnings per share are presented on the face of the attached Statement of Comprehensive Income (01 January to 31 March 2018), as well as the basis of computation thereof.
5. The Company's interim financial report for the 1st quarter 2018 has been prepared in accordance with Philippine Financial Reporting Standards (PFRS).
6. The Company follows the same accounting policies and methods of computation in its interim financial statements (01 January to 31 March 2018) compared with the most recent annual financial statements (2017), and **NO** policies or methods have been changed.
7. Owing to the nature of the business of the Company as an investments holding firm, there were **NO** seasonal or cyclical aspects that had a material effect on the financial condition or results of interim operations of the Company.
8. There were **NO** unusual items during the interim period (01 January to 31 March 2018), the nature, amount, size or incidents of which have affected the assets, liabilities, equity, net income or cash flows of the Company.
9. There were **NO** changes in the estimates of amounts reported in prior financial years (2017 and 2016) that had a material effect in the current interim period (01 January to 31 March 2018).
10. There were **NO** issuances, repurchases and repayments of debt and equity securities during the current interim period (01 January to 31 March 2018).
11. The Company does not generate revenues from any particular segment and its business (investment holding) is not delineated into any segment, whether by business or geography. The Company is not required to disclose segment information in its financial statements.
12. Up to the time of the filing of this Quarterly Report, there were **NO** material events subsequent to the end of the interim period (01 January to 31 March 2018) that have not been reflected in the financial statements for said interim period.

13. There were **NO** changes in the composition of the Company during the interim period (01 January to 31 March 2018), and there were no business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuance of operations during said interim period.
14. The Company has **NO** contingent liabilities or contingent assets as of its last annual balance sheet date (31 December 2017) and as of the end of the current interim period (31 March 2018).
15. There are **NO** material contingencies and any other events or transactions that are material to an understanding of the current interim period (01 January to 31 March 2018).

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation**

**Financial Performance – 1st Quarter, 2018**

Comparative financial highlights for the 1st quarters of fiscal years 2018 and 2017 are presented below:

	<u>31 March 2018</u>	<u>31 March 2017</u>
Revenues	142,601,852	9,764,440
Net Income/(Loss)	129,587,920	(5,504,496)
Total Assets	10,451,425,564	6,979,782,804
Total Liabilities	3,936,072,026	377,648,071
Net Worth	6,515,353,539	6,602,134,733
Issued and Outstanding Capital	3,003,302,538	3,003,302,538

Changes in Financial Condition – 1st Quarter 2018 vs. 1st Quarter 2017

The Company posted P142.6 million in revenues and a net income of P129.6 million as of end-March 2018, compared to P9.7 million in revenues and a net loss of P5.5 million for the same period in 2017. The net income for the quarter ended March 2018 were attributable to Company’s equity share in net income of its associates.

Total Assets increased to P10.5 billion as of end March 2018, compared to P7.0 billion as of end-March 2017 mainly due to the increase in the Company’s subscription to AT shares.

Total Liabilities is higher at P3.9billion as of end-March 2018, compared to P377.6million as of end-March 2017, due to the advances made by shareholders for the 25% payment of the Company to its subscription to AT shares, and the recognition of subscription payable to AT.

Net Worth is still lower at P6.5 billion as of the end-March 2018, compared to P6.6 billion as of the end-March 2017, due to the P234.2 million net losses incurred by the Company during the year 2017, although the Company was able to record a net income of P129.6 million during the 1<sup>st</sup> quarter of 2018.

Changes in Financial Condition – 1st Quarter 2018 vs. Full Year 2017

Comparative financial highlights for the 1st quarter, 2018 and yearend 2017 are presented below:

	<u>31 March 2018</u> <u>Unaudited</u>	<u>December 31, 2017</u> <u>(Audited)</u>
Revenues	142,601,852	43,779,066
Net Income/(Loss)	129,587,920	(234,266,384)
Total Assets	10,451,425,564	10,287,595,103
Total Liabilities	3,936,072,026	3,901,829,486
Net Worth	6,515,353,539	6,385,765,617
Issued and Outstanding Capital	3,003,302,538	3,003,302,538

As of the 1st quarter of 2018, the Company posted revenues of P142.6 Million and a net income of P129.6 million, compared to revenues of P43.8 million and a net loss P234.3 million during the year 2017. The net net income during the first quarter of 2018 was attributable to the Company's equity share in net income of its associates. On the contrary, in 2017, net losses was due to Company's equity share in net losses of its associates.

The increase in Total Assets as of end-March 2018 compared to end-December 2017 was due to increase in its investment in associates and the increase Cash and Cash Equivalents due to loan availment of its subsidiary from Phil. Bank of Communications ("PBCom") during the first quarter 2018.

Total Liabilities increased as of end-March 2018 compared to end-December 2017 due to loan availment of its subsidiary from PBCom during the first quarter 2018.

The Company's Net Worth increased to P6.5 Billion as of end-March 2018 as compared to P6.4 billion end-December 2017, due to net income generated by the company during the 1<sup>st</sup> quarter of 2018.

The top five (5) key performance indicators of the Company and its majority-owned subsidiary are as follows:

	<u>March 31, 2018</u> <u>(Consolidated)</u>	<u>December 31, 2017</u> <u>(Consolidated)</u>
<b>Current Ratio</b>	<b>0.07:1</b>	<b>0.06:1</b>
<u>Current Assets</u>	<u>263,998,744</u>	<u>233,560,472</u>
Current Liabilities	3,890,639,110	3,896,396,570
<b>Assets to Equity Ratio</b>	<b>1.60 : 1</b>	<b>1.61 : 1</b>
<u>Total Assets</u>	<u>10,451,425,564</u>	<u>10,287,595,103</u>
Stockholders Equity	6,515,353,539)	6,385,765,617)

<b>Debt to Equity Ratio</b>	<b>0.60 : 1</b>	<b>0.61 : 1</b>
<u>Total Liabilities</u>	<u>3,936,072,026</u>	<u>3,901,829,486</u>
Stockholders Equity	6,515,353,539	6,385,765,617
<b>Equity to Debt Ratio</b>	<b>1.66 : 1</b>	<b>1.64 : 1</b>
<u>Stockholders Equity</u>	<u>6,515,353,539</u>	<u>6,385,765,617</u>
Total Liabilities	3,936,072,026	3,901,829,486
<b>Book Value per share</b>	<b>2.17</b>	<b>2.13</b>
<u>Stockholders Equity</u>	<u>6,515,353,539</u>	<u>6,385,765,617</u>
Shares Outstanding	3,003,302,538	3,003,302,538
<b>Earnings/(Loss) per share</b>	<b>0.043</b>	<b>(0.080)</b>
<u>Net Income/(Loss)</u>	<u>129,587,920</u>	<u>(234,266,384)</u>
Average Number of shares outstanding	3,003,302,538	3,003,302,538

Current Ratio increased from 0.07:1 as of end-March 2018 compared to 0.06 :1 as of end-2017 due to increase in Current Assets as a result of the (i) increase cash and cash equivalent due to loan availment of its subsidiary.

