COVER SHEET

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S.E.C. Registration Number

ANGLO PHILIPPINE HOLDINGS CORPORATION

(Company's Full Name)

6th Floor, Quad Alpha Centrum BuiLding, 125 Pioneer Street ManDaluyonG City

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

Atty. Adrian S. Arias

Contact Person

+63(2)6315139

Company Telephone Number

SEC FORM 17-A
(with Audited Financial Statements 2018)

04 30

Month *Day*

FORM TYPE

Secondary License Type, If Applicable

Month *Day*

SEC

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

3086

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE

1. For the Fiscal Year ended : **31 December 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 Corporation**

5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**

6. Industry Classification Code : (SEC Use Only)

7. Address of principal office : **6th Floor Quad Alpha Centrum Building**
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 Sections 4 and 8 of the RSA:

Title of Each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common stock (P1.00 par value)	**3,003,302,538 shares**
Loans Payable and Long Term Debt	**N/A**

11. Are any or all of these securities listed in 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 Rule 17(a)-1 thereunder and Sections 26 and 141 of the Corporation Code 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 for the past 90 days.
   Yes [X] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates: **P449,240,906**
(499,156,562 Shares @ P0.90/share as of December 31, 2018)

14. Document incorporated by reference: **2018 Audited Financial Statements**

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business and General Information

(a) Description of Business

(1) Business Development

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.

Natural Resources

Vulcan Materials Corporation (VMC) (100% owned) posted a net loss of P 34.3 million for 2018, compared to a net loss of P12.6 million in 2017.

VMC ceased its operations effective December 2017 following the sale of its crushing plant and exploration/production rights over the Montalban quarry to Big Rock Aggregates Corporation

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)**, commenced its commercial operation in January 2018 produced 69,600 cbm of aggregates as of December-2018, generating revenues after tax of P34.5 million, and sustaining a net loss of P18.2 million for the year 2018.

For year 2018, **The Philodrill Corporation (OV)** (34.32% owned) registered a consolidated net loss of P262.0 million, compared to a net loss of P6.4 million in 2017.

The Galoc wells continue to produce at an aggregate output of about 1,977 bopd and total production has reached about 21.5 million barrels as of the end of December 2018.

United Paragon Mining Corporation (UPM) (25.69% owned) UPMC posted a net loss of P59.1 million in 2018, compared to a net loss of P51.7 million in 2017. UPM has received a new exploration permit last August 24, 2018 and the company is now working on the post approval compliance requirement to start its 2-year exploration work program.

Atlas Consolidated Mining & Development Corp. (AT) (28.64% owned) posted a consolidated net loss of P1.72 billion in 2018, compared to a net loss P1.97 billion in 2017.

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 %
SWAN Block	NW Palawan	33.57800 %

In ***SC 6A (Octon),*** For 2018, the operator, The Philodrill Corporation (TPC), undertook re-mapping of previously identified prospects using the 2015 Pre-Stack Depth Migration seismic data and integrating the results of the 2017 Quantitative Interpretation study. Thereafter, a risk and resource analysis, as well as preliminary well/drilling design and cost study, were then performed. Results from these activities were used as bases to conduct scoping project studies to assess viability of pursuing drilling and development of these prospects. TPC intends to undertake further attribute studies to better understand reservoir development and distribution within the structure to identify potential exploration well location.

In ***SC 14D (Tara, NW Palawan),*** — TPC undertook the programmed plug and abandonment (P&A) activities in some of the production wells and platforms in Service Contract 14 in 2018, in compliance with government regulations and good industry practices. TPC, on behalf of the SC 14B and SC 14 Tara Block consortia, successfully completed in May 2018 the P&A program for the Tara South-1 and Libro wells both below budget and on schedule.

In ***SC 53 (Onshore Mindoro),*** there has been no update from block operator Mindoro-Palawan Oil & Gas, Inc. (MPOGI) as to their plans for the block, specifically the activities to execute the Joint Venture's commitments including the drilling of the Progreso-2 well..

In 2018, Gas2Grid indicated interest on the Progreso project, offering to acquire up to 70% participating interest in exchange for drilling up to 2 wells, premised on the success of the initial well. As of this writing, MPOGI has yet to formally advise the joint venture partners on the outcome of their negotiations with Gas2Grid.

Meanwhile, in September 2018, the DOE enjoined MPOGI to secure a Certificate of Pre-Condition (CP) from the National Commission on Indigenous Peoples (NCIP) to enable the DOE to lift the moratorium on SC 53. A moratorium on all exploration activities on SC 53 has been in force since July 2015. In a letter to the operator dated September 13, 2018, the DOE indicated that inaction on securing the CP from the NCIP and the regular submission of quarterly reports by MPOGI to the DOE may constitute grounds for the termination of the service contract.

In ***SC 41 (Sulu Sea)***, the area has been included again in the Philippine Conventional Energy Contracting Program (PCECP) launched last November 2018. Philodrill, which submitted a joint bid with PXP Energy Corporation back in 2012, intends to revive its bid over the block. The Company has an existing agreement with Philodrill to acquire a portion of the interest that may be awarded to Philodrill in the area.

In the ***SWAN Block***, the Company continues to await for PNOC-EC to decide on the joint venture's offer to swap a portion of their participating interests in the SWAN block for the participating interests of PNOC-EC in the new service contracts that now cover the former SWAN block.

Property Development

Tipo Valley Realty, Inc. (TVRI) (97.59% owned) – For year 2018, TVRI posted a net loss of P4.3 Million, compared to a net loss of P3.8 million for the same period in 2017. TVRI has completed the required documentations to obtain a DAR conversion certificate over its properties in Hermosa, Bataan and is awaiting approval of its conversion application.

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

Infrastructure

The Company continues to maintain its 18.6% equity in ***MRT Holdings, Inc.***, the indirect majority owner of the Metro Rail Transit Corporation (MRTC). As of end-December 2018, average ridership is about 155,000 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 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%. (ii) 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%.

(2) Business of Issuer

(A) Description of Business

The Company is an investments holding firm focused on, and maintaining investments in, natural resources, property development and infrastructure. The Company also maintains minor investments in diversified pioneer projects with attractive economic returns.

VMC is involved in the exploration and development of mineral and aggregates resources.

TVRI is involved in property development.

APPC intends to get involved in power generation.

FEC is a petroleum and mineral exploration company which has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's petroleum and mineral assets.

(i) Principal products or services and their markets - The Company, as an investments holding firm, does not generate sales or revenues from the sale of any product or service; rather, the Company generates revenues and income, principally: (a) from its investments by way of dividends received from, and/or equitizable share in the earnings of, investee companies; and, (b) sale of investments or of the securities to which the investment may have been converted, including interest income earned by such securities.

VMC holds an operating agreement to explore and develop the area covered by MPSA 070-97-IV located in Rodriguez, Rizal and to sell the aggregates products derived and processed therefrom. The principal buyers of VMC's aggregates are various local construction companies. The company ceased its operations effective December 2017 following the sale of its crushing plant and exploration/production rights over the Montalban quarry to Big Rock Aggregates Corporation.

TVRI is currently in the process of applying to develop about 201 hectares, more or less, of its land in Hermosa, Bataan, adjacent to the Subic Bay Freeport Zone, into a Special Economic Zone.

(ii) Percentage of sales or revenues and net income contributed by foreign sales – The Company do not have foreign sales.

VMC, TVRI and APPC do not have foreign sales.

(iii) Distribution methods of the products or services

VMC and BAC does not have any distribution method for its products.

TVRI has no products or services yet to sell or distribute.

(iv) Status of any new product or service – Not applicable.

(v) Competitive business conditions – With its avowed vision/mission of *"Helping Build the Filipino Future"*, the Company focuses its investments in natural resources, property development and infrastructure projects.

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, which is planning to develop its property portfolio.

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 2019 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.

The natural resources, infrastructure and property development industries are not confined within any specific geographic area. So far, the Company and its subsidiaries have participated in projects undertaken or to be undertaken in Metro Manila, Luzon, Visayas and Mindanao.

The Company generally participates in natural resources, infrastructure and property development projects as a pure equity holder without involving itself directly in the operations of the venture beyond the level of the board of directors or operating committees.

The Company invests only in projects that yield or would yield a return on investment consistent with the economic thresholds set by the Company which are, in turn, based on accepted investment grade standards set by the international business community.

(vi) Sources and availability of raw materials – BAC's main source of aggregates is in Mariveles, Bataan.

TVRI's business of property development does not require any raw material.

(vii) Major customers - The Company and TVRI are not dependent on any major customer. The Company's revenues and income are dependent on the financial performance of its investee companies, while BAC sells its aggregates products to any buyer meeting its prices. TVRI has not commenced any property development yet pending completion of all necessary permits.

(viii) Related party transactions – See Note 24 of the Company's 2018 Audited Financial Statements.

(ix) Patents, etc. – NONE

(x) Government approvals - Not applicable.

(xi) Effect of Government regulations - Existing government regulations do not adversely affect the business of the Company. Probable government regulation, if economically restrictive, may adversely affect the business of the Company and its subsidiary.

(xii) Research and development activities - The Company did not undertake any research and development activities and did not incur any expenses for such activities during the last three (3) years.

In the ordinary course of business, the projects in which the Company is, or becomes, involved in may incur expenses in commissioning feasibility and/or other similar studies. In cases where a separate entity specific to the project is formed, these expenses form part of project development costs of that entity and are, in turn, carried as part of project investment by the Company. In cases where no separate entity is formed or the proposed project is shelved for various reasons, such expenses are charged as ordinary operating expenses of the Company.

(xiii) Costs and effects of compliance with environmental laws – Compliance with environmental laws have not, and are not anticipated to, adversely affect the businesses and financial conditions of the Company. Costs of compliance with environmental laws are either charged as ordinary operating expenses or credited as part of project investment by the Company and its subsidiary. The Company did not incur any expenses for such activities during the last three (3) years.

VMC maintains an account with Land Bank of the Philippines for its Mine Rehabilitation Fund (MRF) pursuant to the requirements of 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.

(xiv) Employees - As of 31 December 2018, the Company has thirteen (13) full-time employees (including officers). TVRI has not engaged any employee yet.

(B) Additional Requirements as to Certain Issues or Issuers

(i) Debt Issues – Not applicable.

(ii) Investment Company Securities – Not applicable.

(iii) Mining and Oil Companies – The Company, in line with its previous primary business purpose now retained as one of its secondary purposes, and VMC are participants in certain petroleum and/or mineral exploration and development ventures. These concession areas are provided in Item 1(a)1 above.

ITEM 2. PROPERTIES

Properties of the Company consist of condominium units and improvements and office equipment located at the principal office of the Company. Properties of subsidiary, TVRI, consist of office equipment located in its principal office Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City and approximately 300 hectares of land located at Bgys. Mabiga and Sacrifice Valley, Hermosa, Bataan. These properties are carried at cost less accumulated depreciation.

The Company does not own any plant, mine or other property. Subsidiary VMC owns exploration and development rights in certain mineral exploration areas covered by Mineral Production Sharing Agreements (MPSA), Applications for Production Sharing Agreements (APSA), exploration permits and industrial sand and gravel (ISAG) permit applications, while TVRI owns about 300 hectares of land located at Bgys. Mabiga and Sacrifice Valley, Hermosa, Bataan.

As discussed under the heading "Other Investments"above, the Company maintains participating interests in certain petroleum and mineral concession areas. To the extent of its Participating Interests in the petroleum and mineral exploration areas, the Company shares co-ownership rights with the other concessionaires over the respective Joint Accounts and Joint Properties pertaining to each concession area which are generally expressed in monetary terms as "Deferred Exploration Costs"in the Company's books of accounts.

Similarly, subsidiary VMC maintains interests in certain mineral concession areas. To the extent of its participating interests in the mineral concession areas, VMC shares co-ownership rights with the other concessionaires over the respective Joint Accounts and Joint Properties pertaining to each concession area which are generally expressed in monetary terms as "Deferred Exploration Costs" in VMC's books of accounts which are, in turn, consolidated into the Company's books of accounts.

Owing to the intermittent nature of petroleum exploration, no permanent physical property, plant or equipment are situated or being maintained in the concession areas as they are brought in only, under lease or charter, whenever there is any exploration activity to be undertaken in the areas.

VMC sold its permanent physical property, plant and equipment, rights to explore, develop, operate and utilize, the Montalban Aggregates Project Area to Big Rock Aggregates Corporation through a Deed of Assignment dated December 19, 2017.

ITEM 3. LEGAL PROCEEDINGS

There is no material pending legal proceeding to which the Company or its subsidiary or affiliate is a party, or which any of their property is the subject, except the following:

In 2013, VMC filed a criminal case for qualified theft against Benjamin Villacarta, a former Assistant Manager of Finance and Accounting Department of VMC who converted several checks intended for tax payments into cash for personal gain. The case is currently archived after a hold-departure order was issued by court against Villacarta.

In July 2015, VMC filed a complaint affidavit with the prosecutor's office for qualified theft against Raizel Ann Fortin, a former general accountant of VMC who took for personal gain certain monies intended as payments for various materials sold by VMC to clients. An Information was subsequently filed against her before the Regional Trial Court of San Mateo, which issued a warrant for her arrest. Unfortunately, the warrant went unserved and no return has been submitted by the local police in charge of service thereof.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NO matter was submitted to a vote of security holders during the fourth quarter of the fiscal year 2018.

PART II –OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Price of and Dividends on Common Equity and Related Stockholder Matters

(1) Market Information

2018 and 2017 and the first quarter of the current fiscal year 2019, expressed in Philippine Pesos, are as follows:

	Stock Prices (Php) High	Low
2019- 1st quarter	1.37	0.73
2018– 1st quarter	1.18	0.88
2nd quarter	1.04	0.88
3rd quarter	1.00	0.89
4th quarter	0.97	0.73
2017– 1st quarter	1.18	1.10
2nd quarter	1.35	1.10
3rd quarter	1.36	1.35
4th quarter	1.11	0.91

(2) Holders

As of 31 December 2018, total number of shareholders of record is 3,086 while common shares outstanding were 3,003,302,538 shares. The Company's top 20 Stockholders as of 31 December 2018 are as follows:

Rank	Stockholders	Total Shares	Percentage
1	ALAKOR CORPORATION	1,524,661,961	50.7662%
2	PCD NOMINEE CORPORATION CORPORATION	1,126,536,276	37.5099%
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%
	S.J. ROXAS & CO., INC. A/C # 2.19.038	850,000	0.0283%
10	JACK F. CONLEY	825,000	0.0275%
11	ANSALDO, GODINEZ & CO, INC.	753,835	0.0251%
12	ANTONIO M. HENARES	660,000	0.0220%
13	TBG MBTC FAO CARLOS EJERCITO	500,000	0.0166%
14	JESUS GARCIA	440,000	0.0147%
	ANTONIO HENARES &/OR CARMEN HENARES	440,000	0.0147%

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 Securties 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.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

(A) Management's Discussion and Analysis or Plan of Operation
(1) Plan of Operation

To sustain business growth, the Company plans to focus and build on its core investments in natural resources (through investments in OV, UPM, AT and APPC), property development (through investment in TVRI and MRTDC), and infrastructure (through investment in MRTC).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.

On the other hand, APPC's subsidiary, BAC, is preparing for full operations in its aggregates area.

(B) Owing to the nature of the business of the Company (investment holding), VMC (mineral and aggregates exploration and development), and TVRI (property development), and APPC (power generation) and aggregates through BAC), 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.

On the other hand, any plant and/or equipment that may be purchased or otherwise acquired by BAC in the next twelve (12) months are charged as ordinary expenses and will be subsequently consolidated into APPC's financial statements.

(D) The Company and its subsidiaries, VMC, APPC and TVRI do not expect any significant change in the number of its employees in the next twelve (12) months.

The Company and its subsidiaries, VMC, APPC and TVRI, 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 2018 reflect foreign exchange gain/losses on the Company's deposits.

2) Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial highlights for the years 2018, 2017 and 2016 are presented below:

	2018 (Consolidated)	2017 (Consolidated)	2016 (Consolidated)
Revenues	106,621,638	43,779,066	197,065,108
Net income/(loss)	(645,696,129)	(234,266,384)	(113,400,211)
Total assets	9,949,,443,708	10,287,595,103	6,991,514,198
Total Liabilities	3,943,921,506	3,901,829,486	383,874,969
Net worth	6,005,522,202	6,385,765,617	6,607,639,229
Issued & subscribed capital	3,003,302,538	3,003,302,538	3,003,302,538

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

	December 31, 2018 (Consolidated)	December 31, 2017 (Consolidated)	December 31, 2016 (Consolidated)
Current Ratio	**0.09:1**	**0.06:1**	**1.07:1**
Current Assets	334,254,994	228,460,472	388,165,746
Current Liabilities	3,909,815,732	3,896,396,570	364,120,765
Assets to Equity Ratio	**1.66 : 1**	**1.61 : 1**	**1.06 : 1**
Total Assets	9,949,443,708	10,287,518,908	6,991,514,198

Stockholders Equity	6,005,522,202	6,385,689,422	6,607,639,229
Debt to Equity Ratio	**0.66 : 1**	**0.61 : 1**	**0.06 : 1**
Total Liabilities	3,943,921,506	3,901,829,486	383,874,969
Stockholders Equity	6,005,522,202	6,385,689,422	6,607,639,229
Equity to Debt Ratio	**1.52: 1**	**1.64 : 1**	**17.21 : 1**
Stockholders Equity	6,005,522,202	6,385,689,422	6,607,639,229
Total Liabilities	3,943,921,506	3,901,829,486	383,874,969
Book Value per share	**2.00**	**2.13**	**2.20**
Stockholders Equity	6,005,522,202	6,385,689,422	6,607,639,229
Shares Outstanding	3,003,302,538	3,003,302,538	3,003,302,538
Earnings/(Loss) per share	**(0.22)**	**(0.08)**	**(0.04)**
Net Income/(Loss)	(645,859,629	(234,266,384)	(113,400,211)
Average Number of shares outstanding	3,003,302,538	3,003,302,538	3,003,302,538

Current Ratio continue to decreased from 2016 to 2017 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. From 2017 to 2018 increase in Current Ratio was due to was due to reclassification of its notes receivable from affiliates which is due within the period of one year.

