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S.E.C. Registration Number

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(Company's Full Name)

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

Atty. Adrian S. Arias

+63(2)86315139

Contact Person

Company Telephone Number

QUARTERLY REPORT for SEPTEMBER 30, 2019

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Month

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Secondary License
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Total No. of Stockholders

Amended Articles Number/Section

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE

1. For the Quarterly Period ended: **September 30, 2019**
2. SEC Identification Number: **14102**
3. BIR Tax Identification Number: **041-000-175-630**
4. Exact name of registrant as specified in its charter: **Anglo Philippine Holdings Corp.**
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of principal office: **6th Floor Quad Alpha Centrum, 125 Pioneer Street,
Mandaluyong City 1550**
8. Registrant's telephone number, including area code: **(632) 631- 5139; (632) 635-6130**
9. Former name, former address, and former fiscal year if changed since last report: N. A.
10. Securities registered pursuant to Section 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Stock (P1.00 par value)	<u>3,003,302,538 (excluding 13,000,000 shares in Treasury Stock)</u>
Loans Payable and Long Term Debt	0.00

11. Are any or all of these securities listed on the Philippine Stock Exchange: **Yes**
12. Check whether the registrant:
 - a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and Section 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [X] No []
 - b) has been subject to such filing requirement held for the past 90 days.
Yes [X] No []
13. Documents incorporated by reference:
 - a) The Company's 2018 Audited Financial Statements.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements Required Under SRC Rule 68

1. The unaudited Consolidated Financial Statements of the Company for the period ended 30 September 2019 are included in this report. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of this SEC Form 17-Q.
2. Interim Statements of Comprehensive Income for the current interim period (01 January to 30 September 2019), with comparative Statement of Comprehensive Income for the comparable period (01 January to 30 September 2018) are attached to this report.
3. A statement showing changes in equity cumulatively for the current financial year to date period (01 January to 30 September 2019), with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (01 January to 30 September 2018) are attached to this report.
4. The basic and diluted earnings per share are presented on the face of the attached Statement of Comprehensive Income (01 January to 30 September 2019), as well as the basis of computation thereof.
5. The Company's interim financial report for the third quarter of 2019 has been prepared in accordance with Philippine Financial Reporting Standards (PFRS).
6. The Company follows the same accounting policies and methods of computation in its interim financial statements (01 January to 30 September 2019) compared with the most recent annual financial statements (2018), and **NO** policies or methods have been changed.
7. Owing to the nature of the business of the Company as an investments holding firm, there were **NO** seasonal or cyclical aspects that had a material effect on the financial condition or results of interim operations of the Company.
8. There were **NO** unusual items during the interim period (01 January to 30 September 2019), the nature, amount, size or incidents of which have affected the assets, liabilities, equity, net income or cash flows of the Company.
9. There were **NO** changes in the estimates of amounts reported in prior financial years (2018 and 2017) that had a material effect in the current interim period (01 January to 30 September 2019).
10. There were **NO** issuances, repurchases and repayments of debt and equity securities during the current interim period (01 January to 30 September 2019).
11. The Company does not generate revenues from any particular segment and its business (investment holding) is not delineated into any segment, whether by business or geography. The Company is not required to disclose segment information in its financial statements.
12. Up to the time of the filing of this Quarterly Report, there were **NO** material events subsequent to the end of the interim period (01 January to 30 September 2019) that have not been reflected in the financial statements for said interim period.
13. There were **NO** changes in the composition of the Company during the interim period (01 January to 30 September 2019), and there were no business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuance of operations during said interim period.

14. The Company has **NO** contingent liabilities or contingent assets as of its last annual balance sheet date (31 December 2018) and as of the end of the current interim period (30 September 2019).
15. There are **NO** material contingencies and any other events or transactions that are material to an understanding of the current interim period (01 January to 30 September 2019).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

Financial Performance –Third Quarter, 2019

Comparative financial highlights for the third quarter of fiscal years 2019 and 2018 are presented below:

	<u>30 September 2019</u>	<u>30 September 2018</u>
Revenues	46,670,686	49,568,054
Net Income/(Loss)	-37,890,539	-265,574,992
Total Assets	9,895,962,970	10,071,534,902
Total Liabilities	3,928,331,301	3,951,507,778
Net Worth	5,967,631,668	6,120,027,123
Issued and Outstanding Capital	3,003,302,538	3,003,302,538

Changes in Financial Condition – Third quarter (Jan. to Sept.) 2019 vs. 2018

The Company posted P46.7 million in revenues and a net loss of P37.9million as of end-September 2019, compared to P49.6 million in revenues and a net loss of P265.6 million for the same period in 2018. The net loss for the period ended September 2019 and 2018 was attributable to the Company's equity share in the net loss of its associates and depreciation expense of plant equipment.