Assets to Equity Ratio is slightly lower at 1.60:1 as of end-March 31, 2018 as compared to 1.61:1 as of end-2017.

Debt-to-Equity Ratio is slightly lower at 0.60 :1 as of end-March 2018 as compared to 0.61:1 as of end 2017. On the otherhand, Equity-to-debt ratio slightly increased as of end-March 31, 2018 as compared to end-2017 due to increase Stockholders Equity due to net income generated by the Company during the 1st quarter 2018.

Book Value per Share increased to P2.17 per share as of end-March 2018 as compared to P2.13 as of end-2017. The Company posted P0.04 Earnings Per Share as of end-March 2018 compared to a net loss of P0.08 as of end 2017.

Results of Operations – 1<sup>st</sup> Quarter 2018

Natural Resources

The Company owns 100% of **Vulcan Materials Corporation (VMC)** which is involved in the exploration and development of the various mineral and aggregates resources. VMC posted a net loss of P0.013 million as of end March 2018, compared to a net loss of P1.4 million as of end March 2017.

Following cessation of its Montalban Quarry operations due to unfavorable operation results, VMC entered into an agreement for the sale of the crushing plant and assignment of its rights to explore, develop, operate and utilize the Montalban quarry in favor of Big Rock Aggregates Corporation, an affiliate and designee of Solid Integrated Co., Inc., for P20 million, subject to certain conditions. VMC has received the full payment and has satisfied all conditions of the assignment.

**Anglo Philippine Power Corporation (APPC)** (100% owned) is presently evaluating various renewable energy projects for future investment and is still in its pre-operating stage. Its wholly-owned subsidiary, **Bataan Aggregates Corp. (BAC)**, has began purchasing equipment and facilities for eventual full operation of sand and gravel quarrying in Bataan.

The Company owns 25.69% of **United Paragon Mining Corporation (UPMC)** which holds highly prospective gold mining properties in the Bicol area. UPMC posted a net loss of P17.1 million as of end March 2018, compared to a net loss of P12.5 million as of end March 2017.

As of March 31, 2018, the Company owns 28.64% of **Atlas Consolidated Mining & Development Corporation (AT)**, which posted a net income of P474.7 million as of end-March 2018 compared to a net loss of P210.9 million as of end-March 2017.

The Company owns 34.32% of **The Philodrill Corporation (OV)** which posted a net income of P8.4 million as of end-March 2018 compared to a net income of P7.1 million as of end-March 2017.

The Company likewise continues to hold interests in the following **Oil Exploration** contracts:

Service Contract 6A	Octon, NW Palawan	11.11000 %
Service Contract 14D	Tara, NW Palawan	2.50000 %
Service Contract 41	Sulu Sea	1.67900 %
Service Contract 53	Onshore Mindoro	5.00000 %
SWAN Block	NW Palawan	33.57800 %

In **SC 6A (Octon)**, Philodrill completed the pre-stack depth migration (PSDM) re-processing of the 520 sq km seismic data volume on the northern block of the SC in October 2017. Subsequently, Philodrill engaged DUG to undertake a QI study using the PSDM data to investigate all identified structures and horizons of interests in the northern portion of the block.

DUG completed the QI work last March 2018, and Philodrill is currently undertaking seismic interpretation work on the reprocessed PSDM final stack and QI volumes. Focus of the interpretation works to identify areas where the Galoc sand reservoir may be expected to be better developed. Results from these activities will serve as basis to conduct scoping project activities to assess viability of pursuing drilling and development of these prospects.

In **SC 14D (Tara, NW Palawan)**, the implementation of permanent plug and abandonment of offshore production wells Tara and Libro is well underway. The consortium has completed the refurbishment works on the Libro platform in preparations for the P&A of the Tara and Libro wells which are slated for late April-May 2018.

In **SC 53 (Onshore Mindoro)**, the DOE approved the revised 2017 work program and budget of block operator Mindoro-Palawan Oil & Gas, Inc (MPOGI) to re-schedule the Progreso-2 drilling to December 2017.

In the meantime, between April-June 2017, MPOGI sought to farm out its interests in Mindoro due to lack of manpower and technical expertise to prosecute the work commitments for the joint venture. At the end of the year, MPOGI has yet to provide the JV with a concrete plan to carry-out the necessary works related to the JV's commitments on the drilling of Progreso-2.

In **SC 41 (Sulu Sea)**, the DOE will reportedly re-bid the **Area 15 (Sulu Sea)** area where Anglo has an option to acquire portion of Philodrill's interest in Area 15 in the event that Philodrill is awarded the contract for Area 15.

In the **SWAN Block**, The consortium continues to work on a possible swap of participating interest in some of their blocks in exchange for interest in Service Contract No. 57 and 58 of PNOC-EC, which now cover the old SWAN Block.

PNOC-EC had agreed in principle to the proposal and asked and have been granted ample time to conduct due diligence to evaluate the merits of the proposed interest swap.

#### Property Development

**Tipo Valley Realty, Inc. (TVRI)** (97.59% owned) posted a net loss of P1.2 million as of end March 2018, compared to a net loss of P2.1 million as of end March 2017.

TVRI continues to complete the required documentations to obtain a DAR conversion certificate over its properties in Hermosa, Bataan.

Following the sale of the Company's 15.79% equity in **North Triangle Depot Commercial Corporation (NTDCC)** last December 10, 2014 and February 5, 2015, the Company has entered into a Lease Agreement Assignment of development rights with NTDCC for the lease of the Company's *pro indiviso* shares in the North Avenue Lot Pads and associated Lot Pad Slivers. The



lease will be *co-terminus* with the lease of the North Triangle depot with NHA (2047), subject for extension of Development Rights Period. The Lease Agreement was treated as a sale.

The Company continues to maintain 15.79% interest in ***MRT Development Corp.*** which generates revenues from concessionaire rentals and advertising fees in the MRT 3 stations.

#### Infrastructure

The Company continues to maintain 18.6% equity in ***MRT Holdings, Inc.***, the indirect majority owner of the Metro Rail Transit Corporation (MRTC). As of end-March 2018, average ridership is about 280,000 passengers per day.

#### Other Investments

The Company has minority investment in ***Brightnote Assets Corporation***, a holding company organized for the purpose of investing in the Calabarzon area.

***Filipinas Energy Corporation (FEC)*** has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's oil and mineral assets.

**NO** bankruptcy, receivership or similar proceeding has been filed by or against the Company and/or its subsidiary during the last three (3) years.

**NO** material reclassification, merger, consolidation, or purchase/sale of a significant amount of assets, not in the ordinary course of business, has been undertaken by the Company and/or its subsidiary during the last three (3) years, ***EXCEPT*** (i) the sale of NTDCC investment on December 10, 2014 and February 5, 2015 for P1.26 billion; (ii) the acquisition of 97.59% ownership in TVRI on December 21, 2015 for P299,089,000.00; (iii) the reclassification of the Company's AT investment from AFS investment to Investment in Associate effective as of 2015. (iv) the acquisition of additional shares in UPM last December 3, 2015 and May 5-6, 2016 for 3.5 million shares and 3.6 million shares, respectively, thereby increasing the Company's ownership therein from 22.96% to 25.69%. (v) the acquisition of additional shares in AT last February 27, 2017 and August 11, 2017, for 25.1 M shares and 819.9 M shares, respectively, thereby increasing the Company's ownership therein from 8.37% to 28.64%.