Assets to Equity Ratio increased from 2016 to 2017 due to increased in Total Assets as a result of the Company's subscription to AT shares. In 2018, Asset to Equity Ratio is at 1:66:1

Debt-to-Equity Ratio increased from 2016 to 2017 due to increase in total liabilities brought about by the Company's subscription to AT shares. In 2018, Debt-to-Equity Ratio increased due to the decrease in Stockholders Equity due to net loss incurred by the Company in 2018.

Equity-to-Debt Ratio decreased from 2016 to 2017 due to the increase in total liabilities brought about by the Company's subscription to AT shares. In 2018, Equity to Debt Ratio continue to decreased due to the decrease in Stockholders Equity due to net loss incurred by the Company in 2018.

Book Value per Share (BVPS) continue to decreased in 2016 to 2018 due to the decrease in Stockholders Equity resulting from the net loss incurred by the Company from 2016 to 2018.

Earnings Per Share (EPS) decreased from 2016 to 2018 due net losses incurred by the Company in 2016 to 2018.

(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 <u>2016-2018</u> in one or more line items of the Company's financial statements, EXCEPT as disclosed below:

a. Net Revenues decreased from 2016 to 2018 due lower revenue generated by the Company in during the years.

b. <u>Total sales</u> in 2018, is the recorded sales of BAC while in 2016 total sales is attributable to total sales generated by the Company's subsidiary, VMC. There are no sales recorded in 2017 since the VMC has no operation for the year 2017.

c. <u>Costs and Expenses</u> is higher in 2016 compared to 2017 as a result of write-off of the Company's receivable from EPL in 2016. In 2018, the Company recorded a P738.5 million cost and expenses mainly due to the Company's share in net losses of its associates.

d. <u>Income/(Loss) Before Income Tax.</u> From 2016 to 2018 , the Company continuous to incurred losses before income due to lower income generated by the Company during the same period .

e. <u>Basic and Diluted Earnings(Loss) Per Share</u> is (P0.04), (P0.08) and (P0.22) for the year 2016, 2017, and 2018, respectively.

f. <u>Retained Earnings</u> continue to decreased in 2016 to 2018 due to net loss incurred by the Company during for the the same period.

g. Current Assets decreased in 2016 to 2017 due to: i) the decrease in cash and cash equivalents due the Company's additional loan/advances to its affiliates/subsidiaries. However, in 2018, The Company's Current Assets increased due to the reclassification of its receivable from affiliates/subsidiaries which is due within the period of one year.

h. Non-Current Assets increased from 2016 to 2017 due to due to the increase the Company's subscription to AT shares. In 2018, Non-Current Assets decreased due to the decrease in Investment in associates brought about by the net losses incurred by its investee Company.

i. Current Liabilities increased from 2016 to 2017 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. In 2018, Current Liabilities increased due the loan availment of its subsidiary.

j. Stockholders' Equity continue to decreased from 2016 to 2018 due to net loss incurred by the Company during the same period.

(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.

(2) Interim Periods

No interim financial statements are included in this report.

ITEM 7. FINANCIAL STATEMENTS

Refer to the Audited Financial Statements as of December 31, 2018, 2017, and 2016.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been **NO** changes in, nor disagreements with, accountants on accounting and financial disclosure for fiscal years 2018, 2017 and 2016.

Mr. Adrian Paulino S. Ramos is a Director and President and COO of the Company. He is the former EVP and Treasurer 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 former President and COO of the Company. He serves as a director and/or executive officer 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 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.

Atty. Iris Marie U. Carpio-Duque is the Corporate Secretary of the Company. For the past five 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 the 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).

(E) Directors with 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:

Alfredo C. Ramos	*Anglo Philippine Holdings Corporation*	*Vulcan Industrial & Mining Corp.*
	Atlas Consolidated Mining &Dev't. Corp	*Shang Properties, Inc.*
	MRT Holdings, Inc.	*The Philodrill Corporation*
	MRT Dev't Corp.	*United Paragon Mining Corp.*
	National Book Store, Inc.	
Christopher M. Gotanco	*Anglo Philippine Holdings Corporation*	*Penta Capital Investment Corp.*
	Boulevard Holdings, Inc.	*The Philodrill Corporation*
	MRT Holdings, Inc.	*United Paragon Mining Corp.*
	MRT Dev't Corp.	*Vulcan Industrial & Mining Corp.*
	Penta Capital Finance Corp.	
Presentacion S. Ramos	*Alakor Securities Corporation*	*The Philodrill Corporation*
	Anglo Philippine Holdings Corporation	*Vulcan Industrial & Mining Corp.*
	National Book Store Inc.	
Roberto V. San Jose	*Anglo Philippine Holdings Corporation*	*CP Equities Corporation*
	Atlas Resources Management Group	*Mabuhay Holdings Corporation*
	CP Group of Companies	
	Anglo Philippine Holdings Corporation	*The Philodrill Corporation*

(3) Family Relationships

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

(4) Involvement in Certain Legal Proceedings

The Company is not aware of: (1) any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, promoter, or control person 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 director, person nominated to become a director, executive officer, promoter, or control person, 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 Philodrill 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 Navarro with the Department of Justice; (c) Mr. Reynaldo E. Nazarea has filed separate cases of perjury and attempted estate against Mr. Francisco Navarro, which are similarly the subject of a Petition for Review with the Department of Justice; (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 of a director, person nominated to become a director, executive officer, promoter, or control person of the Company; and, (4) judgment against a director, person nominated to become a director, executive officer, promoter, or control person 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.

ITEM 10. EXECUTIVE COMPENSATION

(1) Summary Compensation Table

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 (2017 and 2018) and estimated to be paid for the ensuing fiscal year (2019) are:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Alfredo C. Ramos	Chairman/CEO				
Adrian Paulino S. Ramos	President				
Geraed Anton S. Ramos	EVP-Investments				
Adrian S. Arias	EVP-Legal and Administration				
Gilbert V. Rabago	Treasurer				
		2017	9,611,900	1,356,600	
		2018	10,633,100	1,526,800	
		2019 (est)	11,696,410	1,679,800	
All officers and directors as a group unnamed		2017	10,326,900	1,356,600	
		2018	11,348,100	1,526,800	
		2019 (est)	12,482,910	1,679,480	

(2) Compensation of Directors

(A) Standard Arrangement

For the most recently completed fiscal year, directors received and will receive a per diem of P5,000.00 per month to defray their expenses in attending board meetings.

(B) Other Arrangements

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

(3) Employment Contracts and Termination of Employment and Change-in-Control

(A) 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.

(B) 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 P2,500,000.00 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 the first 10 years. Based on this policy, the retirement pay of some officers of the Company may exceed P2,500,000.00.

(C) There are no warrants or options outstanding in favor of directors and officers of the Company.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(1) Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2018, the Company is not aware of anyone who beneficially owns more than 5% of its outstanding stock, except as set forth below:

Title of Class	Name and address of record owner and relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of shares held	Percentage Ownership
Common	Alakor Corporation 9th Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City **Stockholder**	Alakor Corporation (Direct Ownership)	Filipino	1,524,661,961	50.77%
Common	BDO Securities Corporation 27 Tower 1 Exchange Plaza Ayala Ave., Makati City **Stockholder**	National Book Store Inc. Client (see Note B)	Filipino	466,081,757**	15.45%
Common	PCD Nominee Corporation Makati Stock Exchange Bldg. 6767 Ayala Avenue, Makati City **Stockholder**	PCD Participants (see note A)	Filipino/Non Filipino	408,106,293*	13.27%
Common	National Book Store Inc. 4th Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City **Stockholder**	National Book Store Inc. (Direct Ownership)	Filipino	313,640,759	10.44%

Common	Alakor Securities Corporation 9th Floor, Quad Alpha Centrum 125 Pioneer St., Mandaluyong City **Stockholder**	Alakor Corporation Client (see Note B)	Filipino	105,375,425**	3.51%

**Of the total 1,126,536,276 shares under the name of PCD Nominee Corp., 466,081,757 shares (15.52%) are under the name of BDO Securities Corp. (BDOSC), and 254,631,900 shares (8.66%) 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%) and of the 259,952,900 shares under the name of ASC, Alakor Corporation (AC) owns 105,375,425 shares (3.51%), while NBSI owns 115,949 shares (0.003%).*

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 195 beneficial owners of the Company's voting stock of which BDOSC and ASC are the record owner 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. 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.

(2) Security Ownership of Management

As of 31 December 2018, the Company's directors and officers own the following number of shares registered in their respective names:

Title of Class	Name of beneficial owner	Amount and nature of Beneficial ownership		Citizenship	Percent Of Class
		Direct	Indirect		
Common	Alfredo C. Ramos (D/CEO/N)	11,000	49,405,872	Filipino	1.65%
Common	Christopher M. Gotanco (D/O/N)	110	17,830,540	Filipino	0.59%
Common	Adrian Paulino S. Ramos (D/N)	18,000	33,000	Filipino	<0.01%
Common	Gerard Anton S. Ramos (D/N)	1,000	0	Filipino	<0.01%
Common	Adrian S. Arias (O)	1,000	19,000	Filipino	0.00%
Common	Roberto V. San Jose (D/O/N)	373,866	59,386	Filipino	0.01%
Common	Reynaldo E. Nazarea (D/N)	10,000	10,000	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%

There are no additional shares of the Company which the above listed directors and officers have the right to acquire beneficial ownership of from options, warrants, conversion privileges, or similar obligations.

(3) 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 securities under a voting trust or similar arrangement.

(4) Changes in Control

To the extent known to the Company, there are no arrangements which may result in a change in control of the Company.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

(1) Related Transactions

Except as disclosed in Note 24 of the 2018 Audited Financial Statements hereto attached, there had been NO transactions during the last two (2) 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 a director, or owner of more than 5% of the Company's voting securities, or voting trust holder of 5% or more of any class of the Company's securities, 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.

(2) Not Applicable

(3) Parent of the Company

As of December 31, 2018, Alakor Corporation holds 54.28% of the Company's outstanding capital stock.

(4) Transaction with Promoters

The Company has had no transaction with promoters during the last (5) years.

PART 1V –CORPORATE GOVERNANCE

ITEM 13. 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.

PART V - EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

A.	Exhibits		see Index to Financial Statement and Supplementary Schedule
B.	Report on SEC Form 17-C	-	Already filed with the SEC

SIGNATURES

Pursuant to the requirement of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mandaluyong on _____ April 2019.

ANGLO PHILIPPINE HOLDINGS CORPORATION
Issuer

ALFREDO C. RAMOS
Chairman of the Board/CEO

ADRIAN PAULINO S. RAMOS
President/Director/COO

IRIS MARIE U. CARPIO-DUQUE
Corporate Secretary,
Compliance Officer and
Corporate Information Officer

GILBERT V. RABAGO
Treasurer

APR 25 2019

SUBSCRIBED AND SWORN to before me this ______ day of April 2019, 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	E C8370209	Jul 21, 2016/Jul 20, 2021	DFA Manila
Adrian Paulino S. Ramos	EC6344702	Jan 08, 2016/Jan 7, 2021	DFA Manila
Iris Marie U. Carpio-Duque	P4323180A	Sep. 09, 2017/ Sep. 10, 2022	DFA NCR East
Gilbert V. Rabago	PRC 0105874	Valid until 03/24/2020	Manila

Doc No. 147
Page No. 31
Book No. 52
Series of 2019.

ATTY. JAMES K. ABUGAN
NOTARY PUBLIC
Appt. No. 0442-19
Until Dec 31, 2020
IBP No. 051567 Sept. 28, 2018
Roll No. 26890 Lifetime
MCLE No. VI-0012875 Until 4/14/2022
TIN No. 116-239-956
PTR No. 3811514/1-3-2019
Tel. No. 631-40-90

MANDALUYONG CITY

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE
SEC FORM 17-A
DECEMBER 31, 2018

CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

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, 2018 and 2017, 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 V. RABAGO
Treasurer

APR 2 5 2019

SUBSCRIBED AND SWORN to before me this ______ day of ________ 2018, affiant exhibited to me his Community Tax Certificates, as follows:

Names	Passport Number/ Government Issued ID	Issue Date/Expiry Date	Place of Issue
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Gilbert V. Rabago	PRC 0105874	Valid until 03/24/2020	Manila

Doc No. 144
Page No. 30
Book No. 52
Series of 2019.

ATTY. JAMES R. ABUGAN
NOTARY PUBLIC
Appt. No. 0442-19
Until Dec 31, 2020
IBP No. 051567 Sept. 28, 2018
Roll No. 26890 Lifetime
MCLE No. VI-0012875 Until 4/14/2022
TIN No. 116-239-956
PTR No. 3811514/1-3-2019
Tel No. 631-80-90
MANDALUYONG CITY

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	4	1	0	2

COMPANY NAME

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES

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

6th Floor Quad Alpha Centrum, 125 Pioneer St. Mandaluyong City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@anglophil.com	(02) 631-5139	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,089	Last Friday of July	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Gilbert V. Rabago	info@anglophil.com	(02) 631-5139	0917-621-7350

CONTACT PERSON's ADDRESS

6th Floor Quad Alpha Centrum, 125 Pioneer St. 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.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Anglo Philippine Holdings Corporation
6th Floor Quad Alpha Centrum
125 Pioneer St. Mandaluyong City

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, 2018 and 2017, 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, 2018, 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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2018 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 ₱175.7 million as at December 31, 2018. 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 13 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.

Accounting for and Recoverability of Investments in Associate Companies

The Group has effective ownership of 28.64% in Atlas Consolidated Mining and Development Corporation (ACMDC), 34.38% in The Philodrill Corporation (TPC), and 25.69% in United Paragon Mining Corporation (UPMC) as at December 31, 2018, which are accounted for using the equity method. The Group's investment in these associates amounting to ₱8.4 billion represents about 84.3% of its consolidated total assets as at December 31, 2018. In 2018, the Group's share in the net losses of associates amounted to ₱597.6 million, which is 92.6% of the Group's consolidated net loss.

In 2018, the result of operations of the associates is significantly affected by the following:

- Propriety of revenue recognition of ACMDC and TPC which involves application of significant management judgment and estimation as a result of the adoption of PFRS 15, *Revenue from Contracts with Customers*;

- Estimation of ore reserves by ACMDC and oil reserves by TPC which are key inputs to depletion, decommissioning provisions and impairment estimates and involves significant management estimates and assumptions and involvement of external experts; and,

- Estimation of provisions for plug and abandonment costs of TPC which requires significant management judgement because of the inherent complexity in estimating future costs.

In addition, PFRS requires that an impairment review be performed when certain impairment indicators are present. 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 for impairment testing purposes.

Information on these investments is disclosed in Note 10 to the consolidated financial statements.

Audit Response

We obtained relevant financial information of the associates and recomputed the Group's share in equity in the associates' net earnings/losses.

In relation to the adoption of PFRS 15, we reviewed the PFRS 15 impact assessment prepared by the management of ACMDC and TPC, including revenue streams identification and scoping, and contract analysis. In addition, we checked whether all performance obligations within the contracts with customers have been identified. We also checked whether management has identified and estimated all components of the transaction price, and whether the timing of revenue recognition is based on when the performance obligation is satisfied.

In relation to the estimation of ore and oil reserves, we evaluated the competence, capabilities and objectivity of the external specialists engaged by ACMDC and TPC to perform an independent assessment of the ore and oil reserves, respectively, by considering their qualifications, experience and reporting responsibilities. We reviewed the external specialist's report and obtained understanding about the nature, scope and objectives of the work, basis of the estimates including any changes in the ore and oil reserves during the year. In addition, we also tested the ore and oil reserves estimates applied to depletion, decommissioning provisions and impairment estimates.

In relation to the estimation of provisions for plug and abandonment costs, we performed recalculation of TPC's share in the estimated plug and abandonment costs based on TPC's participating interest in the service contracts. We tested the inputs and assumptions used by TPC's management (i.e., discount rate and foreign exchange rate) by comparing these against available market data and checked the adjustment recognized in relation to changes in estimate.

Further, we obtained and reviewed management's impairment analysis. 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 expected life of the project, future production levels and costs, contribution to Government based on current regulations, gold and copper prices and discount rate. We compared the expected mine life used against the mine life based on the ore reserve report, production reports from the operations departments, current tax laws and forecasted gold and copper prices. We assessed future production levels and costs based on the Group's historical performance.

We compared the key inputs such as gold and copper prices against externally published data. We tested the parameters used in the determination of the discount rate against market data. 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, 2018, 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, 2018 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.

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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 Ma. Genalin Q. Arevalo.

SYCIP GORRES VELAYO & CO.