Total Assets decreased to P9.9 billion as of end-September 2019, compared to P10.1billion as of end- September 2018 mainly due to the Company's equity share in the net loss of associates and depreciation expense of plant equipment.

Total Liabilities as of end- September 2019 and 2018 stood at P3.9 billion and P3.9 billion, respectively.

Net Worth decreased to P5.97 billion as of the end- September 2019, compared to P6.1 billion as of end- September 2018, mainly due to the net losses incurred by the Company during the year.

Changes in Financial Condition – Third quarter (Jan. to Sept.) 2019 vs. Full Year 2018

Comparative financial highlights for the third quarter 2019 and yearend 2018 are presented below:

	<u>30 September 2019</u> <u>Unaudited</u>	<u>December 31, 2018</u> <u>(Audited)</u>
Revenues	46,670,686	106,621,638
Net Income/(Loss)	-37,890,539	(645,859,629)
Total Assets	9,895,962,970	9,949,443,708
Total Liabilities	3,928,331,301	3,943,921,506
Net Worth	5,967,631,668	6,005,522,202
Issued and Outstanding Capital	3,003,302,538	3,003,302,538

The Company posted revenues of P46.7 million and a net loss of P37.9 million as of end-September 2019, compared to revenues of P106.6 million and a net loss P645.8 million during the year 2018. The net loss as of end-September 2019 and for the year ended September 2018 were attributable to the Company's equity share in the net losses of its associates and depreciation of plant equipment.

The decrease in Total Assets as of end- September 2019 compared to end-December 2018 was due to decrease in its Investment in Associates, Property, Plant and Equipment and Cash and Cash Equivalents due to the loan amortization payments of its subsidiary to the Phil. Bank of Communications ("PBCom") as of end-September 2019.

Total Liabilities decreased as of end- September 2019 compared to end- September 2018 due to loan amortization payments of its subsidiary to PBCom as of end-September 2019.

The Company's Net Worth decreased to P5.97billion as of end- September 2019 as compared to P6.0 billion as of end-December 2018, due to the net loss incurred by the Company as of end-September 2019.

The top five (5) key performance indicators of the Company and its majority-owned subsidiary are as follows:

Anglo Philippine Holdings Corporation

	<u>September 30, 2019</u> <u>(Consolidated)</u>	<u>December 31, 2018</u> <u>(Consolidated)</u>
Current Ratio	0.08:1	0.09:1
<u>Current Assets</u>	<u>310,864,094</u>	<u>334,254,994</u>
Current Liabilities	3,898,542,903	3,909,815,732
 Assets to Equity Ratio	 1.66 : 1	 1.66 : 1
<u>Total Assets</u>	<u>9,895,962,970</u>	<u>9,949,443,708</u>
Stockholders Equity	5,967,631,668	6,005,522,202
 Debt to Equity Ratio	 0.66 : 1	 0.66 : 1
<u>Total Liabilities</u>	<u>3,928,331,301</u>	<u>3,943,921,506</u>
Stockholders Equity	5,967,631,668	6,005,522,202
 Equity to Debt Ratio	 1.52 : 1	 1.52 : 1
<u>Stockholders Equity</u>	<u>5,967,631,668</u>	<u>6,005,522,202</u>
Total Liabilities	3,928,331,301	3,943,921,506
 Book Value per share	 1.99	 2.00
<u>Stockholders Equity</u>	<u>5,967,631,668</u>	<u>6,005,522,202</u>
Shares Outstanding	3,003,302,538	3,003,302,538
 Earnings/(Loss) per share	 -0.012	 -0.22
<u>Net Income/(Loss)</u>	<u>-37,890,539</u>	<u>-645,859,629</u>
Average Number of shares outstanding	3,003,302,538	3,003,302,538

The key performance indicators for end-September 2019 and 2018 remain constant except for the decrease in the loss per share as of end-September 2019 of P0.012 compared to P0.22 as of end-December 2018 mainly due to equity share in the net losses of associates as of end- September 2019 and current ratio from 0.09 as of end-December 2018 to 0.08 as of end-September 2019 by 6.73%.