#### **Discussion and Analysis of Material Events and Uncertainties**

Except as discussed below, Management is not aware of any material event or uncertainty that has affected the current interim period and/or would have a material impact on future operations of the Company.

The Company will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

1. There are **NO** known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity.
2. The Company's internal source of liquidity comes, primarily, from revenues generated from operations. The Company's external source of liquidity comes, primarily, from loans/financing obtained from financial institutions and, alternatively, may also come from the collection of its accounts receivables.
3. The Company has **NO** material commitments for capital expenditures but is expected to contribute its equity share in the capital expenditures of its investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing.
4. There are **NO** known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income from continuing operations, save as stated in paragraph 1 above.
5. There are **NO** significant elements of income or loss that did not arise from the Company's continuing operations.
6. There have been **NO** material changes from 31 December 2017 to 31 March 2018 in one or more line items of the Company's financial statements, EXCEPT as disclosed below:
  - (a) Cash and Cash Equivalents increased from P19.1 million as of end-2017 to P48.4million as of end-March 2018 mainly due to the increase cash and cash equivalent due to loan availment of its subsidiary.
  - (b) Account Receivables increased due to additional advances made to its affiliates.
  - (c) Investment in associates increased due to income incurred by its associates during the period.
  - (d) Total liabilities increased due to loan availment of its subsidiary from PBCom.
  - (e) Retained Earnings increased due to a corresponding Net income incurred by the Company as of end-March 2018.
7. There are **NO** events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
8. There are **NO** material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

**Item 3. Management's Assessment and Evaluation of Financial Risk Exposures**

**A. Financial Risk Exposures**

The Group has exposure to credit risk, liquidity risk, market risk, interest rate risk, foreign exchange risk and equity price risk from the use of its financial instruments. The Board reviews and approves the policies for managing each of these risks and they are summarized below.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from Group's cash and cash equivalents, receivables and AFS Financial assets.

The Group ensures that its financial assets are considered high grade by transacting only with top banks in the Philippines and maintaining good relationships with related parties, key employees, debtors and lessors who are highly reputable and with good credit standing.

Cash with banks are deposits made with reputable banks duly approved by the BOD.

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to credit risk is not significant. No receivables are past due and all receivables are assessed to be collectible and in good standing as of March 31, 2018 and December 31, 2017. Provisions for impairment losses on trade receivables and other receivables were made on accounts specifically identified to be doubtful of collection.

Other than the receivable which were provided with allowance, all other receivable are assessed to be collectible and in good standing as of March 31, 2018 and December 31, 2017.

The Group's maximum exposure to credit risk is equal to the aggregate carrying amount of its financial assets.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Group's credit standing.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

As of March 31, 2018 and December 31, 2017, the Group's cash and cash equivalents may be withdrawn anytime while and AFS investments are traded in the stock exchange and may be converted to cash by selling them during the normal trading hours on any business day.

The following tables show maturity profile of the Group's financial liabilities as well as undiscounted cash flows from financial assets used for liquidity management:

<b>31 March 2018</b>	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Impaired	Total
<b>Financial assets</b>						
Cash and cash equivalents	₱48,387,493	₱—	₱—	₱—	—	₱48,387,493
Receivables	179,293,441	0	17,407,869	477,135-	17,080,061	214,258,506
Financial assets at FVPL	3,712,820	0	—	—	—	3,712,820
AFS financial assets*	—	0	—	8,583,953	11,523,162	20,107,115
Long-term note receivable	—	—	60,000,000	570,379,005	—	630,379,005
Deposit	—	—	27,228,700	—	—	27,228,700
	₱231,393,754	—	₱104,636,569	₱579,440,093	28,603,223	944,073,639
<b>Financial liabilities</b>						
Accounts payable and accrued expenses**	₱145,197,875	₱8,400,270	₱30,097,652	₱89,399,792	—	₱273,095,589
Subscription payable	₱2,780,623,880	—	—	—	—	₱2,780,623,880
Due to related parties	815,770,531	—	20,972,160	—	—	836,742,691
	(₱3,510,198,532)	(₱8,400,270)	₱53,566,757	₱490,040,301	₱28,603,223	(₱2,946,388,521)

<b>31 December 2017</b>	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Impaired	Total
<b>Financial assets</b>						
Cash and cash equivalents	₱19,051,021	₱—	₱—	₱—	—	₱19,051,021
Receivables	178,351,885	0	17,407,869	477,135-	17,080,061	213,316,950
Financial assets at FVPL	3,712,820	0	—	—	—	3,712,820
AFS financial assets*	—	0	—	8,583,953	11,523,162	20,107,115
Long-term note receivable	—	—	60,000,000	570,379,005	—	630,379,005
Deposit	—	—	27,228,700	—	—	27,228,700
	₱201,115,726	—	₱104,636,569	₱579,440,093	28,603,223	913,795,611
<b>Financial liabilities</b>						
Accounts payable and accrued expenses**	₱161,322,300	₱8,400,270	₱30,097,652	₱89,399,792	—	₱289,220,014
Subscription payable	₱2,780,623,880	—	—	—	—	₱2,780,623,880
Due to related parties	820,819,114	—	20,972,160	—	—	841,791,274
	(₱3,561,649,568)	(₱8,400,270)	₱53,566,757	₱490,040,301	₱28,603,223	(₱2,997,839,557)

\*Based on expected date of disposal

\*\*Excluding payable to regulatory agencies

## Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

## Interest Rate Risk

The Group's exposure to the risk for changes in market interest rate relates primarily to its short-term loans payable and long-term debt obligations with fixed interest rates. Most of the Group's existing debt obligations are based on fixed interest rates with relatively small component of the debts that are subject to interest rate fluctuation. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

### Foreign Exchange Risk

The Group uses the Philippine peso as its functional currency and is therefore exposed to foreign exchange movements, primarily in U.S. dollar currency. The Group follows a policy to manage its foreign exchange risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-peso currencies.

### Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of the listed shares. The equity price risk exposure arises from the Group's investment in financial assets at FVPL and quoted AFS investments.

### Fair Values of Financial Instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

### Cash and Cash Equivalents, Receivables, Accounts Payable, Short Term Loans Payable and Accrued Expenses

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses and short-term loans payable approximate their fair values due to their short-term maturities.

### AFS Investments.

The fair values of publicly traded instruments & similar investments determined based on quoted bid market prices at the balance sheet date. For unquoted AFS equity securities for which no reliable basis of fair value measurement is available, these are carried at cost, impairment loss.