Ma. Genalin Q. Arevalo

Ma. Genalin Q. Arevalo
Partner
CPA Certificate No. 108517
SEC Accreditation No. 1613-A (Group A),
March 2, 2017, valid until March 1, 2020
Tax Identification No. 224-024-926
BIR Accreditation No. 08-001998-123-2017,
February 9, 2017, valid until February 8, 2020
PTR No. 7332522, January 3, 2019, Makati City

April 1, 2019

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱43,577,731**	₱19,051,021
Receivables (Note 5)	**203,558,272**	191,136,889
Financial assets at fair value through profit or loss (FVTPL; Note 6)	**12,272,330**	3,712,820
Note receivable (Note 8)	**60,000,000**	–
Prepaid expenses and other current assets (Note 7)	**14,846,661**	14,559,742
Total Current Assets	**334,254,994**	228,460,472
Noncurrent Assets		
Investments in associates (Note 10)	**8,387,203,156**	8,714,846,099
Long-term note receivable (Note 8)	**600,651,468**	630,379,005
Investment properties (Note 12)	**305,581,329**	305,581,329
Deferred exploration costs (Note 13)	**175,667,965**	208,611,166
Property and equipment (Note 11)	**64,882,106**	79,556,368
Financial assets at fair value through other comprehensive income (FVOCI; Note 9)	**2,175,600**	–
Available-for-sale financial assets (AFS; Note 9)	–	8,583,953
Pension assets (Note 25)	**7,068,456**	7,865,186
Deferred income tax assets - net (Note 26)	–	8,103,450
Other noncurrent assets (Note 14)	**71,958,634**	95,608,075
Total Noncurrent Assets	**9,615,188,714**	10,059,134,631
TOTAL ASSETS	**₱9,949,443,708**	₱10,287,595,103
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 15)	**₱267,781,517**	₱273,981,426
Due to related parties (Note 24)	**838,928,622**	841,791,274
Subscription payable (Note 10)	**2,780,623,880**	2,780,623,880
Current portion of loan payable (Note 17)	**18,174,226**	–
Current portion of finance lease liability (Note 17)	**3,839,071**	–
Provision for plug and abandonment costs (Note 13)	**467,016**	–
Income tax payable	**1,400**	–
Total Current Liabilities	**3,909,815,732**	3,896,396,580
Noncurrent Liabilities		
Loans payable - net of current portion (Note 17)	**22,407,375**	–
Deposits from customers (Note 15)	**5,432,916**	5,432,916
Finance lease liability - net of current portion (Note 17)	**1,649,308**	–
Deferred income tax liabilities - net (Note 26)	**4,616,175**	–
Total Noncurrent Liabilities	**34,105,774**	5,432,916
Total Liabilities	**3,943,921,506**	3,901,829,496

(Forward)

	December 31	
	2018	2017
Equity (Note 19)		
Capital stock - ₱1 par value		
Authorized - 4,000,000,000 shares		
Issued - 3,008,919,508 shares	**₱3,008,919,508**	₱3,008,919,508
Subscribed - 7,383,030 shares (net of subscriptions receivable of ₱1,367,687)	**6,015,343**	6,015,343
Additional paid-in capital	**1,570,157,056**	1,570,157,056
Net unrealized valuation gain (loss) on financial assets at FVOCI/ AFS financial assets (Note 9)	**(2,157,353)**	163,500
Remeasurement gains on defined benefit obligation, net of deferred taxes	**1,355,141**	1,838,026
Share in other comprehensive income of associates (Note 10)	**482,233,162**	213,976,700
Retained earnings	**959,479,811**	1,605,072,357
Treasury stock - 13,000,000 shares at ₱2.12 cost per share	**(27,566,075)**	(27,566,075)
Equity attributable to equity holders of the Parent Company	**5,998,436,593**	6,378,576,415
Non-controlling interest	**7,085,609**	7,189,192
Total Equity	**6,005,522,202**	6,385,765,607
TOTAL LIABILITIES AND EQUITY	**₱9,949,443,708**	₱10,287,595,103

See accompanying Notes to Consolidated Financial Statements.

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2018	2017	2016
REVENUES			
Revenue from contracts with customers:			
Sale of aggregates (Note 2)	**₱31,265,927**	₱–	₱40,735,955
Royalty income (Note 16)	**10,523,913**	8,403,894	2,790,013
Interest income (Note 22)	**33,889,093**	34,148,962	33,949,269
Gains on:			
Foreign exchange - net	**30,268,309**	–	9,206,425
Sale of investments (Notes 6)	–	780,071	–
Fair value changes of financial assets at FVTPL (Note 6)	–	–	494,800
Dividend income (Notes 6 and 9)	**604,396**	446,139	311,674
Other income (Note 11)	**70,000**	–	109,172,666
	106,621,638	43,779,066	196,660,802
COST AND EXPENSES			
Equity in net losses of associates (Note 10)	**597,605,340**	213,244,350	78,379,530
General and administrative expenses (Note 21)	**56,567,007**	53,722,739	192,196,328
Cost of sales (Note 20)	**42,592,657**	–	42,858,065
Provision for impairment of deferred exploration costs (Note 13)	**33,569,773**	–	–
Plug and abandonment costs (Note 13)	**3,988,144**	–	–
Interest and other finance charges (Note 22)	**2,737,345**	164,449	1,433,156
Losses on:			
Fair value changes of financial assets at FVTPL (Note 6)	**1,419,477**	290,800	–
Sale of investments (Note 9)	**199,914**	–	–
Foreign exchange - net	–	572,194	–
Sale of assets (Note 27)	–	8,915,819	–
	738,679,657	276,910,351	314,867,079
LOSS BEFORE INCOME TAX	**(632,058,019)**	(233,131,285)	(118,206,277)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 26)			
Current	**875,034**	1,036,547	3,086,307
Deferred	**12,926,576**	98,552	(7,892,373)
	13,801,610	1,135,099	(4,806,066)
NET LOSS	**(₱645,859,629)**	(₱234,266,384)	(₱113,400,211)
Net loss attributable to:			
Equity holders of the Parent Company	**(645,756,046)**	(₱234,175,658)	(₱113,294,080)
Non-controlling interest	**(103,583)**	(90,726)	(106,131)
	(₱645,859,629)	(₱234,266,384)	(₱113,400,211)

(Forward)

	Years Ended December 31		
	2018	2017	2016
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified to profit or loss in subsequent periods:			
Share in other comprehensive income of associates (Note 10)	**₱9,584,878**	₱5,852,107	₱16,061,699
Remeasurement gains (losses) on retirement benefit, net of deferred tax (Note 25)	**(482,885)**	723,188	(936,515)
Net unrealized valuation gain (loss) on financial assets at FVOCI (Note 9)	**7,500**	–	–
Item that will be reclassified to profit or loss in subsequent periods:			
Share in other comprehensive income of associates (Note 10)	**258,671,584**	5,899,217	87,945,450
Net unrealized valuation gain (loss) on AFS financial assets (Note 9)	–	(81,750)	245,250
	267,781,077	12,392,762	103,315,884
TOTAL COMPREHENSIVE LOSS	**(₱378,078,552)**	(₱221,873,622)	(₱10,084,327)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**(377,974,969)**	(₱221,782,896)	(₱9,978,196)
Non-controlling interest	**(103,583)**	(90,726)	(106,131)
	(₱378,078,552)	(₱221,873,622)	(₱10,084,327)
Basic and Diluted Earnings (Loss) Per Share (Note 28)	**(₱0.22)**	(₱0.08)	(₱0.04)

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, 2018, 2017 AND 2016

	Attributable to equity holders of the Parent Company												
	Capital Stock (Note 19)												
	Issued	Subscribed	Subscriptions Receivable	Subscribed - net	Additional Paid- in Capital (Note 19)	Net Unrealized Gain on AFS (Note 9)	Remeasurement Gains (Losses) on Defined Benefit Obligation (Note 25)	Share in Other Comprehensive Income (Loss) of Associates (Note 10)	Retained Earnings	Treasury Stock (Note 19)	Total	Non-controlling Interest	Total
Balances at January 1, 2016	₱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)
Balances at December 31, 2017	3,008,919,508	7,383,030	(1,367,687)	6,015,343	1,570,157,056	163,500	1,838,026	213,976,700	1,605,072,357	(27,566,075)	6,378,576,415	7,189,192	6,385,765,607
Effect of adoption of PFRS 9 (Note 9)	–	–	–	–	–	(2,164,853)	–	–	–	–	(2,164,853)	–	(2,164,853)
Balances at January 1, 2018, as restated	3,008,919,508	7,383,040	(1,367,687)	6,015,353	1,570,157,056	(2,001,353)	1,838,026	213,976,700	1,605,072,357	(27,566,075)	6,376,411,562	7,189,192	6,383,600,754
Realized loss upon disposal of financial assets at FVOCI	–	–	–	–	–	(163,500)	–	–	163,500	–	–	–	–
Net loss	–	–	–	–	–	–	–	–	(645,756,046)	–	(645,756,046)	(103,583)	(645,859,629)
Other comprehensive income (loss)	–	–	–	–	–	7,500	(482,885)	268,256,462	–	–	267,781,077	–	267,781,077
Total comprehensive income (loss)	–	–	–	–	–	7,500	(482,885)	268,256,462	(645,756,046)	–	(377,811,469)	(103,583)	(377,915,052)
Balances at December 31, 2018	₱3,008,919,508	₱7,383,030	(₱1,367,687)	₱6,015,343	₱1,570,157,056	(2,157,353)	₱1,355,141	₱482,233,162	₱959,479,811	(₱27,566,075)	₱5,998,436,593	₱7,085,609	₱6,005,522,202

See accompanying Notes to Consolidated Financial Statements.

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱632,058,019)**	(₱233,131,285)	(₱118,206,277)
Adjustments for:			
Equity in net losses of associates (Note 10)	**597,605,340**	213,244,350	78,379,530
Interest income (Note 22)	**(33,143,220)**	(34,148,962)	(33,949,269)
Provision for impairment of deferred exploration costs (Notes 13)	**33,569,773**	–	–
Unrealized foreign exchange losses (gains)	**(30,105,592)**	(1,317,164)	(9,210,325)
Depreciation, depletion and amortization (Notes 11, 20 and 21)	**29,414,497**	1,965,600	6,217,450
Interest and other finance charges (Note 22)	**2,737,345**	164,449	1,433,156
Changes in fair value of financial assets at FVTPL (Note 6)	**1,419,477**	290,800	(494,800)
Dividend income (Notes 6 and 9)	**(604,396)**	(446,139)	(311,674)
Provision for plug and abandonment (Note 13)	**467,016**	–	–
Net change in retirement benefit plan assets (Notes 23 and 25)	**106,895**	124,227	(1,741,399)
Gain on sale of equipment (Note 11)	**(70,000)**	–	–
Loss on sale of financial asset at FVOCI (Note 9)	**199,914**	–	–
Loss on sale of assets (Note 27)	–	8,915,819	–
Operating loss before working capital changes	**(30,460,970)**	(44,338,305)	(77,883,608)
Decrease (increase) in:			
Receivables	**(7,321,383)**	(11,854,785)	110,783,055
Inventories	–	–	(679,107)
Prepaid expenses and other current assets	**(1,038,809)**	(504,383)	(10,155,409)
Increase (decrease) in:			
Accounts payable and accrued expenses	**(6,954,240)**	(20,989,315)	13,853,808
Due to related parties	**(2,862,652)**	(3,193,120)	–
Cash generated from (used in) operations	**(48,638,054)**	(80,879,908)	35,918,739
Interest received	**33,224,588**	32,836,262	31,721,345
Interest paid	**(2,513,015)**	–	–
Income taxes paid	–	–	(81,581)
Net cash flows from (used in) operating activities	**(17,926,481)**	(48,043,646)	67,558,503
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Disposal of financial asset at FVOCI	**4,051,086**	9,465,000	–
Dividends received	**604,396**	446,139	16,771,746
Sale of equipment	**70,000**	–	–
Repayment of long-term note receivable and interest (Note 8)	–	808,505,795	–
Issuance of long-term note receivable (Note 8)	–	(686,993,695)	(35,569,613)
Additions to:			
Financial assets at FVTPL (Note 6)	**(9,978,987)**	(2,912,200)	(6,700,000)
Investments in associates (Note 10)	**(1,705,935)**	(926,162,571)	(30,144,326)
Deferred exploration costs (Note 13)	**(626,572)**	(2,257,942)	(3,222,353)
Property and equipment (Note 11)	**208,666)**	(68,505,798)	(38,491)
Investment property (Note 12)	–	(124,562)	(860,530)
Financial assets at FVOCI	–	–	(4,087,500)
Decrease (increase) in other noncurrent assets	**18,549,441**	(38,142,945)	(12,862,781)
Net cash flows from (used in) investing activities	**10,754,763**	(906,682,779)	(76,713,848)

(Forward)

	Years Ended December 31		
	2018	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from			
Availment of loan	**₱40,750,000**	₱–	₱–
Advances from a related party	**–**	797,947,880	
Payments of:			
Finance lease liability	**(9,333,333)**	–	–
Dividends (Note 19)	**–**	–	(44,841,107)
Interest	**–**	–	(1,214,879)
Net cash flows from (used in) financing activities	**31,416,667**	797,947,880	(46,055,986)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**24,244,949**	(156,778,545)	(55,211,331)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**281,761**	18,332	2,560,325
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**19,051,021**	175,811,234	228,462,240
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱43,577,731**	₱19,051,021	₱175,811,234

See accompanying Notes to Consolidated Financial Statements.

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **General Information, Status of Operations and Management Plans 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 entity 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 Parent Company and its Subsidiaries (collectively referred to as the Group) are engaged in various business activities, through its subsidiaries and affiliates, namely metallic mineral mining and exploration, oil exploration and productions, infrastructure and property development and real estate.

The Parent Company is owned by Alakor Corporation (Alakor) and National Book Store, Inc. (NBS) with a combined ownership of 80.17%. Alakor and NBS are entities incorporated and domiciled in the Philippines. Alakor is the ultimate parent of the Group.

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

The Group incurred net losses of ₱645.9 million and ₱234.3 million in 2018 and 2017, respectively, which mainly arise from the Group's share in net losses of associates. Management performed impairment test as at December 31, 2018 and 2017 and assessed that the Group's investment in associates is not impaired (see Note 10).

As at December 31, 2018 and 2017, the Group's current liabilities exceeded its current assets by ₱3,575.6 million and ₱3,667.9 million, respectively, which is largely attributed to the payable arising from the Parent Company's additional investment in Atlas Consolidated Mining and Development Corporation (ACMDC) which totalled ₱3,577.7 million and is considered an investing activity. Net cash flows used in operating activities amounted to ₱17.9 million and ₱41.5 million in 2018 and 2017, respectively. To pay off currently maturing obligations arising from operations, the Group has sufficient financial assets which amounted to ₱334.4 million as of December 31, 2018.

Further, management's actions and plans to improve and sustain the Group's operations include the following, among others:

a. The Parent Company will obtain financial assistance from its major shareholders to support the Group's operating and investing activities and also secure a commitment from related parties not to demand payment of the Group's due to them;
b. The Group will examine various project financing options to fund its exploration work program; and,
c. The Group plans of expanding the quarry area and improving cost efficiency measures to increase profitability.

On this basis, the Group continues to adopt the going concern basis in preparing the consolidated financial statements and considers that there are no material uncertainties that may exist which may cast significant doubt on the Group's ability to continue as a going concern. This basis of preparation presumes that the Group will continue to receive the support of its major shareholders and will realize its assets and discharge its liabilities in the ordinary course of business.

Authorization for Issue of the Consolidated Financial Statements
The consolidated financial statements as at December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 were approved and authorized for issuance by the Board of Directors (BOD) on April 1, 2019.

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 measured at fair value through profit-or-loss (FVTPL) and financial assets measured at fair value through other comprehensive income (FVOCI) or available-for-sale financial statements (AFS) investments, 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 of the Group 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.

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 reassesses 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-Group 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.

Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals to non-controlling interest is also recognized directly in equity.
The consolidated financial statements include the accounts of the Parent Company and the subsidiaries listed below:

		Percentage of Ownership	
Group	Principal Activities	**2018**	2017
Direct interest			
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
Indirect interest			
Bataan Aggregates Corp. (BAC)	Sand and gravel quarrying	100	100

VMC was registered with the Philippine SEC on September 12, 1991 and was previously engaged in mining exploration and sale of aggregates. As of April 1, 2019, VMC has no operations.

On December 22, 2015, the Parent Company acquired 97.59% of interest in TVRI which is engaged in real estate development. As of April 1, 2019, TVRI has not yet started commercial operations

APPC was registered with the Philippine SEC on September 26, 2016 primarily to undertake the development, exploitation and processing of any energy resources.

BAC was registered with the Philippine SEC on May 4, 2017 and is primarily engaged in sand and gravel quarrying. BAC started commercial operations in January 2018 which contributed ₱31.3 million revenue to the Group arising from sale of aggregates.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting 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. Entities are required to apply the amendments to: (1) share-based payment transactions that are unvested or vested but unexercised as of January 1, 2018, (2) share-based payment transactions granted on or after January 1, 2018 and to (3) modifications of share-based payments that occurred on or after January 1, 2018. Retrospective application is permitted if elected for all three amendments and if it is possible to do so without hindsight.

  The Group has assessed that the adoption of these amendments does not have any impact on the 2018 financial statements as it has no share-based payment transactions.

- 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.

  The Group applied PFRS 9 using modified retrospective approach, and chose not to restate comparative figures as permitted by the transitional provisions of PFRS 9, thereby resulting in the following impact:

  - The classification and measurement requirements previously applied in accordance with PAS 39 and disclosures requirements in PFRS 7 are retained for the comparative period. Accordingly, the information presented for the comparative period does not reflect the requirements of PFRS 9.

  - The Group discloses the accounting policies for both the current and the comparative periods, one applying PFRS 9 beginning January 1, 2018 and one applying PAS 39 as at December 31, 2017.

- The difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application is recognized in the opening retained earnings or other component of equity, as appropriate.

- As comparative information is not restated, the Group is not required to provide a third statement of financial information at the beginning of the earliest comparative period in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*.

As at January 1, 2018, the Group has reviewed and assessed all its existing financial assets.

- *Classification and Measurement.* PFRS 9 requires debt instruments to be classified either at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Classification under PFRS 9 for debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI).

  An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets, or both. If a debt instrument is held to collect contractual cash flows, it is classified as at amortized cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are classified as FVOCI.