Results of Operations – Third quarter 2019

Investment in Subsidiaries and Affiliates

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.

Meanwhile, APPC's wholly-owned subsidiary, **Bataan Aggregates Corp. (BAC)**, produced 34,122 cbm of aggregates and generated revenues of P17.2 million net of value-added tax as of end- September 2019, compared to 53,200cbm of aggregates and revenues net of vat of P23.4 million for the same period in 2018.

Vulcan Materials Corporation (VMC) (100% owned), which is involved in the exploration and development of various mineral and aggregates resources, has ceased operations effective October 2018 after the sale of its crushing plant and exploration/production rights over the Montalban quarry.

Tipo Valley Realty, Inc. (TVRI) (97.59% owned) obtained DAR approval of its conversion application involving 243 parcels of land with an aggregate area of 257.0561 hectares located in Hermosa, Bataan. The Company is in the process of complying with post-approval conditions. TVRI has also acquired an additional 134,297 square meters for possible access to the site and registered a net loss of P2.9 million as of end- September 2019, compared to a net loss of P2.8 million as of end- September 2018.

The Philodrill Corporation (OV)(34.32% owned) posted a net loss of P5.1 million as of end-September 2019, compared to a net loss of P28.9 million as of end- September 2018. The loss is attributable to lower production volume and foreign exchange losses.

The Galoc wells continue to produce at an aggregate output of 1,979 bopd and total production has reached about 21.9 million barrels as of end- September 2019.

Atlas Consolidated Mining & Development Corporation (AT) (28.64% owned) posted a net income of P20.7 million as of end- September 2019, compared to a net loss of P782.6 million as of end- September 2018.

United Paragon Mining Corporation (UPMC) (25.69% owned) received a new exploration permit last August 2018 and is now working on the post approval compliance requirements to start its 2-year exploration work program. UPM posted a net loss of P45.0million as of end-September 2019, compared to a net loss of P49.5 million for the same period in 2018.

Project Investments

The Company continues to maintain its 18.6% interest in **MRT Holdings, Inc.**, the indirect majority owner of the Metro Rail Transit Corporation (MRTC), and 15.79% interest in **MRT Development Corp.**, which generates revenues from concessionaire rentals and advertising fees in the MRT 3 stations.

Other Investments

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

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

In **SC 6A (Octon)**, Tamarind is currently in discussion with the SC 6A joint venture for a possible farm-in/buy-in to the Octon block.

In **SC 14D (Tara, NW Palawan)**, the implementation of permanent plug and abandonment of offshore production wells Tara and Libro was completed last May 2018 both below budget and on schedule.

In **SC 53 (Onshore Mindoro)**, the non-Operators are seeking reconsideration of the DOE's decision to terminate the SC due to the Operator's (MPOGI) non-compliance with reportorial requirements, citing their continuing willingness and commitment to pursue the drilling of the Progreso-2 well

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 PNOC-EC's decision 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.

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%.

Discussion and Analysis of Material Events and Uncertainties

Except as discussed below, Management is not aware of any material event or uncertainty that has affected the current interim period and/or would have a material impact on future operations of the Company.

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

1. There are **NO** known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity.

2. The Company's internal source of liquidity comes, primarily, from revenues generated from operations. The Company's external source of liquidity comes, primarily, from loans/financing obtained from financial institutions and, alternatively, may also come from the collection of its accounts receivables.
3. The Company has **NO** material commitments for capital expenditures but is expected to contribute its equity share in the capital expenditures of its investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing.
4. There are **NO** known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income from continuing operations, save as stated in paragraph 1 above.
5. There are **NO** significant elements of income or loss that did not arise from the Company's continuing operations.
6. There have been **NO** material changes from 31 December 2018 to 30 September 2019 in one or more line items of the Company's financial statements, **EXCEPT** as disclosed below:
 - (a) Cash and Cash Equivalents decreased from P43.6 million as of end-December 2018 to P15.1 million as of end- September 2019 mainly due to the payment of bank loan of its subsidiary and payment of current operating expenses.
 - (b) Account Receivables increased due to additional advances made to its affiliates and late collection of trade receivables.
 - (c) Investment in associates decreased due to net loss incurred by its associates during the period.
 - (d) Total liabilities decreased due to bank loan amortization payment of its subsidiary to PBCom.
 - (e) Retained Earnings decreased due to a corresponding Net Loss incurred by the Company as of end- September 2019.
7. There are **NO** events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
8. There are **NO** material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