### Fair Value Hierarchy

The Group uses the following hierarchy in determining the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets or identical assets or liabilities

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data

	March 31, 2018		
	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>			
Financial assets at FVPL	₱3,712,820		
AFS investments – quoted	4,251,000	–	–
	<b>₱7,963,820</b>	<b>₱–</b>	<b>₱–</b>
	December 31, 2017		
	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>			
Financial assets at FVPL	₱3,712,820		
AFS investments – quoted	4,251,000	–	–
	<b>₱7,963,820</b>	<b>₱–</b>	<b>₱–</b>

As of March 31, 2018 and December 31, 2017, the Company's financial assets measured at fair value composed of common shares of Shang Properties Inc. and Chelsea Logistics Holdings Corp. and preferred shares of San Miguel Corp.

As of March 31, 2018 and December 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of the level 3 measurements.

#### Derivative Asset

The Group has no derivative assets for the period ended March 31, 2018 and December 31, 2017.

## **PART II – OTHER INFORMATION**

There were items for disclosure that were made under SEC Form 17-C during the current interim period (01 January to 31 March 2018).

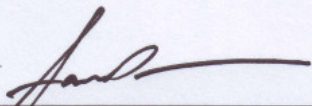
Anglo Philippine Holdings Corporation

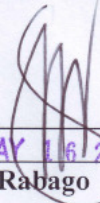
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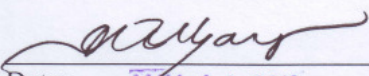
**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**Anglo Philippine Holdings Corporation**  
Registrant  
(through its duly authorized representatives):

  
Date: MAY 16 2018  
**Adrian Paulino S. Ramos**  
President/Director/COO

  
Date: MAY 16 2018  
**Gilbert V. Rabago**  
Treasurer

  
Date: MAY 16 2018  
**Iris Marie U. Carpio-Duque**  
Corporate Secretary/  
Compliance Officer and  
Corporate Information Officer

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY  
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**ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Unaudited March 31, 2018 Consolidated	Audited December 31, 2017 Consolidated
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	48,387,493	19,051,021
Receivables	197,178,445	196,236,889
Financial Assets at Fair Value through profit and loss (FVPL)	3,712,820	3,712,820
Prepaid expenses and other current assets	14,719,986	14,559,742
<b>TOTAL CURRENT ASSETS</b>	<b>263,998,744</b>	<b>233,560,472</b>
<b>Noncurrent Assets</b>		
Long-term note	630,379,005	630,379,005
Available-for-sale investments	8,583,953	8,583,953
Investment in associates	8,849,260,708	8,714,846,099
Property and equipment	79,045,252	79,556,368
Investment property	305,581,329	305,581,329
Deferred exploration costs	208,611,166	208,611,166
Pension assets	7,865,186	7,865,186
Deferred tax assets - net	8,103,450	8,103,450
Other noncurrent assets	89,996,770	90,508,075
<b>TOTAL NON CURRENT ASSETS</b>	<b>10,187,426,819</b>	<b>10,054,034,631</b>
<b>TOTAL ASSETS</b>	<b>10,451,425,564</b>	<b>10,287,595,103</b>
<b>LIABILITIES AND EQUITY</b>		
Accounts Payable and Accrued Expenses	273,272,538	273,981,416
Subscription Payable	2,780,623,880	2,780,623,880
Due to related Parties	836,742,691	841,791,274
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,890,639,110</b>	<b>3,896,396,570</b>
Accounts Payable and Accrued Expenses	5,432,916	5,432,916
Loans Payable	40,000,000	-
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>45,432,916</b>	<b>5,432,916</b>
<b>TOTAL LIABILITIES</b>	<b>3,936,072,026</b>	<b>3,901,829,486</b>
Capital stock		
Issued	3,008,919,508	3,008,919,508
Subscribed	6,015,353	6,015,353
Additional Paid-In Capital	1,570,157,056	1,570,157,056
Net unrealized loss on AFS financial assets	163,500	163,500
Re-measurement gains on defined benefits	1,838,026	1,838,026
Share in other comprehensive income (loss) of an associate	213,976,700	213,976,700
Retained earnings	1,734,660,279	1,605,072,357
Treasury Stock	(27,566,075)	(27,566,075)
Equity attributable to equity holders of the Parent Company	6,508,164,347	6,378,576,425
Non-controlling interest	7,189,192	7,189,192
<b>TOTAL EQUITY</b>	<b>6,515,353,539</b>	<b>6,385,765,617</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>10,451,425,564</b>	<b>10,287,595,103</b>

**ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED MARCH 31, 2018 AND 2017**

	Unaudited March 31, 2018 Consolidated	Unaudited March 31, 2017 Consolidated
<b>REVENUES</b>		
<b>Gains on:</b>		
Sale of investments	-	699,690
Interest income	8,120,011	6,545,099
Equity in net income of associates	134,414,609	2,452,419
Dividend Income	67,232	67,232
	<u>142,601,852</u>	<u>9,764,440</u>
<b>COST AND EXPENSES</b>		
General and administrative expenses	13,013,932	11,986,658
Equity in net losses of associates	-	3,220,719
Foreign exchange losses - net	-	61,561
	<u>13,013,932</u>	<u>15,268,938</u>
<b>INCOME/(LOSS) BEFORE INCOME TAX</b>	<u>129,587,920</u>	<u>(5,504,498)</u>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>		
Current	-	-
Deferred	-	-
	<u>-</u>	<u>-</u>
<b>NET INCOME/(LOSS) FROM CONTINUING OPERATIONS</b>	<u>129,587,920</u>	<u>(5,504,498)</u>
<b>MINORITY INTEREST</b>	<u>-</u>	<u>-</u>
<b>TOTAL NET INCOME/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<u>129,587,920</u>	<u>(5,504,498)</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Unrealized valuation gain (loss) on AFS investments	-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>	<u>129,587,920</u>	<u>(5,504,498)</u>
<b>Basic and Diluted Earnings/(Loss) per share</b>	<u>0.043</u>	<u>(0.002)</u>

# Anglo Philippine Holdings Corporation

## ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2018 AND MARCH 31, 2017

	Capital Stock			Net Unrealized			Re-measurement Gains/(Losses) on Defined Benefit Obligation	Share in Other Comprehensive Income/(Loss) of an Associate	Retained Earnings	Treasury Stock	Non-Controlling Interest	Total
	Issued	Subscribed	Subscriptions Receivable	Additional Paid-In Capital	Gain/(Loss) on AFS Financial Assets	Market						
Balances at January 1, 2018	3,008,919,508	7,383,040	(1,367,687)	1,570,157,056	163,500	1,838,026	213,976,700	1,605,072,357	(27,566,075)	7,189,192	6,385,765,617	
Net income	-	-	-	-	-	-	-	129,587,920	-	-	129,587,920	
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income	-	-	-	-	-	-	-	129,587,920	-	-	129,587,920	
Balances at March 31, 2018	3,008,919,508	7,383,040	(1,367,687)	1,570,157,056	163,500	1,838,026	213,976,700	1,734,660,278	(27,566,075)	7,189,192	6,515,353,539	
Balances at January 1, 2017	3,008,919,508	7,383,030	(1,367,687)	1,570,157,056	245,250	1,114,838	202,225,376	1,839,248,015	(27,566,075)	7,279,918	6,607,639,229	
Net loss	-	-	-	-	-	-	-	(5,504,498)	-	-	(5,504,498)	
Other comprehensive income (los	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income	-	-	-	-	-	-	-	(5,504,498)	-	-	(5,504,498)	
Balances at March 31, 2017	3,008,919,508	7,383,030	(1,367,687)	1,570,157,056	245,250	1,114,838	202,225,376	1,833,743,518	(27,566,075)	7,279,918	6,602,134,733	

**ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED MARCH 31, 2018 AND 2017**

	For the Period	
	January 1 to March 31, 2018	January 1 to March 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income/(Loss) before income tax	129,587,920	(5,504,498)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	511,116	399,577
Decrease (increase) in:		
Receivables	(941,556)	(14,326,923)
Prepayments and other current assets	(160,244)	(58,460,460)
Other non-current assets	511,305	(659,353)
Increase (decrease) in:		
Accounts payable and accrued expenses	(708,878)	(6,226,898)
Due to related parties	(5,048,583)	-
<b>Net cash used in operating activities</b>	<b>123,751,079</b>	<b>(84,778,554)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in:		
Loans payable	-	33,069,613
Asset Held for SaleFinancial assets at FVPL	-	5,970,000
Investment in associates	(134,414,609)	768,299
<b>Net cash used in investing activities</b>	<b>(134,414,609)</b>	<b>39,807,911</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	40,000,000	-
<b>Net cash provided by financing activities</b>	<b>40,000,000</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>29,336,471</b>	<b>(44,970,643)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>19,051,021</b>	<b>175,811,234</b>
<b>CASH AND CASH EQUIVALENTS, END</b>	<b>48,387,493</b>	<b>130,840,593</b>

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**SCHEDULE A - FINANCIAL ASSETS**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**March 31, 2018**

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (in Peso)	Valued based on market quotation end of reporting period (in Peso)	Income received and accrued (in Peso)
Shang Properties Inc	1,074,000	3,361,620	351,200	-
Chelsea Logistics Holdings Corp	40,000	351,200	3,712,850	-
San Miguel Corporation-Preferred shares	54,500	4,251,000	4,251,000	67,232

**SCHEDULE B**  
**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER**  
**THAN RELATED PARTIES)**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**March 31, 2018**

Designation of Debtor	Beginning period	Additions	Amounts Collected	Amounts Written Off	Current	Non-Current	Balance at end of period
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*(None)*

**SCHEDULE C**  
**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**March 31, 2018**

Name and Designation of Debtor	Balance at Beginning period	Additions/ Deductions	Amounts Collected/ Settlements	Amounts Written Off	Current	Non-Current	Balance at end of period
Vulcan Materials Corporation (wholly owned subsidiary)	20,972,160	904,800	-	-	-	-	21,876,960
Tipo Valley Realty Inc. (97.59% owned)	69,262,918	1,043,757	-	-	-	-	70,306,675
Anglo Phil. Power Corp. (100% owned)	79,896,649	(35,734,021)	-	-	-	-	44,162,628

**SCHEDULE D**  
**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**INTANGIBLE ASSETS - OTHER ASSETS**  
**(OTHER THAN RELATED PARTIES)**  
**PURSUANT TO SRC RULE 68, AS AMENDED**  
**March 31, 2018**

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
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*(None)*



ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES					
SCHEDULE E - PROPERTY AND EQUIPMENT					
FOR THE PERIOD ENDED MARCH 31, 2018					
Classification	Beginning Balance	Additions	Retirements	Other Charges Additions/ Deductions	Ending Balance
Condominium Units and Improvements	22,091,617	-	-	-	22,091,617
Transportation Equipment	5,632,455	-	-	-	5,632,455
Furnitures, Fixtures & Office Equipment	892,022	-	-	-	892,022
Machinery and Equipment	55,103,561	-	-	-	55,103,561
Construction in Progress	65,797,798	-	-	-	65,797,798
	<b>149,517,453</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>149,517,453</b>

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES					
SCHEDULE F - ACCUMULATED DEPRECIATION					
FOR THE PERIOD ENDED MARCH 31, 2018					
Classification	Beginning Balance	Additions	Retirements	Other Charges Additions/ (Deductions)	Ending Balance
Condominium Units and Improvements	12,371,370	276,303	-	-	12,647,673
Transportation Equipment	1,637,099	223,554	-	-	1,860,653
Furnitures, Fixtures & Office Equipment	849,055	11,260	-	-	860,315
Machinery and Equipment	55,103,561	-	-	-	55,103,561
	<b>69,961,085</b>	<b>511,116</b>	<b>-</b>	<b>-</b>	<b>70,472,201</b>

**ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**  
**AGING OF ACCOUNTS RECEIVABLE**  
**FOR THE PERIOD ENDED MARCH 31, 2018**

Types of Accounts Receivable	TOTAL	1 month	2 - 3 months	4-6 months	7 mos. To 1 year	1-2 years	3-5 years	5 yrs. & above
<b>a. Trade receivable</b>	15,921,190	-	-	-	-	-	-	15,921,190
<b>b. Non Trade Receivable</b>								
1. Receivable from Affiliated Co.	33,550,676	1,503,320	4,700,000	5,130,000	-	18,869,612	-	3,347,744
2. Others	164,786,640	-	-	164,786,640	-	-	-	-
<b>Sub-total</b>	198,337,316	1,503,320	4,700,000	169,916,640	-	18,869,612	-	3,347,744
Less: Allowance for Doubtful Accounts	214,258,506	1,503,320	4,700,000	169,916,640	-	18,869,612	-	19,268,934
	(17,080,061)	-	-	-	-	-	-	(17,080,061)
<b>Net Receivable</b>	<b>197,178,445</b>	<b>1,503,320</b>	<b>4,700,000</b>	<b>169,916,640</b>	<b>-</b>	<b>18,869,612</b>	<b>-</b>	<b>2,188,873</b>

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES  
FINANCIAL RATIOS  
PURSUANT TO SRC RULE 68, AS AMENDED  
March 31, 2018

	3/31/2018	3/31/2017
<b><u>Profitability Ratios:</u></b>		
Return on assets	1.24%	-0.03%
Return on equity	1.99%	-0.03%
Gross profit margin	-%	-%
Net profit margin	90.87%	-23.39%
<b><u>Liquidity and Solvency Ratios:</u></b>		
Current ratio	0.07:1	1.15:1
Quick ratio	0.06:1	0.93:1
Solvency ratio	0.03:1	-0.005:1
<b><u>Financial Leverage Ratios:</u></b>		
Asset to equity ratio	1.06:1	1.06:1
Debt ratio	0.06:1	0.06:1
Debt to equity ratio	0.06:1	0.06:1
Interest coverage ratio	-	-

## Summary of Significant Accounting Policies

### Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at FVPL and AFS financial assets, which are carried at fair value. The consolidated financial statements are presented in Philippine peso, which is the Company's functional and presentation currency under the Philippine Financial Reporting Standards (PFRS). All values are rounded off to the nearest peso, except when otherwise indicated.

### Statement of Compliance

The accompanying consolidated financial statements of the Group have been prepared in compliance with PFRS.

### Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary after eliminating significant intercompany balances and transactions. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of the subsidiary begins when the Parent Company obtains control, and continues to be consolidated until the date that such control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

### Subsidiary

A subsidiary is an entity over which the Parent Company has control.

All intra-company balances and transactions, including income, expenses, unrealized gains and losses and dividends, are eliminated in full. Profits and losses resulting from intra-company transactions that are recognized in assets and liabilities are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income or OCI to profit or loss or retained earnings, as appropriate.

The consolidated financial statements include the accounts of the Parent Company, VMC, and TVRI, Anglo Phil. Power Corp.

A subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

### Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) and improvements to PFRS which were effective beginning January 1, 2016. Adoption of these pronouncements did not have a significant impact on the Group's financial position or performance unless otherwise stated.

- Amendments to PFRS 10, PFRS 12 and PAS 28, *Investment Entities: Applying the Consolidation Exception*
- Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Disclosure Initiative*
- Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27, *Equity Method in Separate Financial Statements*
- Annual Improvements to PFRSs 2012 - 2014 Cycle
  - Amendment to PFRS 5, *Changes in Methods of Disposal*
  - Amendment to PFRS 7, *Servicing Contracts*
  - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  - Amendment to PAS 19, *Discount Rate: Regional Market Issue*
  - Amendment to PAS 34, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

### Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the applicable standards, interpretations, amendments and improvements when these become effective.

### Effective beginning on or after January 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)

These amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*  
The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

Application of amendments will result in additional disclosures in the 2017 consolidated financial statements of the Group.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

The Group is currently assessing the impact of adopting the amendments to the standard.

*Effective beginning on or after January 1, 2018*

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*  
The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

The Group is assessing the potential effect of the amendments on its consolidated financial statements.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*  
The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Group is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effective date.

- PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9.

The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities.

The adoption will also have an effect on the Group's application of hedge accounting and on the amount of its credit losses. The Group is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

This interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the consolidated financial statements of the reporting period in which the entity first applies the interpretation.

*Effective beginning on or after January 1, 2019*

- PFRS 16, *Leases*

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their consolidated financial statements, particularly on the risk exposure to residual value.

Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15.

When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Group is currently assessing the impact of adopting PFRS 16.

*Deferred effectivity*

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint*

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## *Venture*

These amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

## Summary of Significant Accounting Policies

### Presentation of Financial Statements

The Group has elected to present all items of recognized income and expense in single consolidated statement of comprehensive income.

### Asset Acquisition

When the Group acquires an entity that does not constitute a business, the Group shall identify and recognize the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in PAS 38, *Intangible Assets*) and liabilities assumed. The cost of the asset shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

### Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid deposits that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

### Financial Instruments

#### *Date of Recognition*

Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date (i.e., the date that the Group commits to purchase or sell the asset).

#### *Initial Recognition and Measurement of Financial Instruments*

The Group determines the classification of financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every end of the reporting period.

Financial instruments are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of all financial instruments, except for financial instruments measured at FVPL.

#### *Financial Assets*

Financial assets are classified in the following categories: financial assets at FVPL, loans and receivables, AFS financial assets, held-to-maturity (HTM) investment, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the purpose for which the financial assets were acquired and whether they are quoted in an active market.

The Group's financial assets are in the nature of loans and receivables, financial assets at FVPL and AFS financial assets. As at March 31, 2018 and December 31, 2017, the Group has no financial assets classified as HTM investments or as derivatives designated as hedging instruments in an effective hedge.

#### *Financial Liabilities*

Financial liabilities are classified into financial liabilities at FVPL and other financial liabilities, as appropriate.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported



as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

The Group's financial liabilities are in the nature of other financial liabilities. As at March 31, 2018 and December 31, 2017, the Group has no financial liabilities at FVPL.

### *Fair Value Measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
  - In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each end of the reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 31.

### *"Day 1" Difference*

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (Day 1 difference) in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated statement of comprehensive income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference amount.

### *Subsequent Measurement*

The subsequent measurement of financial instruments depends on their classification as follows:

### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial

assets at FVPL or designated as AFS financial asset. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in the "Interest income" account in the consolidated statement of comprehensive income. Any losses arising from impairment are recognized in "General and administrative expenses" in the consolidated statement of comprehensive income.

Loans and receivables are classified as current assets when they are expected to be realized within twelve (12) months after the end of the reporting period or within the normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

As at March 31, 2018 and December 31, 2017, the Group's loans and receivables include cash and cash equivalents, receivables, long-term note, and mine rehabilitation fund (MRF) under "Other noncurrent assets" (see Notes 4, 5, 8 and 16).

#### *Financial Assets at FVPL*

Financial assets at FVPL include financial assets held for trading purposes and financial assets designated upon initial recognition as at FVPL.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses are recognized in consolidated statement of comprehensive income. Interest and dividend income or expense is recognized in the consolidated statement of comprehensive income, according to the terms of the contract, or when the right to the payment has been established. Interest earned on holding financial assets at FVPL is reported as interest income using the EIR. Dividends earned on holding financial assets at FVPL are recognized in the consolidated statement of comprehensive income when the right of payment has been established.

Financial assets may be designated as at FVPL by management on initial recognition when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

The Group has investments in financial assets at FVPL as at March 31, 2018 and December 31, 2017.

#### *AFS Financial Assets*

AFS financial assets are those non derivative financial assets designated as such or are not classified as at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value, with unrealized gains or losses arising from the changes in fair values of AFS financial assets are reported as "Net unrealized valuation gain (loss) on AFS financial assets" in the OCI. When the investment is disposed of or determined to be impaired, the cumulative gains or losses previously recognized in OCI is recognized as income or loss in the consolidated statement of comprehensive income. Dividends earned on holding AFS financial assets are recognized when the right of payment has been established. The losses arising from impairment of such financial assets are recognized as provision for impairment losses in the consolidated statement of comprehensive income.

The fair value of AFS financial assets that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business on the reporting period. AFS financial assets whose fair value cannot be reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, are carried at cost.

The Group's AFS financial assets are presented as noncurrent assets in the consolidated statements of financial position. As at March 31, 2018 and December 31, 2017, the Group's AFS financial assets include unquoted equity shares (see Note 10).

#### *Other Financial Liabilities*

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations and borrowings. Issued financial instruments or their components, which are not classified as at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. The EIR amortization is included in the "Interest and other finance charges" in the consolidated statement of comprehensive income. Other financial liabilities are classified as current liabilities when they are expected to be settled within twelve (12) months from the end of the reporting period or the Group does not have an unconditional right to defer settlement for at least twelve (12) months from the end of the reporting period. Otherwise, they are classified as noncurrent liabilities.

As at March 31, 2018 and December 31, 2017, the Group's other financial liabilities include accounts payable and accrued expenses (excluding statutory payables) and long-term debt (see Notes 17 and 18).

#### Impairment of Financial Assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial asset is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has or have occurred after initial recognition of the asset (an incurred "loss event") and that loss has an impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated.

Objective evidence includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that borrower will enter bankruptcy or other financial reorganization.