  Under the new model, FVTPL is the residual category - financial assets should therefore be classified as FVTPL if they do not meet the criteria of FVOCI or amortized cost. Regardless of the business model assessment, an entity can elect to classify a financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

  The Group's debt instruments have contractual cash flows that are solely payments of principal and interest and accordingly measured at amortized cost under PFRS 9. There is no significant impact arising from measurement of these instruments under PFRS 9. PFRS 9 requires all equity instruments to be carried at FVTPL, unless an entity chooses, on an instrument-by-instrument basis on initial recognition, to present fair value changes in other comprehensive income.

  Equity investments in non-listed companies previously classified as AFS financial assets are now classified and measured as equity instruments designated at FVOCI. The Group elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. The reclassification resulted to a decrease in total assets and total equity by ₱2.2 million as of January 1, 2018. The decrease in equity is presented as an adjustment to the opening balance of equity by ₱2.2 million. It has no impact on the net income and cash flows of the Group for the year ended December 31, 2017 (see Note 9).

  The Group has assessed which business model apply to the financial assets held by the Group at the date of initial application of PFRS 9 and has classified its financial instruments into the appropriate PFRS 9 categories.

Summarized below is the effect of adoption of PFRS 9 in the classification of the Group's financial assets at January 1, 2018:

	Under PAS 39		Remeasurements/	Under PFRS 9	
Financial Instruments	Classification	Amount	Reclassifications	Classification	Amount
Financial Assets					
Cash and cash equivalents	Loans and receivables (measured at amortized cost)	₱19,051,021	₱–	Financial assets measured at amortized cost	₱19,051,021
Trade and other receivables	Loans and receivables (measured at amortized cost)	191,136,889	–	Financial assets measured at amortized cost	191,136,889
Financial asset at fair value through profit or loss	Financial asset at FVTPL	3,712,820	–	Financial asset at FVTPL	3,712,820
AFS investments	AFS investments (measured at cost less any impairment)	8,583,953	(2,164,853)	Financial assets at FVOCI	6,419,100
Long-term note receivable	Loans and receivables (measured at amortized cost)	630,379,005	–	Financial assets measured at amortized cost	630,379,005

There were no changes to the classification and measurement of financial liabilities. As at December 31, 2018 and 2017, the Group does not hold financial liabilities designated at FVTPL.

- *Impairment.* The new impairment model for financial assets requires the recognition of allowance of impairment losses on financial assets based on expected credit losses, rather than only incurred credit losses as under current PAS 39. The main impact for the Group relates to trade receivables that do not contain a significant financing component, and as allowed by PFRS, the Group uses a simplified approach whereby the loss allowance will be measured at the initial recognition and throughout the life of the receivable at an amount equal to its lifetime expected credit losses. In calculating the expected credit loss rates, the

  Group considers the customers' ability to fulfill their obligations based on historical performance, current condition and credit evaluations, and adjusted for forward-looking factors specific to the debtors and the economic environment.

In conclusion, adoption of PFRS 9 did not significantly impact the Group's consolidated financial statements.

- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*

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.

The amendments are not applicable to the Group since it does not 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.

  While the Group elected to apply the modified retrospective approach in the adoption of PFRS 15, it did not result to a cumulative adjustment in the retained earnings as at January 1, 2018 based on the Group's evaluation.

  The first step was to evaluate whether the existing contracts meet the definition of contracts with customers as per PFRS 15. The relevant attributes of contracts under PFRS 15 are: approval of the contracts by the parties to the contract, ability to identify each party's rights regarding the services to be rendered, clear payment terms, commercial substance of the contract and expectation that the consideration can be collected from the customer. The Group's customer contracts can be clearly identified based on the customer requirements with clear terms and individual pricing and thus no significant changes in the identification of contracts compared to existing revenue recognition practices were noted.

  The second step was to identify the performance obligations included in revenue contracts. The Group's revenue mainly comprise of sale of aggregates, where performance obligations are satisfied at the time the aggregates are delivered to and accepted by the customer. No additional separate performance obligations have been identified in the contracts with customers that would materially impact the revenue recognition under PFRS 15 standard compared to the prior revenue recognition practices. No contracts were identified where the Group would act as an agent on behalf of another party. The adoption of PFRS 15 did not significantly change the timing or amount of revenue recognized under these arrangements.

  The third and fourth steps relate to determining and allocating the transaction price. Transaction price is the amount the Group expects to receive in exchange for a fulfilled performance obligation. The prices received by the Group are fixed and do not include significant financing components. The contracts signed have no multiple performance obligations and there is no variable consideration over time. Accordingly, PFRS 15 does not materially change the principles applied by the Group regarding the determination and allocation of the transaction price.

  The fifth step is about recognizing revenue in the period during which the goods transfers to the customers. The terms applied by the Group in its revenue contracts determine the period, at which the goods are delivered and accepted by the customer. As such, the revenue recognition principles did not change the timing or amount of revenue recognized. In addition, the timing of revenue recognition does not result in any contract assets or liabilities and there are no unfulfilled performance obligations at any point in time.

  In conclusion, the adoption had no significant impact on the substance of the principles applied by the Group to the amount and timing of revenue recognition.

- Amendments to PAS 28, *Investments in Associates and Joint Ventures, 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. Retrospective application is required.

  The amendments are not applicable to the Group since it is not a venture capital organization or an investment entity, nor does the Group has associates or joint ventures that are investment entities.

- 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. Retrospective application of the amendments is not required and is only permitted if this is possible without the use of hindsight.

  The Group's current practice is in line with the clarifications issued and does not have any effect on its consolidated financial statements.

- 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 the date of the transaction for each payment or receipt of advance consideration. Retrospective application of this interpretation is not required.

  The Group's current practice is in line with the clarifications issued and does not have any effect on its consolidated financial statements.

New Standards and Interpretation Issued and Effective after December 31, 2018
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 will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective Beginning On or After January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

  These amendments have no impact on the consolidated financial statements of the Group.

- 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.

  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.

  The Group is currently assessing the impact of adopting PFRS 16 and plans to adopt the new standard on the required effective date.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

  The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

  The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

  The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted.

  Since the Group does not have long-term interests in associate and joint venture to which equity method is not applied, the amendments will not have an impact on its consolidated financial statements.

- 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, *Income Taxes,* 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.

  The Group plans to adopt the interpretation on the required effective date and does not expect it to have a significant impact on the consolidated financial statements.

- *Annual Improvements to PFRSs* 2015-2017 Cycle

  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

    A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

    These amendments are currently not applicable to the Group but may apply to future transactions.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

  An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted.

  These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

  The Group plans to apply these amendments on the required effective date.

Effective Beginning On or After January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply to future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

The Group is currently assessing the impact of adopting these amendments.

Effective Beginning On or After January 1, 2021

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts.* This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

  The new standard is not expected to have a material impact on the consolidated financial statements of the Group because it is not engaged in the insurance business.

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *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. 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 (IASB) 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.

  The Group plans to apply the amendments on the required effective date.

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.

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

Financial Instruments

Initial 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).

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at FVTPL.

Classification and Subsequent Measurement Prior to January 1, 2018

Financial Assets
Financial assets are classified in the following categories: financial assets at FVTPL, 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 determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

- *Financial Assets at FVTPL.* Financial assets at FVTPL include financial assets held for trading purposes and financial assets designated upon initial recognition as at FVTPL.

  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 FVTPL is reported as interest income using the EIR. Dividends earned on holding financial assets at FVTPL are recognized in the consolidated statement of comprehensive income when the right of payment has been established.

Financial assets may be designated as at FVTPL 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 that are held for trading are classified as financial assets at FVTPL as at December 31, 2017.

- *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 FVTPL 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, the Group's loans and receivables include cash and cash equivalents, receivables, long-term note receivable and deposit under "Other noncurrent assets".

- *AFS Financial Assets.* AFS financial assets are those non derivative financial assets designated as such or are not classified as at FVTPL, 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 Other Comprehensive Income (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 under noncurrent assets in the consolidated statements of financial position. As at December 31, 2017, the Group's AFS financial assets include quoted and unquoted equity shares.

- *HTM Investments.* Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as HTM when the Group has the positive intention and ability to hold it to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be HTM, such as bonds, are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process.

  As of December 31, 2017, the Group has no HTM investments.

Financial Liabilities
Financial liabilities are classified into financial liabilities at FVTPL 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, the Group has no financial liabilities at FVTPL.

- *Other Financial Liabilities.* This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL 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 FVTPL 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.

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

Impairment of Financial Assets Prior to January 1, 2018

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.

Classification and Measurement Effective January 1, 2018

Classification of Financial Assets. Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:
- Financial assets measured at amortized cost;
- Financial assets measured at FVTPL;
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss; and,
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Contractual Cash Flows Characteristics. If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business Model. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

- *Financial Assets at Amortized Cost.* A debt financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the consolidated statement of income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for bad debts" in the consolidated statement of income.

  As at December 31, 2018, the Group has financial assets at amortized cost consisting of cash and cash equivalents, receivables, long-term note receivable and deposit under "Other noncurrent assets".

- *Financial Assets at FVTPL.* Financial assets at FVTPL are measured at FVTPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the statement of income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

The Group's financial assets at FVTPL consists of investments in quoted equity shares that are held for trading as of December 31, 2018.

- *Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

  The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

  Dividends are recognized in profit or loss only when:
  - the Group's right to receive payment of the dividend is established;
  - it is probable that the economic benefits associated with the dividend will flow to the Group; and,
  - the amount of the dividend can be measured reliably.

  As of December 31, 2018, the Group's financial assets at FVOCI pertains to investments in unquoted equity shares that are not held for trading.

Classification of Financial Liabilities. Financial liabilities are measured at amortized cost, except for the following:
- Financial liabilities measured at fair value through profit or loss;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and,
- Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or,
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVTPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

The Group's financial liabilities include accounts payable and accrued expenses (excluding statutory payables), subscription payable, due to related parties, loans payable and finance lease liability.

Impairment of Financial Assets. Upon adoption of PFRS 9, the standard introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

The Group recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit losses). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit losses).

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

- *Determination of the Stage for Impairment.* At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

  An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

- *Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to 'Trade receivables'. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For any other financial assets carried at amortised cost (which are due in more than 12 months), the expected credit losses is based on the 12-month expected credit losses. The 12-month expected credit losses is the proportion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit losses. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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.

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.

Cash and Cash Equivalents
Cash includes cash on hand and with banks and short-term deposits. 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.

Prepaid Expenses and other current assets
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.

Advances to supplier represents prepayments relative to acquisitions of assets or operational agreements entered into by the Company and its suppliers. These advances will be reclassified to the specific asset account once the risks and rewards over the assets are transferred to the Company or charged to expense once the related services are rendered.

Prepaid expenses and advances to suppliers are included in current assets, except when the related goods services are expected to be received or rendered more than twelve (12) months after the reporting date which are classified as non-current assets.

Prepaid taxes consist substantially of creditable withholding taxes which are recognized as assets to the extent that it is probable that the benefit will flow to the Company. These are derecognized when there is a legally enforceable right to apply the recognized amounts against related liability with the period prescribed by the relevant tax laws.

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.

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	3 - 15
Transportation equipment	3 - 5
Furniture, fixtures and office equipment	2 - 5

The 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.

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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period.

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 investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by start of owner-occupation or of development with a view to sell.

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)
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 Group's consolidated 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 deprecation 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
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.

Equity

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. 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.

Other Comprehensive Income. Other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the profit or loss for the year in accordance with PFRSs.

Revenue Recognition

Prior to the Adoption of PFRS 15
Revenue is recognized based on the transfer of risks and rewards and to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received as receivables, excluding discounts, rebates, and other sales taxes or duties. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent.

Upon Adoption of PFRS 15
Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue from Contracts with Customers

- *Sale of Aggregates.* Sale of aggregates is recognized when the goods are delivered to and accepted by the customer. Sale of aggregates is recognized when control passes to the customer, which occurs at a point in time when the aggregates are physically transferred and accepted by the customer. Selling prices are based on agreed prices between the customer and the Group.
- *Royalty Income.* Royal income is recognized over time under PFRS 15 when earned which is consistent under PAS 18.

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
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 (Loss) 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 (loss) 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 32.

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.

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 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, 2018 and 2017. Total acquisition cost of this investment is ₱5,770.4 million.

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 as at December 31, 2018 and 2017, 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 12.

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 of Receivables (applicable until December 31, 2017 prior to the adoption of PFRS 9)

The Group evaluates specific accounts where the Group has information that certain customers are unable to meet their financial obligations. Factors, such as the Group's length of relationship with the customers and the customer's current credit status, are considered to ascertain the amount of reserves that will be recorded in the receivables account. In addition to specific allowances against individually significant accounts, the Group also makes a collective impairment assessment against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any past collection experiences, the current economic conditions, and average age of the group of receivables. Allowance is re-evaluated and adjusted as additional information is received.

No provision for impairment loss on receivables was recognized in 2017 and 2016. Receivables, net of allowance for impairment loss on receivable and long-term note receivable amounted to ₱17.1 million, amounted to ₱853.8 million as of December 31, 2017 (see Note 5).

Measurement of Expected Credit Losses (applicable starting January 1, 2018 upon adoption of PFRS 9)
Expected credit losses are derived from unbiased and probability weighted estimates of expected loss, and are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, or an approximation thereof.

For trade receivables, the Group uses the provision matrix which is based on the Group's historical observed loss rates with adjustment for forward-looking information and macroeconomic variables. At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed loss rates, forecast economic conditions and ECLs is a significant estimate which involves qualitative and quantitative thresholds in place. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

For other debt financial assets, the Group evaluates credit exposures and significant changes in credit risk with reference to comparable entities in the same industry, size and geographical operations. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit losses). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit losses).

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

Provision for expected credit loss on receivables amounted to ₱3.4 million in 2018. Receivables, net of allowance for impairment loss on receivable, note receivable and long-term note receivable amounted to ₱20.4 million, amounted to ₱864.2 million as of December 31, 2018 (see Note 5).

Estimating Impairment on Investments in Associates
PFRSs requires that an impairment review be performed when certain impairment indicators are present. In determining the recoverable amount 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.

Management performed impairment test as at December 31, 2018 and 2017. The recoverable amount of the Group's investment in associates has been determined using a discounted cash flow projection.

The calculation of the value-in-use of the associates' underlying assets incorporates the following key assumptions:

- Expected life of the project;
- Future production levels and costs;
- Contribution to the Government:
- Commodity prices; and
- Pre-tax discount rates.

The significant assumptions in the value-in-use calculation and sensitivity to changes in assumptions are disclosed in Note 10.

Investments in associates amounted to ₱8,387.2 million and ₱8,714.8 million as at December 31, 2018 and 2017, respectively. No provision for impairment losses recognized in 2018, 2017 and 2016 (see Note 10).

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.

Provision for impairment of deferred exploration costs amounted to ₱33.6 million in 2018 and nil in 2017 and 2016. The carrying value of deferred exploration costs amounted to ₱175.7 million and ₱208.6 million as at December 31, 2018 and 2017, respectively (see Note 13).

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 2018 and 2017.

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 ₱64.9 million and ₱79.6 million as at December 31, 2018 and 2017, respectively. The balance of the accumulated depreciation of property and equipment amounted to ₱99.3 million and ₱70.0 million as at December 31, 2018 and 2017, respectively (see Note 11).

Estimating Impairment of Property and Equipment, Investment Properties and Other Noncurrent Assets (except Deposit)
The Group assesses impairment on prepaid expenses and other current assets, property and equipment, investment properties and other noncurrent assets (except deposit) 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, 2018 and 2017, the aggregate carrying amount of nonfinancial assets amounted to ₱439.1 million and ₱448.4 million, respectively (see Notes 11, 12 and 14).

Assessing Recoverability of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred income 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 income 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 gross deferred income tax assets amounting to ₱7.1 million and ₱10.3 million as at December 31, 2018 and 2017 (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, 2018 and 2017, the retirement benefit plan asset amounted to ₱7.1 million and ₱7.9 million, respectively. Net retirement benefit expense in 2018 and 2017 amounted to ₱106,895 and ₱124,227 (see Notes 23 and 25).

4. Cash and Cash Equivalents

	2018	2017
Cash on hand	**₱60,000**	₱30,000
Cash with banks	**23,493,967**	13,997,257
Short-term deposits	**20,023,764**	5,023,764
	₱43,577,731	₱19,051,021

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 2018, 2017 and 2016, interest income from cash with banks and short-term deposits, net of final tax, amounted to ₱0.7 million, ₱0.7 million, and ₱3.4 million, respectively (see Note 22). Accrued interest receivable from short-term deposits as at December 31, 2018 and 2017 amounted to ₱0.4 million and ₱3,907, respectively (see Note 22).

5. Receivables

	2018	2017
Trade	**₱24,583,746**	₱15,921,190
Advances to:		
MRT Dev't. Corp. (MRTDC; see Note 16)	**147,937,865**	156,569,453
Advances to related parties (see Note 24)	**34,117,356**	22,217,356
Accrued interest receivable (see Notes 4 and 8)	**8,398,983**	5,251,735
Others	**8,956,546**	8,257,216
	223,994,496	208,216,950
Less allowance for impairment losses	**20,436,224**	17,080,061
	₱203,558,272	₱191,136,889

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.

Set out below is the movement in the allowance for expected credit losses of receivables:

	2018	2017
Balances at beginning of year	**₱17,080,061**	₱17,080,061
Provision for expected credit loss	**3,356,163**	–
Balances at end of year	**₱20,436,224**	₱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 21).