Item 3. Management's Assessment and Evaluation of Financial Risk Exposures

A. Financial Risk Exposures

The Group's main financial instruments are cash and cash equivalents, receivables, financial assets at FVTPL, 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 and subscription payable which arise directly from its operations and investing activities.

The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to credit risk, liquidity risk, foreign currency risk and equity price risk from the use of its financial instruments. The Board reviews and approves the policies for managing each of these risks and they are summarized below.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Group's cash and cash equivalents, receivables and AFS financial assets.

The Group ensures that its financial assets are considered high grade by transacting only with top banks in the Philippines and maintaining good relationships with related parties, key employees and debtors who are highly reputable and with good credit standing.

With respect to credit risk arising from cash and cash equivalents and receivables, 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, 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 P874.5 million and P922.2 million as of September 30, 2019 and December 31, 2018, 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 September 30, 2019 and December 31, 2018.

Applicable for the year ended December 31, 2019

The following are the details of the Group's assessment of credit quality and the related ECLs as of September 30, 2019:

General approach

- *Cash and cash equivalents* - As of September 30, 2019, 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, Receivables from Related Parties and Other Receivables*. No ECL is recognized for these receivables since there were no history of default payments. As of September 30, 2019, 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 September 30, 2019, 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.

	September 30, 2019				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	
Gross carrying amount	724,369,216		20,436,224	150,097,525	894,902,965
Loss allowance			(20,436,224)		(20,436,224)
	724,369,216	-	-	150,097,525	874,466,741

Anglo Philippine Holdings Corporation

September 30, 2019							
		Past Due But not Impaired					
	Neither Past Due nor 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)	15,145,837	-	-	-	-	-	15,145,837
Trade and other receivables:		-	-	-	-	-	-
Trade receivables	8,018,956	-	-	-	-	15,921,190	23,940,146
Advances to related parties	43,426,462	-	-	-	-	-	43,426,462
Other receivables	132,776,088	-	-	-	-	4,515,034	137,291,122
Notes 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
	874,466,741	-	-	-	-	20,436,224	894,902,965

Applicable for the year ended December 31, 2018

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

December 31, 2018							
	Stage 1	Stage 2	Stage 3	Lifetime ECL			
	12-month ECL	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)		
	718,617,129	-	-	203,558,272	922,175,401		
December 31, 2018							
			Past Due But not Impaired				
	Neither Past Due nor 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
Notes 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

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 of September 30, 2019 and December 31, 2018.
- Financial assets at FVTPL and quoted AFS financial assets in equity instrument are investments that can be traded and from companies with good financial capacity, making the investment secured and realizable. Management assesses the quality of these assets as high grade.
- Unquoted AFS financial assets are assessed as medium grade since these belongs to companies which have good financial conditions and operate in an industry which has potential growth. The unquoted AFS financial asset with allowance for impairment pertains to the investment of the Group to a project that did not materialize.
- Long-term note receivable 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 of September 30, 2019 and December 31, 2018, the Group's cash and cash equivalents may be withdrawn anytime, while its financial assets at FVTPL and quoted AFS financial assets are traded in the stock exchange and may be converted to cash by selling them during the normal trading hours on any business day.

The following tables 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 of September 30, 2019 (including interest as applicable):

Anglo Philippine Holdings Corporation

September 30, 2019					
	Total	Contractual Undiscounted Payments			
		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)	15,145,837	15,145,837	-	-	-
Trade and other receivables:					
Trade receivables	23,940,146	8,018,956	-	-	15,921,190
Advances to related parties	43,426,462	43,426,462	-	-	-
Other receivables	137,291,122	132,776,088	-	-	4,515,034
Notes 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
	894,902,965	211,639,673	60,000,000	-	623,263,292
Financial Liabilities					
Trade and other payables	269,547,877	180,174,584			89,373,293
Due to related parties	838,686,448	838,686,448			
Subscription payable	2,780,623,880	2,780,623,880			
Loans payable	26,934,226		4,813,825	17,900,000	4,220,401
Finance lease liability	2,488,379		839,071	1,649,308	
	3,918,280,810	3,799,484,912	5,652,896	19,549,308	93,593,694