#### *Loans and Receivables*

For loans and receivables, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is recognized in the consolidated statement of comprehensive income. Interest income continues to be recognized based on the reduced amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Receivables, together with the associated allowance accounts, are written-off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income by adjusting the allowance account.

*AFS Financial Assets Carried at Cost*

If there is objective evidence that an impairment loss in unquoted equity instrument for AFS financial assets carried at cost, such as unquoted equity instruments that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Objective evidence of impairment includes, but is not limited to, significant financial difficulty of the issuer or obligor and it becoming probable that the borrower will enter bankruptcy or other financial reorganization.

*AFS Financial Assets Carried at Fair Value*

For AFS financial assets, the Group assesses at each end of reporting period whether there is objective evidence that an AFS financial asset is impaired.

In the case of equity investments classified as AFS financial assets, this would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in OCI) is removed from OCI and recognized in the consolidated statement of comprehensive income. Impairment losses on equity investments are not reversed through the consolidated statement of comprehensive income. While increases in fair value after impairment are recognized directly in OCI under equity.

Derecognition of Financial Instruments

*Financial Assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. In such case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

*Financial Liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Group's consolidated statement of comprehensive income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). Cost is determined by the monthly moving average production cost during the year for finished goods and raw materials and supplies. The NRV of finished goods is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. For raw materials and supplies, the Company expects to realize or consume the assets within twelve (12) months after the end of the reporting period. NRV of raw materials and supplies is the current replacement cost.

### Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets include prepaid insurance, deposit and tax credit from overpayment of income tax which can be utilized as payment for income taxes in the next taxable year. These are considered as current assets since the Group expects to realize or consume these assets within twelve (12) months after the end of the reporting period.

### Assets Held for Sale

The Group classifies assets as held for sale (disposal group) when the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. Furthermore, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The related results of operations and cash flows of the disposal group that qualify as discontinued operations are separated from the results of those that would be recovered principally through continuing use, and the prior year's profit or loss in the consolidated statement of comprehensive income and statement of cash flows are re-presented. The results of operations and cash flows of the disposal group that qualify as discontinued operations are presented in profit or loss in the consolidated statement of comprehensive income and consolidated statement of cash flows as items associated with discontinued operations.

### Investments in Associates

The Group's investments in associates are accounted for using the equity method. An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Under the equity method, the investments in associates are carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate.

The consolidated statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the consolidated statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on the Group's investment in associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

### Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are

normally charged to the consolidated statement of comprehensive income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Quarry development costs are amortized on a units-of-production (UOP) basis over the economically recoverable reserves of the quarry concerned. The unit of account for aggregates is cubic meter in loose volume (LCM).

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortized on a UOP basis whereby the denominator is the proven and probable reserves and the portion of resources expected to be extracted economically. The estimated fair value of the mineral resources that are not considered to be probable of economic extraction at the time of the acquisition is not subject to amortization, until the resource becomes probable of economic extraction in the future and is recognized in "Deferred exploration costs" account in the consolidated statement of financial position

Depreciation and amortization of other items of property and equipment is computed using the straight-line method over the estimated useful lives of the asset as follows:

Category	Number of Years
Condominium units and improvements	20
Machinery and equipment	10 - 15
Transportation equipment	3 - 5
Furniture, fixtures and office equipment	2 - 5

The estimated recoverable reserves, assets residual values, useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Property and equipment also include the estimated costs of rehabilitating the Group's Montalban Aggregates Project, for which the Group is liable. These costs are amortized using the UOP method based on the estimated recoverable mine reserves until the Group actually incurs these costs in the future.

When property and equipment are retired or otherwise disposed of, both the cost and related accumulated depletion, depreciation, amortization and any impairment in value are removed from the accounts, and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

#### Investment Properties

Investment properties pertain to the Group's investment in parcels of land and related improvements that are measured initially at cost, including transaction costs. Expenditures for the development and improvement of land are capitalized as part of the cost of the land. The carrying amounts include the costs of replacing part of an existing investment property at the time those costs are incurred if the recognition criteria are met, and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, these are carried at cost in the books of the Group.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income in the period of derecognition.

Transfers are made to or from investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidence by commencement of an owner-occupation or commencement of development with a view to sale.

Under the cost model, transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Deferred Exploration Costs

Oil and gas exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with exploration are capitalized under “Deferred exploration costs” account. The Group’s deferred exploration costs are specifically identified of each Service Contract (SC)/Geophysical Survey, Exploration Contract (GSEC) area and quarrying area. All oil exploration costs relating to each SC/GSEC are deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in the consolidated statement of comprehensive income when incurred.

If no potentially commercial hydrocarbons are discovered or mineral reserve, the deferred exploration costs are written off through the consolidated statement of comprehensive income. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried under deferred exploration costs account while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as deferred exploration costs.

At the completion of the exploration phase, if technical feasibility is demonstrated and commercial reserves are discovered, then, following the decision to continue into the development phase, the deferred exploration costs relating to the SC/GSEC, where oil and gas in commercial quantities are discovered, is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to property and equipment in the consolidated statement of financial position.

Deferred exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the consolidated statement of comprehensive income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

The recoverability of deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

Other Noncurrent Assets

*Input Value-Added Tax (VAT)*

Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations.

Input VAT on capitalized assets subject to amortization and any excess which (1) may be utilized against output VAT, if any, beyond twelve (12) months from the end of the reporting period or (2) are being claimed for refund or as tax credits with the Court of Tax Appeals which are presented as noncurrent assets in the consolidated statement of financial position. Input VAT is stated at its estimated NRV.

The amount of VAT recoverable from the taxation authority is included as part of “Other noncurrent assets” in the consolidated statement of financial position.

*Advances for Future Land Acquisitions*

Advances for future land acquisitions represent the advances to the land owners plus transaction costs. These are carried at undiscounted amounts.

*Leasehold Rights*

Leasehold rights pertains to an interest in real property held under rental agreement by which the owner gives the Group the right to occupy or use the property for a period of time. This is amortized over the life of the contract.

Impairment of Nonfinancial Assets

*Investments in Associates*

The Group determines at each end of the reporting period whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment being the difference between the

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recoverable amount of the investment and the carrying value and recognizes the amount in the consolidated statement of comprehensive income.

An assessment is made at the end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognized impairment loss is reverse only if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the investments is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the assets in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

#### *Deferred Exploration Costs*

An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the deferred exploration costs may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined. Deferred exploration costs are reassessed on a regular basis and these costs are carried forward provided that at least one of the following conditions is met:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

#### *Property and Equipment, Investment Properties, Prepaid Expenses and Other Current and Noncurrent Assets*

The Group assesses at each reporting period whether there is an indication that a nonfinancial asset may be impaired when events or changes in circumstances indicate that the carrying value of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. As asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the parent company statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

As assessment is made at each end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of comprehensive income. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Provisions

##### *General*

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax amount that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as "Interest and other finance charges" in the consolidated statement of comprehensive income.

##### *Decommissioning Liability*



The Group records the present value of estimated costs of legal and constructive obligations required to restore quarry site in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the quarry site. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related assets to the extent that it was incurred as a result of the development/construction of the quarry. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in the statement of comprehensive income. Additional disturbances or changes in rehabilitation costs are recognized as additions or charges to the corresponding assets and decommissioning liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognized in the consolidated statement of comprehensive income as extraction progresses.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of comprehensive income.