6. Financial Assets at FVTPL

	2018	2017
Aboitiz Power Corporation	**₱3,755,700**	₱–
Shang Properties, Inc.	**3,350,880**	3,361,620
Semirara Mining & Power Corporation	**2,927,350**	–
Aboitiz Equity Ventures, Inc.	**1,980,000**	–
Chelsea Logistics Holdings Corp.	**258,400**	351,200
	₱12,272,330	₱3,712,820

Movements in the financial assets at FVTPL as at December 31, 2018 and 2017 are as follows:

	2018	2017
Balances at beginning of year	**₱3,712,820**	₱10,556,420
Additions	**9,978,987**	2,912,200
Changes in fair value of financial assets at FVTPL	**(1,419,477)**	(290,800)
Disposals	–	(9,465,000)
Balances at end of year	**₱12,272,330**	₱3,712,820

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

Dividend income recognized in 2018 related to financial assets at FVTPL amounted to ₱0.3 million. No dividend income recognized in 2017 and 2016 related to financial assets at FVTPL.

7. Prepaid Expenses and Other Current Assets

	2018	2017
Creditable withholding tax	**₱8,187,510**	₱8,415,765
Advances to suppliers	**6,041,058**	5,915,690
Prepaid expenses	**491,816**	228,287
Input VAT	**126,277**	–
	₱14,846,661	₱14,559,742

Advances to suppliers consist of payments made for future purchases of goods and services.

8. Notes Receivable

Convertible Note

On June 9, 2015, APHC entered into an unsecured 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 and 2016 amounted to ₱6.0 million and ₱28.7 million, respectively (see Note 22).

Fixed-interest Note

Carmen Copper Corporation (CCC)

On March 21, 2017, APHC entered into an unsecured 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 repayment amounting to $2.0 million (₱101.6 million) in 2017. Interest earned in 2018 and 2017 amounted to $0.6 million (₱30.5 million) and $0.5 million (₱24.8 million) (see Note 22). Accrued interest receivable as at December 31, 2018 and 2017 amounted to $15,866 (₱0.8 million) for both years (see Note 5). The outstanding note receivable from CCC amounted to $11.4 million (₱600.7 million) and $11.4 million (₱570.4 million) as of December 31, 2018 and 2017, respectively.

Alakor Corporation (Alakor)

On October 29, 2015, APHC signed an unsecured 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 at a fixed interest rate of 4.25%. As at December 31, 2018, loans receivable from Alakor was reclassified to current assets.

Interest earned in 2018, 2017 and 2016 amounted to ₱2.7 million, ₱2.5 million and ₱1.9 million, respectively (see Note 22). Accrued interest receivable as at December 31, 2018 and 2017 amounted to ₱7.2 million and ₱4.5 million, respectively (see Note 5).

9. Financial Assets at FVOCI/AFS Financial Assets

	2018	2017
Equity securities:		
Unquoted	**₱2,175,600**	₱4,332,953
Quoted	**–**	4,251,000
	₱2,175,600	₱8,583,953

Movements in the financial assets at FVOCI/AFS financial assets as at December 31, 2018 and 2017 are as follows:

	2018	2017
Balance at January 1	**₱8,583,953**	₱8,665,703
Effect of adoption of PFRS 9	**(2,164,853)**	–
Balance at January 1 (as restated)	**6,419,100**	8,665,703
Disposal	**(4,251,000)**	–
Changes in fair value of AFS financial assets recognized in OCI	**7,500**	(81,750)
Balance at December 31	**₱2,175,600**	₱8,583,953

Movements in the fair value changes of financial assets at FVOCI/ AFS financial assets in 2018 and 2017 are as follows:

	2018	2017
Balances at beginning of year	**₱163,500**	₱245,250
Effect of adoption of PFRS 9	**(2,164,853)**	–
Balance at January 1 (as restated)	**(2,001,353)**	245,250
Transfer of valuation gain to retained earnings upon disposal of financial assets at FVOCI	**(163,500)**	–
Changes in fair value of financial assets at FVOCI	**7,500**	(81,750)
Balances at end of year	**(₱2,157,353)**	₱163,500

Investments in quoted financial assets pertain to investments in preferred shares of a local public Group, San Miguel Corp. In August 2018, investment in quoted financial assets was sold at a loss of ₱199,914. The fair value of the quoted instruments is based on the exit market price as reporting date.

Investments in unquoted financial assets pertain to investments in private local companies and have no fixed maturity date or coupon rate. Prior to January 1, 2018, unquoted investments have been carried at cost less impairment due to the unpredictable nature of cash flow and lack of suitable method of arriving at a fair value. Upon adoption of PFRS 9 at January 1, 2018, these investments were carried at fair value. Fair value of unquoted financial assets is determined using the adjusted net asset value approach (see Note 31).

No impairment loss was recognized in 2018, 2017 and 2016 on the Group's quoted and unquoted equity instruments.

Dividend income recognized in 2018, 2017 and 2016 related to financial assets at FVOCI/AFS financial assets amounted to ₱0.3 million, ₱0.4 million and ₱0.3 million, respectively.

10. Investments in Associates

	2018	2017
Acquisition cost:		
Balances at beginning of year	**₱8,964,918,985**	₱5,260,268,704
Additions during the year	**1,705,935**	3,704,650,281
Balances at end of year	**8,966,624,920**	8,964,918,985
Accumulated equity in net loss:		
Balances at beginning of year	**(464,049,586)**	(250,805,236)
Equity in net losses during the year	**(597,605,340)**	(213,244,350)
Balances at end of year	**(1,061,654,926)**	(464,049,586)
Accumulated equity share in OCI:		
Balances at beginning of year	**213,976,700**	202,225,376
Equity share in other comprehensive income during the year	**268,256,462**	11,751,324
Balances at end of year	**482,233,162**	213,976,700
	₱8,387,203,156	₱8,714,846,099

The carrying values of investments in associates are as follows:

	Percentage of Ownership		Amount	
	2018	2017	**2018**	2017
ACMDC	**28.64%**	28.64%	**₱5,377,753,934**	₱5,600,703,039
The Philodrill Corporation (TPC)	**34.38%**	34.32%	**2,486,259,108**	2,575,846,734
United Paragon Mining Corporation (UPMC)	**25.69%**	25.69%	**523,190,114**	538,296,326
			₱8,387,203,156	₱8,714,846,099

The fair value measurement hierarchy for investment in associates as at December 31, 2018 and 2017 are as follows:

2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
ACMDC	**₱2,610,101,228**	**₱–**	**₱–**	**₱2,610,101,228**
TPC	**857,619,923**	**–**	**–**	**857,619,923**
UPMC	**369,155,289**	**–**	**–**	**369,155,289**

2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
ACMDC	₱5,097,853,960	₱–	₱–	₱5,097,853,960
TPC	790,083,453	–	–	790,083,453
UPMC	442,986,346	–	–	442,986,346

There were no transfers between level 1 to level 2 in 2018 and 2017.

Investment in ACMDC
ACMDC is primarily engaged in metallic mineral mining and exploration, and currently produces copper concentrate (with gold and silver) and magnetite iron ore concentrate.

In 2017, APHC 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, 2018 and 2017 amounted to ₱2,778.5 million. As a result, the Group's percentage of ownership increased from 8.36% in 2016 to 28.64% in 2017.

Key Assumptions Used in Value in Use Calculations and Sensitivity to Changes in Assumptions

The Group performed its annual impairment test as at December 31, 2018 and 2017.

The recoverable amount of investment in associate has been determined based on a discounted cash flows (DCF) calculation using cash flow projections from financial budgets approved by senior management.

The projected cash flows have been developed to reflect the expected mine production over the life of the mine adjusted by the effects of other factors such as inflation rate. The pre-tax discount rate applied to the cash flow projections as at December 31, 2018 and 2017 are 9.93% and 10.18%, respectively. As a result of this analysis, management concluded that the investment in associate is not impaired.

The calculation of DCF is most sensitive to the following assumptions:
a. Expected life of the project
b. Future production levels and costs
c. Contribution to the government
d. Copper prices
e. Pre-tax discount rate

a. Expected life of the project
   ACMDC projected a 34-year expected life of the project, which is based on the remaining mineable ore reserves of the project and their capacity to mine those remaining mineable ore reserves.

   The remaining mineable ore reserves are based on Philippine Mineral Reporting Code.

b. Future Production Levels and Costs
   Future production levels and costs include direct and indirect costs used to concentrate the mined ore reserves for the remaining life of the mine.

c. Contribution to the Government
ACMDC assumes the prevailing tax rate imposed on an entity that is engaged in mining operations. ACMDC is affected by the newly enacted tax reform law.

d. Copper Prices
ACMDC considers the effect of commodity price changes. ACMDC considered the possible effect of the changes in the price of copper as it relates to the revenues that may be generated by ACMDC and the attainment of the cash flow projections. ACMDC used the data from the Wood Mackenzie Limited, a global mining and metals research and consultancy firm. The price is the function of a number of factors, which includes, among others, copper grade, moisture content and factor rate.

Generally, a higher grade and lower moisture content would yield higher recoverable amount otherwise, this may indicate impairment. ACMDC expects that the overall price of copper concentrate ore will improve throughout the life of mine.

e. Pre-tax Discount Rate
Discount rate represents the current market assessment of the risks specific to the investment in associates taking into consideration the time value of money and the individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of ACMDC and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by ACMDC's investors. The cost of debt is based on the interest-bearing borrowings ACMDC is obliged to service. Specific risk is incorporated by applying individual beta factors and are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The pre-tax discount rates used are 9.93% and 10.18% as at December 31, 2018 and 2017, respectively.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

<u>Investment in TPC</u>
TPC is primarily engaged in petroleum and mineral exploration and development.

In 2018, the Group subscribed to an additional 130.48 million shares of TPC at ₱0.013 per share and paid the corresponding paid-up capital of ₱1.7 million. As a result, the Group's percentage of ownership increased from 34.32% in 2017 to 34.38% in 2018.

In relation to the TPC's acquisition of Vulcan Industrial & Mining Corporation's (VIMC) interest in Octon block, TPC is contingently liable for $500,000 which is payable within sixty (60) days from the date of commercial discovery in the contract areas.

The Group has no outstanding capital commitments related to the investments in TPC as of December 31, 2018 and 2017.

Key Assumptions Used in Value in Use Calculations and Sensitivity to Changes in Assumptions

The Group performed its annual impairment test as at December 31, 2018 and 2017.

The projected cash flows have been developed to reflect the expected oil reserve to be extracted over the life of the contract/project adjusted by the effects of other factors such as inflation rate. The pre-tax discount rate applied to the cash flow projections as at December 31, 2018 is 12%. As a result of this analysis, management concluded that the investment in associate is not impaired.

The calculation of DCF is most sensitive to the following assumptions:

a. Future production levels and costs
b. Contribution to the government
c. Oil prices
d. Pre-tax discount rate

a. Expected life of the project
   TPC projected a 8-year exploration project covering various service contracts for oil exploration, which is based on the expected oil reserves of the project and their capacity to extract the reserve.

   The oil reserve estimates are based on the operations report as a result of the ongoing research and drilling activities.

b. Future Production Levels and Costs
   Future production levels and costs include direct and indirect costs that will be incurred to extract oil over the life of the project.

c. Contribution to the Government
   TPC assumes the prevailing tax rate imposed on an entity that is engaged in oil exploration. TPC is affected by the newly enacted tax reform law.

d. Oil Prices
   TPC considers the effect of commodity price changes. TPC considered the possible effect of the changes in the price of oil as it relates to the revenues that may be generated by TPC and the attainment of the cash flow projections.

e. Pre-tax Discount Rate
   Discount rate represents the current market assessment of the risks specific to the investment in associates underlying assets taking into consideration the time value of money and the individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of TPC and is derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by TPC's investors. The cost of debt is based on the interest-bearing borrowings TPC is obliged to service. Specific risk is incorporated by applying individual beta factors and are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The pre-tax discount rates used is 12% as at December 31, 2018.

   Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

Investment in UPMC

UPMC's main business is the exploration, development, exploitation, recovery and sale of gold. UPMC was previously held under care and maintenance. As of December 31, 2018, UPMC is under exploration stage as it has already an exploration permit for the Longos Mine.

Key Assumptions Used in Value in Use Calculations and Sensitivity to Changes in Assumptions

The Group performed an impairment test in 2018 and 2017.

The recoverable amount of investment in associate has been determined based on a discounted cash flows (DCF) calculation using cash flow projections from the project feasibility study.

The projected cash flows have been developed to reflect the expected mine production over the life of the mine adjusted by the effects of other factors such as inflation rate. The pre-tax discount rate applied to the cash flow projections as at December 31, 2018 and 2017 are 11.95% and 7.6%, respectively. As a result of this analysis, management concluded that property, plant and equipment is not impaired.

The calculation of DCF is most sensitive to the following assumptions:

a. future production levels and costs
b. gold prices
c. pre-tax discount rate

a. Future Production Levels and Costs

   Future production levels and costs include direct and indirect costs used to concentrate the mined ore reserves for the remaining life of the mine.

b. Gold Prices

   UPMC considers the effect of commodity price changes. UPMC considered the possible effect of the changes in the price of gold as it relates to the revenues that may be generated by UPMC and the attainment of the cash flow projections. UPMC used the data from the project feasibility study and was compared against externally published data.

c. Pre-tax Discount Rate

   Discount rate represents the current market assessment of the risks specific to UPMC, taking into consideration the time value of money. The discount rate calculation is based on the specific circumstances of UPMC and is derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by UPMC's investors. The cost of debt is based on the risk free market rate available in the market. Specific risk is incorporated by applying individual beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The pre-tax discount rates used are 11.95% and 7.6% as at December 31, 2018 and 2017, respectively.

   Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the investment in associates underlying assets to materially exceed its recoverable amount.

The summarized financial information of the associates as at and for the years ended December 31, 2018, 2017 and 2016 are as follows (in thousands):

ACMDC

	2018	2017
Current assets	**₱7,251,675**	₱5,443,457
Noncurrent assets		
Goodwill	**19,026,119**	19,026,119
Other noncurrent assets	**53,499,180**	49,933,298
Current liabilities	**16,101,445**	12,364,406
Noncurrent liabilities	**28,062,778**	25,647,265
Equity	**35,612,751**	36,391,203
Proportion of Group's ownership	**28.64%**	28.64%
Group's share in net identifiable assets excluding goodwill	**4,750,411**	4,973,360
Goodwill	**627,343**	627,343
Carrying amount of investment	**5,377,754**	5,600,703

	2018	2017	2016
Revenue	**₱13,295,913**	₱11,070,571	₱10,924,490
Net loss	**(1,719,662)**	(1,967,948)	(879,496)
Other comprehensive income	**941,210**	94,386	1,069,360
Total comprehensive income (loss)	**(778,452)**	(1,873,562)	189,864
Group's share in net loss	**(492,511)**	(197,779)	(73,526)
Dividends received from ACMDC	**–**	–	–

TPC

	2018	2017
Current assets	**₱918,115**	**₱1,065,608**
Noncurrent assets	**2,562,218**	**2,575,513**
Current liabilities	**149,872**	**46,778**
Noncurrent liabilities	**31,089**	**29,002**
Equity	**3,299,372**	**3,565,340**
Proportion of Group's ownership	**34.38%**	**34.32%**
Group's share in equity of associate	**1,134,324**	**1,223,625**
Goodwill and other adjustments	**1,351,935**	**1,352,222**
Carrying amount of investment	**2,486,259**	**2,575,847**

	2018	2017	2016
Revenue	**₱382,676**	₱388,202	₱358,688
Net income (loss)	**(261,957)**	(6,367)	29,119
Other comprehensive income	**(4,011)**	6,451	42,647
Total comprehensive income (loss)	**(265,968)**	84	71,766
Group's share in net loss	**(89,917)**	(2,185)	9,994
Dividends received from TPC	**–**	–	16,460

UPMC

	2018	2017
Current assets	**₱34,278**	**₱34,619**
Noncurrent assets	**1,082,127**	**1,079,529**
Current liabilities	**1,112,195**	**1,051,115**
Noncurrent liabilities	**1,088**	**1,110**
Equity	**3,104**	**61,923**
Proportion of Group's ownership	**25.69%**	**25.69%**
Group's share in equity of associate	**802**	**15,908**
Goodwill	**522,388**	**522,388**
Carrying amount of investment	**523,190**	**538,296**

	2018	2017	2016
Revenue	**₱–**	₱–	₱–
Net loss	**(59,081)**	(51,695)	(57,794)
Other comprehensive income	**279**	200	(108)
Total comprehensive loss	**(58,802)**	(51,495)	(57,902)
Group's share in net loss	**(15,178)**	(13,281)	(14,847)
Dividends received from UPMC	**–**	–	–

The principal place of business and country of incorporation of the Group's associates is in the Philippines.

The Group has no outstanding contingent liabilities and capital commitments related to the investments in ACMDC and UPMC as of December 31, 2018 and 2017. The associates have no significant restrictions on its ability to transfer fund to the Group in the form of cash dividends, or repayment of loans or advances.