* Excluding payable to regulatory agencies

'December 31, 2018					
	Total	Contractual Undiscounted Payments			
		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	-	-	-
Notes 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

As of September 30, 2019 and December 31, 2018, the Group's current liabilities exceeded its current assets by P3,587.7 million and P3,575.6 million, respectively, which is largely attributed to the payable arising from its additional investment in ACMDC which totaled P3,577.7 million and is considered an investing activity. With respect to its liabilities arising from operating activities which amounted to P309.0 million and P332.1 million as of

September 30, 2019 and December 31, 2018, respectively, the Group has sufficient financial assets which amounted to P2.1 million as of September 30, 2019 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:

	September 30, 2019		December 31, 2018	
	US\$	PHP	US\$	PHP
Financial assets:				
Cash in banks	122,906	6,396,271	291,169	15,309,671
Accrued Interest receivable	17,453	908,272	15,866	834,238
Long-term notes receivable	11,423,573	594,505,586	11,423,573	600,651,468
	11,563,932	601,810,130	11,730,608	616,795,377
Financial liabilities:				
Deposits	200,000	10,408,400	200,000	10,516,000
Net Financial Assets	11,363,932	591,401,730	11,530,608	606,279,377

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 Php/US\$ exchange rate	
	US\$ Strengthens by 5%	US\$ weakens by 5%
Increase (decrease) in income/loss before income tax and in equity		
September 30, 2019	29,570,086	(29,570,086)
December 31, 2018	30,313,969	(30,313,969)
December 31, 2017	28,529,296	(28,529,296)

As of September 30, 2019 and December 31, 2018, the exchange rate of the Philippine peso to the US\$ is P52.042 and P52.724, 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 September 30, 2019, December 31, 2018 and 2017 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		
September 30, 2019	(634,802)	634,802
December 31, 2018	(613,617)	613,617
December 31, 2017	(185,641)	185,641
Financial Assets and FVOCI/AFS Financial Assets		
September 30, 2019	(108,780)	108,780
December 31, 2018	(108,780)	108,780
December 31, 2017	(212,550)	212,550

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

B. 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 of September 30, 2019 and December 31, 2018 amounted to 687.1 million and 687.1 million, respectively. Discount rates used ranged from 5.78 to 7.06%.

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 securities 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.

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 September 30, 2019 and December 31, 2018, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of the Level 3 measurements.

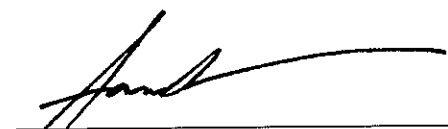
PART II – OTHER INFORMATION

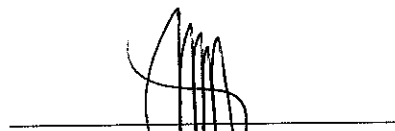
There were items for disclosure that were made under SEC Form 17-C during the current interim period (01 January to 30 September 2019).

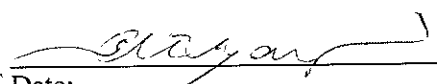
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Anglo Philippine Holdings Corporation
Registrant
(through its duly authorized representatives):


Date: _____
Adrian Paulino S. Ramos
President/Director/COO


Date: _____
Gilbert V. Rabago
Treasurer


Date: _____
Iris Marie U. Carpio-Duque
Corporate Secretary/
Compliance Officer and
Corporate Information Officer

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
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SEC FORM 17-Q

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Anglo Philippine Holdings Corporation

ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited Sept 30, 2019 Consolidated	Audited 31-Dec-18 Consolidated
ASSETS		
Current Assets		
Cash and cash equivalents	15,145,837	43,577,731
Receivables	204,657,730	203,558,272
Financial Assets at Fair Value through profit and loss (FVPL)	12,272,335	12,272,330
Notes Receivable	60,000,000	60,000,000
Prepaid expenses and other current assets	18,788,193	14,846,661
TOTAL CURRENT ASSETS	310,864,094	334,254,994
Noncurrent Assets		
Long-term note	600,651,468	600,651,468
Financial asset at fair value through other comprehensive income (FVOCI)	2,175,600	2,175,600
Investment in associates	8,379,828,643	8,387,203,156
Property and equipment	43,390,307	64,882,106
Investment property	305,581,329	305,581,329
Deferred exploration costs	176,398,698	175,667,965
Pension assets	7,068,456	7,068,456
Deferred tax assets - net	-	-
Other noncurrent assets	70,004,374	71,958,634
TOTAL NON CURRENT ASSETS	9,585,098,876	9,615,188,714
TOTAL ASSETS	9,895,962,970	9,949,443,708
LIABILITIES AND EQUITY		
Accounts Payable and Accrued Expenses	269,547,877	268,248,533
Due to related Parties	838,686,448	838,928,622
Subscription Payable	2,780,623,880	2,780,623,880
Current Portion of Longter loan	8,844,226	18,174,226
Current Portion of Finance Liability	839,071	3,839,071
Income tax payable	1,400	1,400
TOTAL CURRENT LIABILITIES	3,898,542,903	3,909,815,732
Loans Payable - net of current portion	18,090,000	22,407,375
Deposits from customer	5,432,916	5,432,916
Finance lease liability - net of current portion	1,649,308	1,649,308
Deferred income tax liabilities- net	4,616,175	4,616,175
TOTAL NON CURRENT LIABILITIES	29,788,399	34,105,774
TOTAL LIABILITIES	3,928,331,301	3,943,921,506
Capital stock		
Issued	3,008,919,508	3,008,919,508
Subscribed	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 af FVOCI/AFS financial	(2,157,353)	(2,157,353)
Re-measurement gains on defined benefits	1,355,141	1,355,141
Share in other comprehensive income (loss) of an associate	482,233,162	482,233,162
Retained earnings	921,589,277	959,479,811
Treasury Stock	(27,566,075)	(27,566,075)
Equity attributable to equity holders of the Parent Company	5,960,546,059	5,998,436,593
Non-controlling interest	7,085,609	7,085,609
TOTAL EQUITY	5,967,631,668	6,005,522,202
TOTAL LIABILITIES AND EQUITY	9,895,962,970	9,949,443,708

Anglo Philippine Holdings Corporation

ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2019 AND 2018

	Three Months (unaudited)		Year To Date (unaudited)	
	July to Sept 2019	July to Sept 2018	January 1 to Sept 2019	January 1 to Sept 2018
	Consolidated	Consolidated	Consolidated	Consolidated
REVENUES				
Sales	3,355,724	6,755,533	17,239,513	22,706,491
Gains on:	-	-	-	-
Sale of investments	-	-	-	-
Fair value changes of financial assets at FVPL	-	-	-	-
Discount on Long-Term Debt	-	-	-	-
Other income	-	-	-	-
Interest income	9,984,883	9,350,424	28,572,115	25,760,054
Dividend Income	-	67,233	476,867	336,484
Other income	(169,917)	59,461	382,192	765,366
	13,170,690	16,232,651	46,670,686	49,568,395
COST AND EXPENSES				
Cost of sales	3,408,047	9,946,234	9,936,080	30,503,955
General and administrative expenses	25,511,519	9,482,031	67,250,632	37,920,072
Equity in net losses (income) of associates	(20,612,403)	163,333,168	7,374,513	246,719,361
Receivable restructuring	-	-	-	-
Provision for impairment losses of investments	-	-	-	-
Foreign exchange losses - net	-	-	-	-
	8,307,163	182,761,433	84,561,225	315,143,388
INCOME/(LOSS) BEFORE INCOME TAX	4,863,526	(166,528,782)	(37,890,539)	(265,574,993)
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	-	-	-	-
Deferred	-	-	-	-
NET INCOME/(LOSS)	4,863,526	(166,528,782)	(37,890,539)	(265,574,993)
MINORITY INTEREST	780.01	(64,492.78)	(6,077)	(102,851)
TOTAL NET INCOME/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4,862,746	(166,464,289)	(37,884,462)	(265,472,142)
OTHER COMPREHENSIVE INCOME (LOSS)				
Reversal of unrealized valuation loss of AFS	-	-	-	-
Unrealized valuation gain (loss) on AFS investments	-	-	-	-
Share in other comprehensive income (loss) of an associate	-	-	-	-
Re-measurement income (loss) on retirement benefit, net of deferred tax	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4,862,746	(166,464,289)	(37,884,462)	(265,472,142)
Basic and Diluted Earnings/(Loss) per share	0.002	(0.055)	(0.013)	(0.088)

ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED SEPTEMBER 30, 2019 AND SEPTEMBER 30, 2018

	Capital Stock										
	Issued	Subscribed	Subscriptions Receivable	Additional Paid- in Capital	Net Unrealized Mark-to-Market Gain/(Loss) on AFS Financial Assets	Re-measurement Gains/(Losses) on Defined Benefit Obligation	Share in Other Comprehensive Income/(Loss) of an Associate	Retained Earnings	Treasury Stock	Non- Controlling Interest	Total
Balances at January 1, 2019	3,008,919,508	7,383,030	(1,367,687)	1,570,157,056	(2,157,353)	1,355,141	482,233,162	959,479,811	(27,566,075)	7,085,609	6,005,522,202
Net income/(Loss)	-	-	-	-	-	-	-	(37,890,534)	-	-	(37,890,534)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	(37,890,534)	-	-	(37,890,534)
Balances at SEPT 30, 2019	3,008,919,508	7,383,030	(1,367,687)	1,570,157,056	(2,157,353)	1,355,141	482,233,162	921,589,278	(27,566,075)	7,085,609	5,967,631,667
Balances at January 1, 2018	3,008,919,508	7,383,040	(1,367,687)	1,570,157,056	163,500	1,838,027	213,976,700	1,605,072,357	(27,566,075)	7,189,192	6,385,765,617
Net loss	-	-	-	-	-	-	-	(265,574,993)	-	-	(265,574,993)
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	(265,574,993)	-	-	(265,574,993)
Balances at SEPT 30, 2018	3,008,919,508	7,383,040	(1,367,687)	1,570,157,056	163,500	1,838,027	213,976,700	1,339,497,365	(27,566,075)	7,189,192	6,120,190,625

ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2019 AND 2018

	Three Months (unaudited)		Year To Date (unaudited)	
	July to Sept 2019	July to Sept 2018	January 1 to Sept 2019	January 1 to Sept 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income/(Loss) before income tax	4,863,526	(166,528,782)	(37,890,539)	(265,574,993)
Income before income tax from discontinued operations				
Total income before income tax				
Adjustment to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	7,345,104	21,345,031	21,491,800	22,367,680
Decrease (increase) in:				
Receivables	222,849	(1,673,246)	(1,099,458)	(3,169,784)
Prepayments and other current assets	(492,444)	(1,696,834)	(3,941,532)	(19,717,365)
Other non-current assets	(4,993,681)	(93,651)	1,954,260	33,049,059
Increase (decrease) in:				
Accounts payable and accrued expenses	4,952,642	216,500	1,299,344	74,511
Due to related parties	4,394,428	1,698,641	(242,174)	(3,096,219)
Income tax payable				
Net cash used in operating activities	16,292,424	(146,732,341)	(18,428,299)	(236,067,111)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Loans payable				
Asset Held for Sale/Financial assets at FVPL		(9,978,987)		(5,868,374)
Investment in associates	(20,034,504)	163,333,168	7,374,513	246,719,361
Advances to other project				
Addition to property and equipment		(14,004,981)		(17,063,839)
Deferred exploration	(398,752)	(200,055)	(730,733)	(3,915,701)
Net cash used in investing activities	(20,433,256)	139,149,145	6,643,780	219,871,447
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		-		53,746,667
Payment of borrowings	(5,570,000)	(1,046,667)	(16,647,375)	(1,046,667)
Cash dividends paid to stockholders				
Others - (Fractional Shares)				
Net cash provided by financing activities	(5,570,000)	(1,046,667)	(16,647,375)	52,700,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,710,832)	(8,629,863)	(28,431,894)	36,504,337
CASH AND CASH EQUIVALENTS, BEGINNING	24,856,669	64,185,221	43,577,731	19,051,021
CASH AND CASH EQUIVALENTS, END	15,145,837	55,555,358	15,145,837	55,555,358

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
PURSUANT TO SRC RULE 68, AS AMENDED
September 30, 2019