For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of comprehensive income.

Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when receipt of reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement.

### Other Comprehensive Income

OCI comprises items of income and expense (including items previously presented under the statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS.

### Capital Stock and Additional Paid-in Capital

The Parent Company has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock or options are shown in equity as a deduction, net of tax, from the proceeds. Amount of contribution in excess of par value is accounted for as an additional paid-in capital.

### Treasury Stock

Treasury stock is recorded at cost and is presented as a deduction from equity. Any consideration paid or received in connection with treasury stock is recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (1) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares are issued, and (2) retained earnings. When shares are sold, the treasury stock account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

Transaction costs incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to the issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.

### Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend declarations, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Dividend distribution to the Parent Company's stockholders is recognized as a liability and deducted from retained earnings when they are approved by the Parent Company's BOD. Dividends for the year that are approved after the end of the reporting period are dealt with as an event after the end of the reporting period.

### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized.

## Sale of Aggregates

Sale of aggregates is recognized when the goods are delivered to and accepted by the customer.

## Management Fees

Management fees are recognized when services are rendered based on the contractual agreement between the parties.

## Dividend Income

Dividend income is recognized when the shareholder's right to receive payment is established.

## Interest Income

Income is recognized as the interest accrues (using the EIR that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

## Other Income

Income is recognized in the consolidated statement of comprehensive income as they are earned.

## Costs and Expenses Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. General and administrative expenses are generally recognized when the services are used or the expenses arise while interest and other finance charges are accrued in the appropriate period.

## Earnings Per Share (EPS)

Basic EPS is computed based on the weighted average number of shares outstanding and subscribed for each respective period with retroactive adjustments for stock dividends declared, if any. When shares are dilutive, the unexercised portion of stock options is included as stock equivalents in computing diluted earnings per share.

Diluted EPS amounts are calculated by dividing the net income by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares, excluding treasury shares.

Since the Group has no potential dilutive common shares, basic and diluted earnings per share are stated at the same amount.

## Segment Reporting

An operating segment is a component of an entity that: (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

The Company's segments pertain to its investments in associates. This segment is carried by Atlas Consolidated Mining Development Corporation (ACMDC), The Philodrill Corporation (TPC), United Paragon Mining Corporation (UPMC) and North Triangle Depot Commercial Corporation (NTDCC), the Group's associates. The summarized financial and other relevant information of the Group's associates are disclosed in Notes 11, 12 and 32 to the consolidated financial statements.

## Retirement Benefits Plan

The Group has a defined retirement benefit plan which requires contributions to be made to a separately administered fund. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as "Personnel cost" under general and administrative expenses in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest expense or interest income classified under "Interest and other finance charges" or "Interest income" in the consolidated statement of comprehensive income.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods. These are retained in OCI until full settlement of the obligation. Re-measurements recognized in OCI after the initial adoption of Revised PAS 19 are closed to retained earnings.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

#### Income Taxes

##### *Current Income Tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The income tax rates and income tax laws used to compute the amount are those that have been enacted or substantively enacted as at the end of the reporting period.

##### *Deferred Tax*

Deferred tax is provided using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in foreign subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in foreign subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary

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differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the income tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on income tax rates (and income tax laws) that have been enacted or substantively enacted at each end of the reporting period.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### Foreign Currency Transactions

The consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing as at the date of the initial transactions. All differences are taken to "Foreign exchange gains (losses) - net" in the consolidated statement of comprehensive income.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

#### Events After the Reporting Period

Post year-end events that provide additional information on the Group's financial position at the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

# **MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS**

of

## **ANGLO PHILIPPINE HOLDINGS CORPORATION**

**Held on 14 JUNE 2017, 3:00 P.M.,**

Banahaw Room, The Legend Villas 60 Pioneer St. corner Madison Streets,  
Mandaluyong City, Philippines

### **1. Call to Order**

Mr. Alfredo C. Ramos acted as Chairman and called the meeting to order. Atty. Adrian S. Arias was Secretary of the Meeting and recorded the minutes of the proceedings.

### **2. Certification of Quorum**

The Secretary announced that notices of the meeting had been sent to the stockholders in accordance with the By-Laws. He also certified that there were present in person or by proxy, stockholders owning 2,563,039,783 shares representing at least 85.34% of the issued capital stock (the list of attendees is available at the office of the Corporation). He therefore certified to the presence of a quorum for the transaction of corporate business.

### **3. Approval of the Minutes of the Last Stockholders' Meeting**

Upon motion duly made and seconded, the minutes of the last stockholders' meeting held on July 29, 2016, copies of which were earlier distributed to the stockholders, were unanimously approved.

### **4. Management Report**

The President, Mr. Adrian S. Ramos, presented the Report of Management.

Thereafter, upon motion duly made and seconded, the Management Report and the Corporation's financial statements for the previous year, which were presented by the Corporation's President, were noted and approved.

## **5. Ratification of the Acts of the Board of Directors and Management**

The stockholders then reviewed the acts and decisions of the Board of Directors and the Management of the Corporation from the last annual stockholders' meeting to date. After discussion and on motion made and duly seconded, the following resolution was approved:

“RESOLVED, That all contracts, acts, proceedings, elections and appointments heretofore made or taken by the Board of Directors and the Management of Anglo Philippine Holdings Corporation (the “Corporation”) for the year 2016 to date be, as they hereby are, approved, ratified and confirmed.”

## **6. Election of Directors**

The next matter was the election of directors. Upon nominations made and duly seconded, the following persons were elected by the stockholders present as Directors of the Corporation for the current year and until their successors shall have been duly elected and qualified:

ALFREDO C. RAMOS  
CHRISTOPHER M. GOTANCO  
PRESENTACION S. RAMOS  
ADRIAN PAULINO S. RAMOS  
GERARD ANTON S. RAMOS  
MAUREEN ALEXANDRA S. RAMOS-PADILLA  
ADRIAN S. ARIAS  
REYNALDO E. NAZAREA  
ROBERTO V. SAN JOSE  
RAMONCITO Z. ABAD  
RENATO C. VALENCIA

The Chairman acknowledged that the independent directors were Messrs. Ramoncito Z. Abad and Renato C. Valencia.

## **7. Appointment of External Auditors**

Thereafter, the meeting proceeded with the appointment of the external auditors of the Corporation for the current year. Upon motion made and duly seconded, the following resolution was unanimously adopted:

“RESOLVED, That the stockholders of Anglo Philippine Holdings Corporation (the “Corporation”) approve, ratify and confirm, as they do hereby, the appointment of Sycip Gorres

Velayo & Co. as the external auditors of the Corporation for the current year.”

## **8. Adjournment**

There being no further business to transact, upon motion duly made and seconded, the meeting was thereupon adjourned.

ATTEST:

**ALFREDO C. RAMOS**

Chairman of the Stockholders’ Meeting

**ADRIAN S. ARIAS**

Secretary of the Stockholders’ Meeting