11. Property and Equipment

	2018						
	Condominium Units and Improvements	Transportation Equipment	Furniture, Fixtures and Office Equipment	Quarry Development Costs	Machinery and Equipment	Construction in Progress	Total
Cost:							
Balances at beginning of year	₱22,091,617	₱5,632,455	₱892,022	₱–	₱55,103,561	₱65,797,798	₱149,517,453
Additions	–	171,267	–	–	14,568,968	–	14,740,235
Disposals	–	(120,000)	–	–	–	–	(120,000)
Reclassifications	–	640,000	194,072	–	64,963,726	(65,797,798)	–
Balances at end of year	22,091,617	6,323,722	1,086,094	–	134,636,255	–	164,137,688
Accumulated depreciation, depletion and amortization:							
Balances at beginning of year	12,371,370	1,637,099	849,055	–	55,103,561	–	69,961,085
Depreciation, depletion and amortization (Note 20 and 21)	1,105,211	1,559,745	123,171	–	26,626,370	–	29,414,497
Disposals	–	(120,000)	–	–	–	–	(120,000)
Balances at end of year	13,476,581	3,076,844	972,226	–	81,729,931	–	99,255,582
Net book values	₱8,615,036	₱3,246,878	₱113,868	₱–	₱52,906,324	₱–	₱64,882,106

	2017						
	Condominium Units and Improvements	Transportation Equipment	Furniture, Fixtures and Office Equipment	Quarry Development Costs	Machinery and Equipment	Construction in Progress	Total
Cost:							
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)
Balances at end of year	22,091,617	5,632,455	892,022	–	55,103,561	65,797,798	149,517,453
Accumulated depreciation, depletion and amortization:							
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 21)	1,105,211	779,818	80,571	–	–	–	1,965,600
Disposals (Note 27)	–	–	(1,641,298)	(56,126,624)	–	–	(57,767,922)
Balances at end of year	12,371,370	1,637,099	849,055	–	55,103,561	–	69,961,085
Net book values	₱9,720,247	₱3,995,356	₱42,967	₱ –	₱ –	₱65,797,798	₱79,556,368

The Group disposed property and equipment with net book values to nil and ₱38.5 million in 2018 and 2017, respectively (see Note 27). Gain on sale of property and equipment amounted to ₱70,000 and nil in 2018 and 2017, respectively. The cost of fully depreciated property and equipment that is still used in operations amounted to ₱1.2 million and ₱1.1 million as at December 31, 2018 and 2017, respectively.

Construction in progress in 2017 pertains to the construction of BAC's crushing plant. In January 2018, BAC started commercial operations.

12. Investment Properties

Movements in investment properties are as follows:

	2018	2017
Balances at beginning of year	**₱305,581,329**	₱305,456,767
Additions	**–**	124,562
Balances at end of year	**₱305,581,329**	₱305,581,329

Investment property represents parcels of land which are carried at cost amounting to ₱305.6 million as of December 31, 2018 and 2017. The fair market value of investment properties amounted to ₱309.9 million and ₱305.6 million as of December 31, 2018 and 2017, respectively.

Cost incurred in maintaining these investment properties amounted to ₱2.7 million and ₱2.2 million in 2018 and 2017, respectively.

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.

13. 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, 2018 and 2017 are as follows:

	2018		2017	
	Percentage of Participation	Amount	Percentage of Participation	Amount
Parent Company				
SC 6 (Offshore Northwest Palawan)				
Block A (Octon)	11.11	**₱61,051,718**	11.11	₱60,425,147
Saddle Rock Prospect	11.11	**7,325,361**	11.11	7,325,360
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	5,252,274
VMC				
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
		209,237,738		208,611,166
Less: Allowance for impairment of deferred exploration costs		**33,569,773**		–
		₱175,667,965		₱208,611,166

Movements in the deferred exploration cost as at December 31, 2018 and 2017 are as follows:

	2018	2017
Balance at January 1	**₱208,611,166**	₱206,353,224
Additions	**626,572**	2,257,942
Less: Allowance for impairment of deferred exploration costs	**33,569,773**	–
Balance at December 31	**₱175,667,965**	₱208,611,166

Set out below is the movement in the allowance for impairment of deferred exploration cost:

	2018	2017
Balances at beginning of year	**₱–**	₱–
Provision for impairment loss	**33,569,773**	–
Balances at end of year	**₱33,569,773**	₱–

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 group 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, APHC's participating interest on the block increased from 3.33% to 11.11%.

In 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.

In 2018, TPC undertook re-mapping of previously identified prospects using the 2015 Pre-Stack Depth Migration seismic data and integrating the results of the 2017 Quantitative Interpretation study. Thereafter, a risk and resource analysis, as well as preliminary well/drilling design and cost study, were then performed. Results from these activities were used as bases to conduct scoping project studies to assess viability of pursuing drilling and development of these prospects. TPC intends to undertake further attribute studies to better understand reservoir development and distribution within the structure to identify potential exploration well location.

TPC also invited Tamarind Resources (which earlier acquired a majority interest in Galoc Production Company, the operator of the nearby Galoc Field) to look into the possible development of the Octon Oil and Gas Discovery.

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 Sulu Sea area has been included again in the Philippine Conventional Energy Contracting Program (PCECP) for petroleum and coal launched last November 2018. TPC, which submitted a joint bid with PXP Energy Corporation back in 2012, intends to revive its bid over the block and submit by May 2019. The Parent Company has an existing agreement with TPC to acquire a portion of the interest that may be awarded to TPC in the area.

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.

In 2018, Gas2Grid indicated interest on the Progreso project, offering to acquire up to 70% participating interest in exchange for drilling up to 2 wells, premised on the success of the initial well. As of December 31, 2018, MPOGI has yet to formally advise the joint venture partners on the outcome of their negotiations with Gas2Grid.

In September 2018, the DOE enjoined MPOGI to secure a Certificate of Pre-Condition (CP) from the National Commission on Indigenous Peoples (NCIP) to enable the DOE to lift the moratorium on SC 53. A moratorium on all exploration activities on SC 53 has been in force since July 2015. In a letter to the operator dated September 13, 2018, the DOE indicated that inaction on securing the CP from the NCIP and the regular submission of quarterly reports by MPOGI to the DOE may constitute grounds for the termination of the service contract.

At the end of 2018, MPOGI has yet to provide the joint venture with a concrete plan for the block, specifically the activities to execute the JV's commitments including the drilling of Progreso as well as the status of their negotiations with Gas2Grid which earlier indicated interests on the Progreso project through possible drill-for-equity arrangement with the Onshore Mindoro joint venture.

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. PNOC EC is continuously working for the repeal or amendment of EO 556. In anticipation of the repeal and/or amendment of EO556, SWAN Block was deemed not impaired.

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.

TPC undertook the programmed plug and abandonment (P&A) activities in some of the production wells and platforms in Service Contract 14 in 2018, in compliance with government regulations and good industry practices. TPC, on behalf of the SC 14B and SC 14 Tara Block consortia, engaged the services of contractor CWT Consultancy Limited and successfully completed in May 2018 the P&A program for the Tara South-1 and Libro wells both below budget and on schedule.

In 2018, the Parent Company provided allowance for impairment of deferred exploration costs amounting to ₱5.3 million and recorded plug and abandonment cost amounting to ₱4.0 million which pertains to estimated and actual costs to plug and abandon Libro-1, Tara South-1 wells, and 9 wells from Nido, Matinloc and North Matinloc fields. Outstanding payable pertaining to the estimated cost of plug and abandonment of Libro-1, Tara South-1 wells, and 9 wells from Nido, Matinloc and North Matinloc fields amounted to ₱467,016 and nil as of December 31, 2018 and 2017.

VMC

Comet Nickel-Chromite Project
The VMC 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.

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.

Management believes that no future value will be collected in the Comet Nickel-Chromite project, Bataan Aggregates Project and Batangas Aggregates Project. In 2018, the Group provided allowance for impairment of deferred exploration costs amounting to ₱28.3 million.

14. Other Noncurrent Assets

	2018	2017
Advances for future land acquisitions	**₱62,173,069**	₱60,865,128
Advance royalties	**19,436,742**	19,436,742
Deposit	**3,309,844**	27,228,700
Input VAT	**1,899,136**	1,051,174
Advances to suppliers	**956,191**	956,191
Leasehold rights	**174,114**	383,052
Others	**–**	87,252
	87,949,096	110,008,239
Less allowance for impairment losses	**15,990,462**	14,400,164
	₱71,958,634	₱95,608,075

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 TVRI.

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 VMC 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 VMC to develop and exploit the area in Bolinao, Pangasinan upon securing the necessary application and exploration permit by VVMC. Advance royalties amounting to ₱14.3 million 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.
In 2017, BAC made an advance royalty payment amounting to ₱5.1 million for its quarry sight in Hermosa, Bataan.

As of December 31, 2018 and 2017, deposit amounted to ₱3.3 million and ₱27.2 million, respectively. 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. In June 2018, TVRI received the refund of its deposit amounting to ₱23.9 million upon issuance of the conversion order.

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 leasehold right 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 2018, 2017 and 2016 (see Note 21).

VMC, APPC, and BAC have deposits for future land acquisitions amounting to ₱10.2 million as of December 31, 2018. The deposits pertain to the purchases of parcels of lands in Hermosa, Bataan. As at December 31, 2018, there are no transfer of land titles to VMC, APPC and BAC as full payment of the purchase price is required before transfer of title.

Set out below is the movement in the allowance for impairment losses of other noncurrent asset as follows:

	2018	2017
Balances at beginning of year	**₱14,400,164**	₱14,400,164
Provision for impairment losses	**1,590,298**	–
Balances at end of year	**₱15,990,462**	₱14,400,164

15. Accounts Payable and Accrued Expenses and Deposit from Customers

a. Accounts payable and accrued expenses

	2018	2017
Trade	**₱2,876,539**	₱2,152,313
Due to NTDCC (see Note 16)	**140,674,629**	151,554,075
Deposits from third parties	**99,889,293**	99,380,930
Dividends payable (see Note 19)	**11,274,180**	11,274,180
Payable to regulatory agencies	**4,082,152**	1,697,268
Others	**8,984,724**	7,922,660
	₱267,781,517	₱273,981,426

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.

Deposits include advances received amounting to ₱89.4 million in relation to the potential acquisition of a Group's investment, subject to the completion of certain closing requirements. Deposits also include payment made by Laura Trading (HK) Limited Group (LTLC) amounting to $0.2 million in relation to the exclusive marketing agreement entered by LTLC and the Group.

On November 15, 2016, the Parent Company declared total dividends amounting to ₱45.0 million. Dividends payable pertains to unpaid cash dividends declared by the Parent Company to its stockholders that are payable on demand (see Note 19).

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.

b. Deposit from Customers

Deposit from customer classified as noncurrent substantially 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. In 2016, the MOA was terminated and the operating agreement was transferred to Solid Integrated Co., Inc. (SICI).

16. Significant Agreements

Funding and Repayment Agreement

On December 17, 2014, APHC [as a shareholder of MRTDC (included and accounted as financial assets at FVOCI)] and other MRTDC shareholders, MRTDC and NTDCC executed a "Funding and Repayment Agreement" wherein the MRTDC shareholders agreed to repay NTDCC, 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).

The funding and repayment agreement resulted in the recognition of a DRP payable to NTDCC, included under "Accounts Payable and Accrued Expenses" account, which amounted to ₱140.7 million and ₱151.6 million as at December 31, 2018 and 2017, respectively (see Note 15). This also resulted in the recognition of a receivable from MRTDC, included under "Receivables" account, which amounted to ₱147.9 million and ₱156.6 million as at December 31, 2018 and 2017, respectively (see Note 5).

Commencing on January 1, 2015, APHC and other 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 NTDCC (representing 5% of the gross rental income of the commercial center, less reasonable administrative costs and management fees). Royalty income received amounted to ₱10.5 million, ₱8.4 million and ₱2.8 million in 2018, 2017 and 2016, 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.

The following table set forth the offsetting of financial assets and liabilities recognized as of December 31, 2018 and 2017:

	Gross amounts of recognized financial assets and liabilities	Gross amounts of recognized financial assets and liabilities offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position
2018			
Asset			
Commercial center royalty receivable	**₱10,879,446**	**(₱10,879,446)**	**₱–**
Liability			
Due to NTDCC (see Note 15)	**151,554,075**	**(10,879,446)**	**140,674,629**
2017			
Asset			
Commercial center royalty receivable	8,470,336	(8,470,336)	–
Liability			
Due to NTDCC (see Note 15)	160,024,411	(8,470,336)	151,554,075

Other income in 2016 include consideration received from NTDCC amounting to ₱107.6 million for the assignment of APHC's 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 to NTDCC.

17. Loans Payable and Finance Lease Liability

Loans Payable

On February 12, 2018, BAC entered into a loan agreement with Philippine Bank of Communications (PBCOM) whereby the latter agreed to provide the Group an aggregate principal amount of loan up to ₱40.0 million for general corporate purposes.

On February 22, 2018, BAC made its first drawdown of the loan facility amounting to ₱40.0 million. Debt issue costs which pertain to documentary stamp taxes and front-end fees amounted to ₱0.3 million.

The term of the loan is for three (3) years, with six (6)-month grace period on principal repayment. The principal is payable in twelve (12) equal quarterly amortizations to commence at the end of the first quarter from date of initial drawdown until fully paid. The loan bears 6.5% interest.

Repayments of outstanding principal amounts as at December 31, 2018 are scheduled as follows:

	2018
Within one year	₱15,894,226
More than one year	19,937,375
	₱35,831,601

The loan is collateralized by an unregistered chattel mortgage over the Group's machinery and equipment. Accrued interest amounted to ₱0.3 million as of December 31, 2018.

Further, BAC entered into another loan agreement with PBCOM amounting to ₱8.7 million for additional working capital. The principal is payable in thirty-six (36) equal monthly amortizations to commence at the end of the first month from date of loan until fully paid.

Repayments of outstanding principal amounts are scheduled as follows:

	2018
Within one year	₱2,280,000
More than one year	2,470,000
	₱4,750,000

The loan is unsecured and has no accrued interest as of December 31, 2018.

As at December 31, 2018, outstanding loans payable amounted as follows:

	2018
Loan principal	₱40,750,000
Less: Unamortized debt issue costs	(168,399)
	40,581,601
Less: Current portion of loans	18,174,226
Loans payable	₱22,407,375

Finance Lease Liability

In 2018, BAC entered into a finance lease agreement with Caterpillar Financial Services Philippines for the lease of excavators for a period of three (3) years.

The future minimum lease payments under finance lease together with the present value of the net minimum lease payments as at December 31, 2018 are as follows:

	Minimum payments	Present value of payments
Within one year	₱3,999,996	₱3,839,071
After one year but not more than 3 years	1,666,665	1,649,308
	5,666,661	5,488,379
Less: Amount representing finance charges	178,282	–
Present value of minimum lease payments	5,488,379	5,488,379
Less: Current portion of lease liability	3,839,071	3,839,071
	₱1,649,308	₱1,649,308

Current and noncurrent portion of finance lease obligation amounted to ₱3.8 million and ₱1.6 million as of December 31, 2018, respectively.

Interest expense incurred on loans payable and finance lease liability amounted to ₱1.6 million in 2018.

The carrying value of the related equipment under finance lease amounted to ₱10.0 million as at December 31, 2018.

18. Decommissioning Liability

	2018	2017
Balances at beginning of year	₱–	₱14,321,288
Accretion of interest (see Note 22)	–	164,449
Disposal	–	(14,485,737)
Balances at end of year	₱–	₱–

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.

As a result of the sale of the group of assets on December 31, 2017, the Group's decommissioning liability was derecognized (see Note 27).

19. Equity

Capital Stock

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

	2018		2017	
	Shares	**Amount**	Shares	Amount
Issued and outstanding	3,008,919,508	₱3,008,919,508	3,008,919,508	₱3,008,919,508
Subscribed:	7,383,030	7,383,030	7,383,030	7,383,030
Less subscriptions receivable	(1,367,687)	(1,367,687)	(1,367,687)	(1,367,687)
	6,015,343	₱6,015,343	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	Total amount
June 25, 1958	Initial capital	50,000,000	₱500,000
November 5, 1958	Increase in authorized capital stock	1,000,000,000	10,000,000
		1,050,000,000	10,500,000
February 26, 1970	Increase in authorized capital stock	1,000,000,000	10,000,000
		2,050,000,000	20,500,000
March 22, 1979	Increase in authorized capital stock	8,000,000,000	80,000,000
		10,050,000,000	100,500,000
September 14, 1990	Increase in authorized capital stock	19,950,000,000	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	300,000,000
March 13, 1996	Increase in authorized capital stock	1,700,000,000	1,700,000,000
		2,000,000,000	2,000,000,000
September 23, 2014	Increase in authorized capital stock	2,000,000,000	2,000,000,000
		4,000,000,000	₱4,000,000,000

On March 12, 2014, the Parent Company's BOD resolved to increase the authorized capital stock from 2 billion to 4 billion common stock with par value of ₱1 per share. On September 23, 2014, the SEC approved the increase in authorized capital stock. The shares issued from the increase in authorized capital stock were still in the process of being listed in the PSE as at April 1, 2019.

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 and Dividends

Details of the Parent Company's dividend declaration follow:

	2016
Date of declaration	November 15
Dividend per share	₱0.015
Total dividends	₱45.0 million
Date of record	November 18
Date of payment	December 15

The Group did not declare dividends in 2018 and 2017.

20. Cost of Sales

	2018	2017	2016
Depreciation (see Note 11)	**₱26,813,535**	₱–	₱4,402,628
Fuel and oil	**3,649,173**	–	2,331,875
Communication, light and water	**3,078,743**	–	3,085,299
Hauling and crushing consumables	**2,648,628**	–	13,088,533
Rental	**2,036,357**	–	10,857,621
Personnel costs (see Note 23)	**2,001,009**	–	3,040,635
Outside services	**923,686**	–	1,048,115
Plant dues	**22,149**	–	219,491
Royalties	**–**	–	2,347,144
Others	**1,419,377**	–	2,436,724
	₱42,592,657	₱–	₱42,858,065

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

Others primarily pertain to delivery fee, printing, employee uniform and cash gift to employees.

21. General and Administrative Expenses

	2018	2017	2016
Personnel costs (see Note 23)	**22,615,742**	20,302,441	25,975,530
Outside services	**10,861,466**	15,817,365	7,022,277
Provision for impairment losses (see Notes 5 and 14)	**4,946,461**	–	–
Transportation and travel	**3,844,016**	3,215,579	846,996
Entertainment, amusement and representation	**3,506,212**	3,242,804	6,882,751
Taxes and licenses	**2,812,550**	882,078	11,374,962
Depreciation (see Note 11)	**2,600,962**	1,965,600	1,814,822
Communication, light and water	**766,235**	977,579	1,146,048
Membership fees	**606,866**	350,193	838,887
Insurance	**463,693**	466,323	514,565
Office supplies	**315,694**	735,343	597,053
Amortization of leasehold rights (see Note 14)	**208,938**	208,938	208,938
Seminars and trainings	**153,918**	1,366,838	338,542
Repairs and maintenance	**52,913**	91,572	108,299
Loss on write-off of receivable (see Note 5)	–	–	124,300,000
Others	**2,811,341**	4,100,086	10,226,658
	₱56,567,007	₱53,722,739	₱192,196,328

Others mainly comprise of legal fees, donations and miscellaneous expenses.

22. Interest and Other Finance Charges

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

	2018	2017	2016
Cash with banks and short-term deposits (see Note 4)	**₱749,616**	₱715,898	₱3,372,051
Long-term note receivable (see Note 8)	**33,139,477**	33,433,064	30,577,218
	₱33,889,093	₱34,148,962	₱33,949,269

Interest and other finance charges consist of:

	2018	2017	2016
Interest expense	**₱2,737,345**	₱–	₱–
Unwinding of discount (see Note 18)	–	164,449	218,277
Bank charges and others	–	–	1,214,879
	₱2,737,345	₱164,449	₱1,433,156

23. Personnel Costs

	2018	2017	2016
Salaries and wages	**₱17,997,384**	₱16,517,900	₱29,016,165
Retirement expense (see Note 25)	**106,895**	124,227	1,467
Other employee benefits	**6,512,472**	3,660,314	1,028,791
	₱24,616,751	₱20,302,441	₱30,046,423

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
Due from related parties					
Ultimate Parent (Alakor)					
Advances	**2018**	**₱2,500,000**	**₱8,069,612**	On demand;	Unsecured;
	2017	₱5,569,612	₱5,569,612	Noninterest-bearing	unimpaired
Associate (UPMC):					
Advances *(see Note 24b)*	**2018**	**9,400,000**	**26,047,744**	On demand;	Unsecured;
	2017	10,300,000	16,647,744	Noninterest-bearing	unimpaired
	2018		**₱34,117,356**		
	2017		₱22,217,356		

Category	Year	Transactions during the year	Outstanding Balance (see Note 15)	Terms	Condition
Due to related parties					
Ultimate Parent (Alakor)					
Advances *(see Note 24a)*	**2018**	**₱–**	**₱13,835,036**	On demand;	Unsecured
	2017	₱–	₱13,835,036	Noninterest-bearing	
Loan *(see Note 24c)*	**2018**	**–**	**4,000,000**	On demand	Unsecured
	2017	–	4,000,000	8% interest-bearing	
Advances *(see Note 24d)*	**2018**	**–**	**797,047,880**	On demand;	Unsecured
	2017	797,047,880	797,047,880	Noninterest-bearing	
Affiliate (VIMC)					
Advances *(see Note 24e)*	**2018**	**2,862,652**	**24,045,706**	On demand;	Unsecured
	2017	–	26,908,358	Noninterest-bearing	
	2018		**₱838,928,622**		
	2016		₱841,791,274		

a. Advances from Alakor Corporation pertains to cash provided to TVRI for working capital purposes.

b. The Group made advances to UPMC for additional working capital amounting to ₱9.4 million and ₱10.3 million in 2018 and 2017, respectively.

c. 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.

d. In 2017, the Group received advances from Alakor amounting to ₱797.0 million to fund the acquisition of ACMDC shares in 2017.

e. Due to VIMC pertains to advances for working capital purposes.

All outstanding balances with related parties are expected to be settled in cash.

Compensation of Key Management Personnel

The compensation of the Parent Company's key management personnel by benefit type as follows:

	2018	2017	2016
Short-term employee benefits	**₱14,700,000**	₱14,800,000	₱15,900,000
Post-employment pension benefits	**106,895**	124,227	1,467
	₱14,806,895	₱14,924,227	₱15,901,467

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, 2018 and 2017.

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 the defined benefit liability and fair value of plan assets in 2018 are as follows:

	Defined Benefit Liability	Fair Value of Plan Asset	Effect of the Asset Ceiling	Net Defined Benefit Asset
At January 1	**₱10,767,631**	**(₱23,629,580)**	**₱4,996,763**	**(₱7,865,186)**
Current service cost	**562,289**	**–**	**–**	**562,289**
Net interest	**623,446**	**(1,368,153)**	**289,313**	**(455,394)**
Pension cost (benefit) charged to profit or loss	**1,185,735**	**(1,368,153)**	**289,313**	**106,895**
Remeasurement gain - change in the effect of the asset ceiling	**–**	**–**	**1,159,589**	**1,159,589**
Remeasurement loss on plan assets (excluding amount included in net interest)	**–**	**348,231**	**–**	**348,231**
Actuarial changes arising from changes in financial assumptions	**(1,389,616)**	**–**	**–**	**(1,389,616)**
Actuarial changes arising from experience adjustments	**571,631**	**–**	**–**	**571,631**
Pension cost (benefit) charged to other comprehensive income	**(817,985)**	**348,231**	**1,159,589**	**689,835**
At December 31	**₱11,135,381**	**(₱24,649,502)**	**₱6,445,665**	**(₱7,068,456)**

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
At January 1	₱10,151,978	(₱22,648,782)	₱5,540,517	(₱6,956,287)
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)
At December 31	₱10,767,631	(₱23,629,580)	₱4,996,763	(₱7,865,186)

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, 2018 and 2017.

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

	2018	2017
Discount rates	**7.57%**	5.79%
Wage and salary increases	**5.00%**	5.00%
Average expected future service years of active plan members	**19.2**	19.1

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)	2018	2017
Discount rates	+100 basis points	**(₱674,343)**	(₱791,571)
	-100 basis points	**747,933**	888,073
Salary increase rates	+100 basis points	**759,619**	777,149
	-100 basis points	**(696,304)**	(709,530)

The Group does not expect to contribute to the defined benefit pension plan in 2019.

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

	2018	2017
One year to five years	**₱10,077,888**	₱9,640,259
More than five years	**3,916,157**	3,599,958
Total expected payments	**₱13,994,045**	₱13,240,217

The average duration of the defined retirement benefits liability as at December 31, 2018 and 2017 is 6.4 years and 7.8 years, respectively.

26. Income Taxes

The provision for current income tax in 2018 and 2017 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 a taxable loss position.

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

	2018	2017	2016
Income tax at statutory rate	**(₱189,617,406)**	(₱69,939,386)	(₱35,461,883)
Adjustments to income tax resulting from:			
Equity in net losses of associates	**179,281,602**	63,973,305	23,513,859
Change in unrecognized deferred tax assets	**8,593,010**	3,751,927	458,705

(Forward)

	2018	2017	2016
Nondeductible expenses	**₱14,649,696**	₱2,574,077	₱4,850,503
MCIT	**875,034**	1,036,547	3,086,307
Fair value changes of financial assets at FVTPL	**425,843**	87,240	(148,440)
Interest income subjected to final tax	**(224,285)**	(214,769)	(1,011,615)
Dividend income exempt from tax	**(181,319)**	(133,842)	(93,502)
Income subjected to capital gains tax and transfer tax	**(565)**	–	–
	₱13,801,610	₱1,135,099	(₱4,806,066)

The components of the Group's net deferred tax assets are as follows:

	2018	2017
Deferred income tax assets recognized in profit or loss:		
MCIT	**₱4,122,854**	₱4,839,547
NOLCO	**2,395,162**	4,278,459
Unamortized past service costs	**573,471**	1,224,085
	7,091,487	10,342,091
Deferred income tax liabilities recognized in profit or loss:		
Unrealized foreign exchange gains	**(9,587,126)**	(401,947)
Retirement benefit plan asset	**(1,539,763)**	(1,048,970)
	(11,126,889)	(1,450,917)
Deferred income tax liability on remeasurement gains on defined benefit plan recognized in other comprehensive income	**(580,773)**	(787,724)
	(₱4,616,175)	₱8,103,450

As at December 31, 2018 and 2017, 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:

	2018	2017
Deductible temporary differences on:		
NOLCO	**₱53,203,365**	₱40,157,118
Allowance for impairment losses on:		
Receivables	**20,436,224**	17,080,061
Advance royalties	**14,336,742**	14,336,742
Advances to suppliers	**956,191**	956,191
Input VAT	**697,529**	697,529
MCIT	**875,034**	81,581
Unrealized foreign exchange loss	**552,660**	22,660

Movements in NOLCO and MCIT are as follows:

NOLCO

Year Incurred	Expiry Date	At January 1, 2017	Addition (Expired)	At December 31, 2017	Addition (Application/ Expired)	At December 31, 2018
2014	2017	₱1,917,252	(₱1,917,252)	₱–	₱–	₱–
2015	2018	13,664,173	(3,019,697)	10,644,476	(10,644,476)	–
2016	2019	27,500,611	(2,105,061)	25,395,550	(6,277,657)	19,117,893
2017	2020	–	18,378,622	18,378,622	–	18,378,622
2018	2021	–	–	–	23,690,723	23,690,723
		₱43,082,036	₱11,336,612	₱54,418,648	₱6,768,590	₱61,187,238

MCIT

Year Incurred	Expiry Date	At January 1, 2017	Addition (Expired)	At December 31, 2017	Addition (Application/ Expired)	At December 31, 2018
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	–	1,036,547
2018	2021	–	–	–	875,034	875,034
		₱3,884,581	₱1,036,547	₱4,921,128	₱76,760	₱4,997,888

Tax Reform for Acceleration and Inclusion (TRAIN) Act
Republic Act (RA) No.10963 or the TRAIN was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that generally affect businesses on a prospective basis, the management assessed that the same did not have any significant impact on the financial statement balances as of the reporting date.

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	₱3,636,782
Property and equipment (Note 11)	38,541,903
Other noncurrent assets (Note 14)	1,222,871
	43,401,556
Liability:	
Decommissioning liability (Note 18)	(₱14,485,737)
Total identifiable net assets at carrying value	₱28,915,819

(Forward)

	Carrying Value on Date of Sale
Total consideration	₱20,000,000
Total identifiable net assets at carrying value	28,915,819
Loss on sale	(₱8,915,819)

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:

	2018	2017	2016
Net loss attributable to equity holders of the Parent Company	**(₱645,859,629)**	(₱234,175,658)	(₱113,294,080)
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	**(₱0.22)**	(₱0.08)	(₱0.04)

The resulting per share amounts are the same for both basic and diluted earnings per share in 2018, 2017 and 2016 since the Group does not have any debt or equity securities that will potentially cause an earnings per share dilution.

29. Notes to Statement of Cash Flows

Noncash investing activity
Noncash investing activity pertains to the acquisition of property, plant and equipment on account amounting to ₱14.8 million and purchase of additional interest in ACMDC on account amounting to ₱2.780.6 million in 2017, respectively.

Changes in liabilities arising from financing activities

	January 1, 2018	Drawdowns	Repayments	December 31, 2018
Due to Alakor (included as part of Due to related parties)	₱797,047,880	₱–	₱–	₱797,047,880
Loans payable	–	48,700,000	7,950,000	40,750,000
Finance lease liability	–	14,821,712	9,333,333	5,488,379
	₱797,047,880	₱63,521,712	₱17,283,333	₱843,286,259

30. Financial Risk Management and Capital Management

The Group's main financial instruments are cash and cash equivalents, receivables, financial assets at FVTPL, financial assets at FVOCI/AFS financial assets, long-term note receivable, and deposit 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, loans payable, finance lease liability 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, financial assets at FVOCI/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 and receivables, financial assets at FVTPL and financial assets at FVOCI/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 and established counterparties, there is no requirement for collateral.

Customer credit risk is managed through the Group's established policy, procedures and control relating to customer risk management including credit review and analysis of receivables on a continuous basis.

Except for the trade receivables and other receivables from one of the Group's affiliates which were provided with allowance (see Note 5), management evaluated that the Group's financial assets as summarized below are of high grade and of good credit quality.

The maximum exposure to credit risk, net of allowance for impairment losses, amounted to ₱922.2 million and ₱880.1 million as of December 31, 2018 and 2017, respectively.

There are no significant concentrations of credit risk within the Group.

The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

The Group writes off an account when all of the following conditions are met:

- the asset is in past due for over 90 days, or is already an item-for-forfeiture
- contract restructuring is no longer possible

The Group may also write-off financial assets that are still subject to enforcement activity. The Group has not written off outstanding loans and receivables that are still subject to enforcement activity as of December 31, 2018 and 2017.

Applicable for the year ended December 31, 2018

The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2018:

General approach

- *Cash and cash equivalents* - As of December 31, 2018, the ECL relating to the cash and cash equivalents of the Group is minimal as these are deposited in reputable banks which have good bank standing, and is considered to have low credit risk.

- *Advances to Associates and Stockholders, Notes Receivable, Long-term Note Receivable, Receivables from Related Parties and Other Receivables.* No ECL is recognized for these receivables since there were no history of default payments. As of December 31, 2018, allowance for impairment losses pertain to individually impaired accounts of other receivables. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

Simplified approach

- *Trade receivables* - The Group applied the simplified approach under PFRS 9, using a 'provision matrix'. As of December 31, 2018, no allowance for impairment losses was recognized as a result of performing collective impairment test. Management evaluated that the Group's trade receivables are of high grade and of good credit quality.

	2018				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱718,617,129	₱–	₱20,436,224	₱203,558,272	₱942,611,625
Loss allowance	–	–	(20,436,224)	–	(20,436,224)
Carrying amount	₱718,617,129	₱–	₱–	₱203,558,272	₱922,175,401

The tables below show the Group's aging analysis of past due but not impaired financial assets:

	2018						
	Neither Past Due nor Impaired	Past Due But not Impaired					
		Less than 30 Days	31-60 Days	61-90 Days	Over 90 days	Impaired	Total
Financial Assets at Amortized Cost							
Cash and cash equivalent (excluding cash on hand)	₱43,517,731	₱–	₱–	₱–	₱–	₱–	₱43,517,731
Trade and other receivables:							
Trade receivables	8,662,557	–	–	–	–	15,921,190	24,583,747
Advances to related parties	37,406,615	–	–	–	–	–	37,406,615
Other receivables	157,489,100	–	–	–	–	4,515,034	162,004,134
Note receivable	60,000,000	–	–	–	–	–	60,000,000
Long-term note receivable	600,651,468	–	–	–	–	–	600,651,468
Financial assets at FVTPL	12,272,330	–	–	–	–	–	12,272,330
Financial assets at FVOCI	2,175,600	–	–	–	–	–	2,175,600
	₱922,175,401	₱–	₱–	₱–	₱–	₱20,436,224	₱942,611,625

Applicable for the year ended December 31, 2017

The table below shows the credit quality by class of the Group's financial assets:

	2017						
	Neither Past Due nor Impaired	Past Due But not Impaired: Less than 30 Days	31-60 Days	61-90 Days	Over 90 days	Impaired	Total
Loans and Receivables							
Cash and cash equivalent (excluding cash on hand)	₱19,021,021	₱–	₱–	₱–	₱–	₱–	₱19,021,021
Trade and other receivables:							
Trade receivables	–	–	–	–	477,135	15,444,055	15,921,190
Advances to related parties	22,217,356	–	–	–	–	–	22,217,356
Other receivables	155,657,394				17,885,004	1,636,006	175,178,404
Long-term note receivable	630,379,005	–	–	–	–	–	630,379,005
Deposits (under "Other noncurrent assets")	27,228,700	–	–	–	–	–	27,228,700
Financial assets at FVTPL	3,712,820	–	–	–	–		3,712,820
AFS Financial assets							
Unquoted equity instrument	4,332,953	–	–	–	–	–	4,332,953
Quoted equity instrument	4,251,000	–	–	–	–	–	4,251,000
	₱866,800,249	₱–	₱–	₱–	₱18,362,139	₱17,080,061	₱902,242,449

The credit quality of financial assets is managed by the Group using high, medium and low grades as internal credit ratings.

High grade - pertains to counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and government agencies.

Medium and low grades - other financial assets not belonging to high grade financial assets are included in either of these categories.

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.
- Trade and other receivables and advances to related parties and stockholders are classified medium 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 2016, there was no history of default on the outstanding receivables as at December 31, 2017.
- Financial assets at FVTPL and quoted financial assets at FVOCI/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 financial assets at FVOCI/AFS financial assets are assessed as medium grade since these belongs to companies which have good financial conditions and operate in an industry which has potential growth. The unquoted financial asset at FVOCI/AFS financial assets with allowance for impairment pertains to the investment of the Group to a project that did not materialize.
- Note receivable, long-term note receivable and deposit are classified as medium 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 FVTPL, receivables and financial assets at FVOCI/ AFS financial assets.

As at December 31, 2018 and 2017, the Group's cash and cash equivalents may be withdrawn anytime, while its financial assets at FVTPL and quoted financial assets at FVOCI/ 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 summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at December 31 (including interest as applicable):

		2018			
		Contractual Undiscounted Payments			
	Total	On Demand	Less than 1 year	1 to 2 Years	More than 2 Years
Financial Assets at Amortized Cost					
Cash and cash equivalent (excluding cash on hand)	₱43,517,731	₱43,517,731	₱–	₱–	₱–
Trade and other receivables:					
Trade receivables	8,662,557	8,662,557	–	–	–
Advances to related parties	37,406,615	37,406,615	–	–	–
Other receivables	157,489,100	157,489,100	–	–	–
Note receivable	60,000,000	–	60,000,000	–	–
Long term note receivable	600,651,468	–	–	–	600,651,468
Financial assets at FVTPL	12,272,330	12,272,330	–	–	–
Financial assets at FVOCI	2,175,600	–	–	–	2,175,600
	₱922,175,401	₱259,348,333	₱60,000,000	–	₱602,827,068
Financial Liabilities					
Trade and other payables*	₱269,132,281	₱179,758,988	₱–	–	₱89,373,293
Due to related parties	838,928,622	838,928,622	–	–	–
Subscription payable	2,780,623,880	2,780,623,880	–	–	–
Loans payable	41,510,025	–	18,644,812	18,644,812	4,220,401
Finance lease liability	5,666,661	–	3,999,996	1,666,665	–
	₱3,935,861,469	₱3,799,311,490	₱22,644,808	₱20,311,477	₱93,593,694

** Excluding payable to regulatory agencies*

	2017				
		Contractual Undiscounted Payments			
	Total	On Demand	Less than 1 year	1 to 2 Years	More than 2 Years
Loans and Receivables					
Cash and cash equivalent (excluding cash on hand)	₱19,021,021	₱19,021,021	₱–	₱–	₱–
Trade and other receivables:					
Trade receivables	477,135	–	–	–	477,135
Advances to related parties	22,217,356	22,217,356	–	–	–
Other receivables	173,542,398	156,134,529	–	17,407,869	–
Long term note receivable	630,379,005	–	–	60,000,000	570,379,005
Deposits (under "Other noncurrent assets")	27,228,700	–	–	27,228,700	–
Financial assets at FVTPL	3,712,820	3,712,820			
AFS Financial assets					
Unquoted equity Instrument	4,332,953	–	–	–	4,332,953
Quoted equity Instrument	4,251,000	–	–	–	4,251,000
	₱885,162,388	₱201,085,726	₱–	₱104,636,569	₱579,440,093
Financial Liabilities					
Trade and other payables*	₱289,220,014	₱161,322,300	₱8,400,270	₱30,097,652	₱89,399,792
Subscription payable	2,780,623,880	2,780,623,880		–	–
Due to related parties	841,791,274	820,819,114	–	20,972,160	–
	₱3,911,635,168	₱3,762,765,294	₱8,400,270	₱51,069,812	₱89,399,792

**Excluding payable to regulatory agencies*

As at December 31, 2018 and 2017, the Group's current liabilities exceeded its current assets by ₱3,575.6 million and ₱3,662.8 million, respectively, which is largely attributed to the payable arising from its additional investment in ACMDC which totalled ₱3,577.7 million and is considered an investing activity. With respect to its liabilities arising from operating activities which amounted to ₱332.1 million and ₱318.7 million as of December 31, 2018 and 2017, respectively, the Group has sufficient financial assets which amounted to ₱2.1 million as of December 31, 2018 to pay off its currently maturing obligations arising from operations. To further address liquidity gap, the Parent Company's major shareholders (Alakor and NBS) continuously provide financial assistance in order to support working capital requirements as well as planned future exploration and development activities of the Group. These financial statements are being prepared on a going concern basis on the basis of undertakings given by the shareholders that they will continue to support the Group to meet its commitments.

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:

	2018		2017	
	US$	**₱**	US$	₱
Financial assets:				
Cash in banks	**$291,169**	**₱15,309,671**	$204,144	₱10,192,910
Accrued interest receivable	**15,866**	**834,238**	–	–
Long-term note receivable	**11,423,573**	**600,651,468**	11,423,573	570,379,005
	11,730,608	**616,795,377**	11,627,717	580,571,915
Financial Liabilities				
Deposit	**200,000**	**10,516,000**	200,000	9,986,000
Net Financial Assets	**$11,530,608**	**₱606,279,377**	$11,427,717	₱570,585,915

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		
2018	**₱30,313,969**	**(₱30,313,969)**
2017	28,529,296	(28,529,296)
2016	2,251,608	(2,251,608)

As at December 31, 2018 and 2017, the exchange rate of the Philippine peso to the US$ is ₱52.58 and ₱49.93, respectively.

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 FVTPL and quoted AFS financial assets. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instrument.

The effects on equity and income before income tax, (as a result of a change in the fair value of financial assets at FVOCI/AFS financial assets and financial assets at FVTPL, respectively, at December 31, 2018, 2017 and 2016 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%
Financial Assets at FVTPL		
Increase (decrease) in income/loss before income tax and in equity:		
2018	**(₱613,617)**	**₱613,617**
2017	(185,641)	185,641
2016	(527,821)	527,821

	Change in fair market value	
	Increase in market indices by 5%	Decrease in market indices by 5%
Financial Assets and FVOCI/AFS Financial Assets		
2018	**(₱108,780)**	**₱108,780**
2017	(212,550)	212,550
2016	(216,638)	216,638

The impact on the Group's equity already excludes the impact on transactions affecting the consolidated statements of comprehensive income.

31. 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, 2018 and 2017 amounted to ₱624.5 million and ₱694.1 million, respectively. Discount rates used ranged from 5.78% to 7.06% in 2018 and 1.56% to 5.74% in 2017. The carrying amount of long-term note receivable amounted to 600.7 million and 630.4 million as at December 31, 2018 and 2017, respectively.

Financial Assets at FVTPL and Financial Assets at FVOCI/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. Prior to January 1, 2018, unquoted equity shares are carried at cost, less impairment loss since no reliable basis of fair value measurement is available. Upon adoption of PFRS 9 at January 1, 2018, fair value of unquoted equity shares is determined using adjusted net value asset approach.

For the years ended December 31, 2018 and 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.

Deposit

The carrying amount of deposit approximates its fair value. The timing and related amounts of future cash flows relating to deposit 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.
For the years ended December 31, 2018 and 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.

32. 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 Group.

The Group's operating business segments remain to be neither organized nor managed by geographical segment.

2018

	Mining	Non-Mining	Total	Eliminations	Consolidated
Segment revenue					
From external customers	₱31,265,927	₱–	₱31,265,927	₱–	₱31,265,927
Segment results					
Loss before income tax	(₱651,187,677)	19,129,658	(₱632,058,019)	₱–	(₱632,058,019)
Benefit from income tax	(1,400)	(13,800,210)	(13,801,610)	–	(13,801,610)
Net Loss	(₱53,583,737)	(₱592,275,892)	(₱645,859,629)	₱–	(₱645,859,629)

(Forward)

	Mining	Non-Mining	Total	Eliminations	Consolidated
Assets					
Segment assets	**₱82,988,914**	**₱1,871,382,423**	**₱1,954,371,337**	**(₱392,130,785)**	**₱1,562,240,552**
Investments	**–**	**8,387,203,156**	**8,387,203,156**	**–**	**8,387,203,156**
Liabilities					
Segment liabilities	**170,294,325**	**3,954,449,428**	**4,124,743,753**	**(180,822,247)**	**3,943,921,506**
Other segment information					
Depreciation, depletion and amortization	**27,387,512**	**2,235,922**	**29,623,434**	**–**	**29,623,434**
Finance charges	**2,513,015**	**224,330**	**2,737,345**	**–**	**2,737,345**

2017

	Mining	Non-Mining	Total	Eliminations	Consolidated
Segment revenue					
From external customers	₱–	₱43,779,066	₱43,779,066	₱–	₱43,779,066
	₱–	₱43,779,066	₱43,779,066	₱–	₱43,779,066
Segment results					
Loss before income tax	(₱225,833,754)	(₱7,297,531)	(₱233,131,285)	₱–	(₱233,131,285)
Benefit from income tax	–	(1,135,099)	(1,135,099)	–	(1,135,099)
Net Loss	(₱12,589,404)	(₱8,432,630)	(₱21,022,034)	₱–	(₱234,266,384)
Assets					
Segment assets	₱214,133,625	₱1,439,655,717	₱1,653,789,342	(₱81,040,338)	₱1,572,749,004
Investments	–	8,714,846,099	8,714,846,099	–	8,714,846,099
Liabilities					
Segment liabilities	67,624,135	4,004,524,574	4,072,148,709	(170,319,223)	3,901,829,486
Other segment information					
Depreciation, depletion and amortization	155,743	1,809,857	1,965,600	–	1,965,600
Finance charges	164,449	–	164,449	–	164,449

The consolidated revenue in the above tables includes the non-mining revenue, which consist of interest income, royalty income, dividend income and gains.

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-4 (Group A),
November 6, 2018, valid until November 5, 2021

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 and Subsidiaries (the Group) as at December 31, 2018 and 2017, and for each of the three years in the period ended December 31, 2018 included in this SEC Form 17-A, and have issued our report thereon dated April 1, 2019. 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 Group'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.

Ma. Geralin Q. Arevalo

Ma. Geralin Q. Arevalo
Partner
CPA Certificate No. 108517
SEC Accreditation No. 1613-A (Group A),
March 2, 2017, valid until March 1, 2020
Tax Identification No. 224-024-926
BIR Accreditation No. 08-001998-123-2017,
February 9, 2017, valid until February 8, 2020
PTR No. 7332522, January 3, 2019, Makati City

April 1, 2019

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A
DECEMBER 31, 2018

CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

SCHEDULE I
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2018

	2018	2017
Profitability Ratios:		
Return on assets	**(6.49%)**	(2.28%)
Return on equity	**(10.75%)**	(3.67%)
Gross profit margin	**(36.23%)**	–
Net profit margin	**(2065.70%)**	(515.48%)
Liquidity and Solvency Ratios:		
Current ratio	0.09:1	0.06:1
Quick ratio	0.07:1	0.06:1
Solvency ratio	(0.16:1)	(0.06:1)
Financial Leverage Ratios:		
Asset to equity ratio	1.66:1	1.61:1
Debt ratio	0.40:1	0.38:1
Debt to equity ratio	0.66:1	0.61:1
Interest coverage ratio	230	1,417

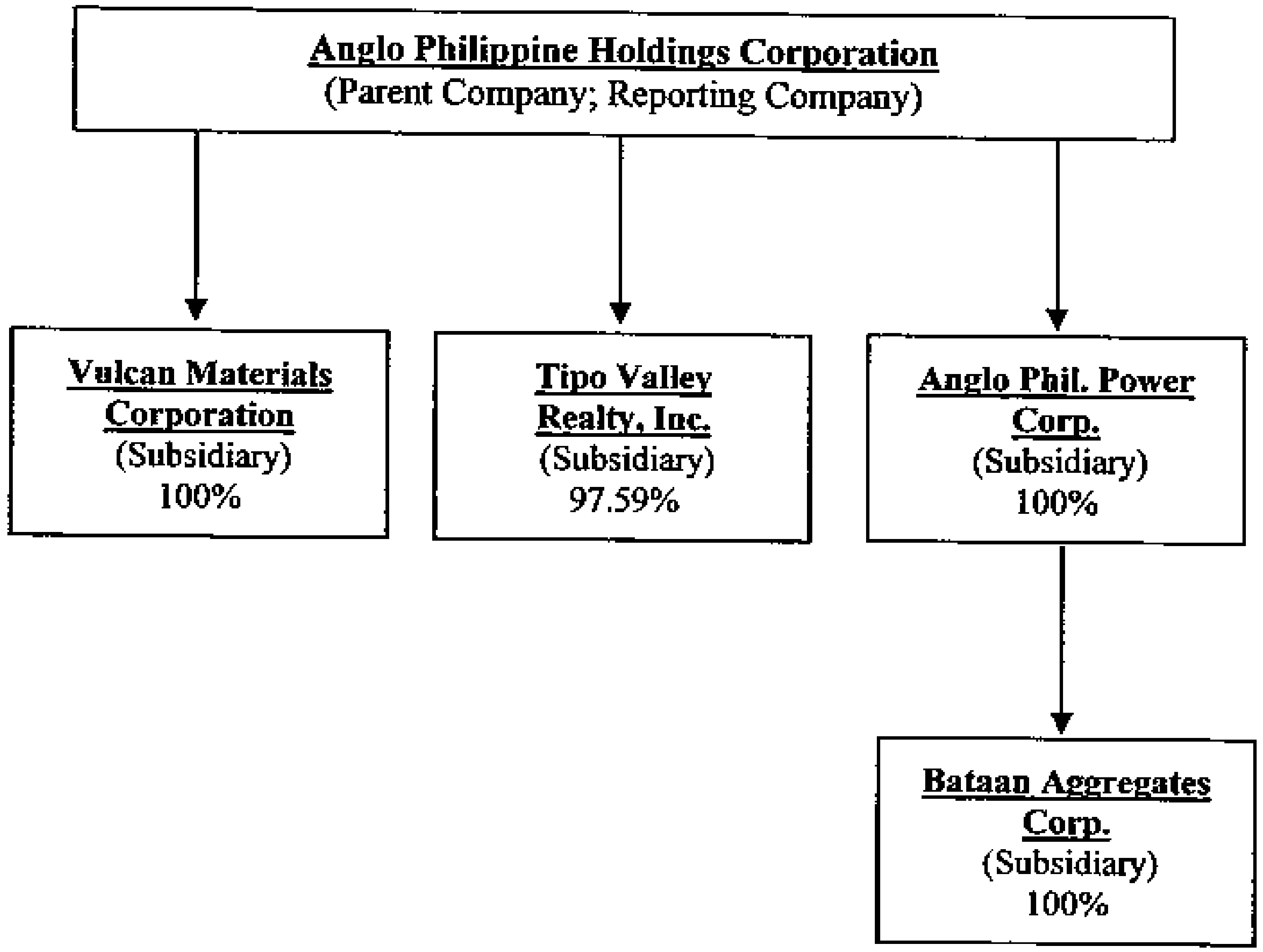
SCHEDULE II

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, 2018



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, 2018

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, 2018:

SUPPLEMENTARY SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Financial Reporting Standards				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2, Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 19	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
PAS 23	Borrowing Costs			✓
PAS 24	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Separate Financial Statements	✓		
PAS 28	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property	✓		
	Amendments to PAS 40, Transfers of Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
Philippine Interpretation IFRIC-1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
Philippine Interpretation IFRIC-2	Members' Shares in Co-operative Entities and Similar Instruments			✓
Philippine Interpretation IFRIC-4	Determining whether an Arrangement contains a Lease	✓		
Philippine Interpretation IFRIC-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
Philippine Interpretation IFRIC-6	Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment			✓
Philippine Interpretation IFRIC-7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
Philippine Interpretation IFRIC-10	Interim Financial Reporting and Impairment			✓
Philippine Interpretation IFRIC-12	Service Concession Arrangements			✓
Philippine Interpretation IFRIC-14	PAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
Philippine Interpretation IFRIC-16	Hedges of a Net Investment in a Foreign Operation			✓
Philippine Interpretation IFRIC-17	Distributions of Non-cash Assets to Owners			✓
Philippine Interpretation IFRIC-19	Extinguishing Financial Liabilities with Equity Instruments			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Interpretation IFRIC-20	Stripping Costs in the Production Phase of a Surface Mine			✓
Philippine Interpretation IFRIC-21	Levies	✓		
Philippine Interpretation IFRIC-22	Foreign Currency Transactions and Advance Consideration	✓		
Philippine Interpretation SIC-7	Introduction of the Euro			✓
Philippine Interpretation SIC-10	Government Assistance—No Specific Relation to Operating Activities			✓
Philippine Interpretation SIC-15	Operating Leases—Incentives			✓
Philippine Interpretation SIC-25	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders			✓
Philippine Interpretation SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
Philippine Interpretation SIC-29	Service Concession Arrangements: Disclosures			✓
Philippine Interpretation SIC-32	Intangible Assets—Web Site Costs			✓

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, 2018

Unappropriated Retained earnings as of December 31, 2017, as reflected in audited financial statements		₱2,113,233,555
Amount of recognized deferred tax asset that reduced the amount of income tax expense and increased the net income and retained earnings, until realized		(12,430,572)
Dividend declarations		–
Treasury shares		(27,566,075)
Unappropriated Retained Earnings, *as adjusted to available for dividend distribution, beginning*		2,073,236,908
Add: Net income actually earned/realized during the period	8,484,083	
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)	30,635,592	
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	–	
Subtotal	30,635,592	
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)	–	
Subtotal	–	
Net loss actually earned during the period		39,119,675
Add (Less):		
Dividend declarations during the period	–	
Appropriations of retained earnings	–	
Reversals of appropriations	–	
Effects of prior period adjustments	–	
Treasury shares	–	
Subtotal	–	–
Unappropriated Retained Earnings, as adjusted, ending		₱2,112,356,583

SCHEDULE A

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
FINANCIAL ASSETS IN EQUITY SECURITIES
DECEMBER 31, 2018

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
	NOT APPLICABLE		

SCHEDULE B

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2018

Name and designation of debtor	Balance at beginning period	Additions	Amounts collected / settlements	Amounts written-off	Current	Not current	Balance at end period
Alakor Corporation	₱5,569,612	₱2,500,000	₱–	₱–	₱8,069,612	₱–	₱8,069,612

SCHEDULE C

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2018

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.	₱20,972,160	₱3,076,193	₱–	₱–	₱24,048,353	₱–	₱24,048,353
Tipo Valley Realty, Inc.	69,262,918	–	19,806,243	–	49,456,675	–	49,456,675
Anglo Phil. Power Corp.	79,896,649	–	29,702,052	–	50,194,597	–	50,194,597

SCHEDULE D

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2018

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Leasehold rights	₱383,052	₱–	₱208,938	₱–	₱–	₱174,114

SCHEDULE E

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
LONG-TERM DEBT
DECEMBER 31, 2018
(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
Loan payable	₱36,000	₱3,839	₱1,649

SCHEDULE F

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2018

Name of Related Party	Balance at beginning of period	Balance at end of period
	NOT APPLICABLE	

SCHEDULE G

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2018

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, 2018

Group's authorized share capital is ₱4 billion divided into 4 billion shares at ₱1.00 par value. As at December 31, 2018, 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