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (in Peso)	Valued based on market quotation end of reporting period (in Peso)	Income received and accrued (in Peso)
Shang Properties Inc	1,074,000	3,350,880	3,511,980	-
Chelsea Logistics Holdings Corp	40,000	258,400	275,200	-
Aboitiz Equity Ventures, Inc.	36,000	1,755,228	1,909,800	-
Aboitiz Power Corp	107,000	3,980,477	4,103,450	-
Semirara Mining and Power Corp	127,000	2,927,350	2,895,600	-

SCHEDULE B
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES

AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
PURSUANT TO SRC RULE 68, AS AMENDED
September 30, 2019

Designation of Debtor	Beginning period	Additions	Amounts Collected	Amounts Written Off	Current	Non-Current	Balance at end of period
ALAKOR CORPORATOIN	8,069,612						8,069,612

SCHEDULE C
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
PURSUANT TO SRC RULE 68, AS AMENDED
September 30, 2019

Name and Designation of Debtor	Balance at Beginning period	Additions/ Deductions	Amounts Collected/ Settlements	Amounts Written Off	Current	Non-Current	Balance at end of period
Vulcan Materials Corporation (wholly owned subsidiary)	24,048,353	222,160	-	-	24,270,513	-	24,270,513
Tipo Valley Realty Inc. (97.59% owned)	49,456,675	4,798,165	-	-	54,254,840	-	54,254,840
Anglo Phil. Power Corp. (100% owned)	50,194,597	10,806,667	-	-	61,001,264	-	61,001,264

SCHEDULE D
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
INTANGIBLE ASSETS - OTHER ASSETS
(OTHER THAN RELATED PARTIES)
PURSUANT TO SRC RULE 68, AS AMENDED
September 30, 2019

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
LEASEHOLD RIGHTS	174,114.00		0			174,114.00

SCHEDULE E
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
LONG-TERM DEBT
PURSUANT TO SRC RULE 68, AS AMENDED
September 30, 2019

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
LOANS PAYABLE	24,000,000	839,071	1,649,308

SCHEDULE F
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
PURSUANT TO SRC RULE 68, AS AMENDED
September 30, 2019

Name of Related Party	Balance at beginning of period	Balance at the end of period
	-none	

SCHEDULE H
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
CAPITAL STOCK
PURSUANT TO SRC RULE 68, AS AMENDED
September 30, 2019

Title of issue	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors officers and employees	Others
Common shares	4,000,000,000	** 3,016,302,538		2,407,937,951	96,205,605	499,157,662

* Including 13,000,000 shares in Treasury Stock

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
September 30, 2019

	9/30/19	9/30/18
<u>Profitability Ratios:</u>		
Return on assets	-0.38%	-2.64%
Return on equity	-0.63%	-4.34%
Gross profit margin	-%	-%
Net profit margin	-81.19%	-535.77%
<u>Liquidity and Solvency Ratios:</u>		
Current ratio	0.08:1	0.08:1
Quick ratio	0.07:1	0.07:1
Solvency ratio	2.52:1	2.55:1
<u>Financial Leverage Ratios:</u>		
Asset to equity ratio	1.66:1	1.65:1
Debt ratio	0.397:1	0.39:1
Debt to equity ratio	0.66:1	0.65:1
Interest coverage ratio	-	-

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

Types of Accounts Receivable	TOTAL	1 month	2 - 3 months	4-6 months	7 mos. To 1 year	1-2 years	3-5 years	5 yrs. & above
a. Trade receivable	23,940,146	-	8,018,956	-	-	-	-	15,921,190
b. Non Trade Receivable								
1. Receivable from Affiliated Co.	43,426,463	8,868,664	4,700,000		1,953,124		23,389,641	4,515,034
2. Others	157,727,346	-	12,994,613		-	9,967,164	134,765,569	-
Sub-total	201,153,809	8,868,664	17,694,613	-	1,953,124	9,967,164	158,155,210	4,515,034
	225,093,955	8,868,664	25,713,569	-	1,953,124	9,967,164	158,155,210	20,436,224
Less: Allowance for Doubtful Accounts	(20,436,224)	-	-		-		-	(20,436,224)
Net Receivable	204,657,731	8,868,664	25,713,569	-	1,953,124	9,967,164	158,155,210	-

Summary of Significant Accounting Policies

Basis of Preparation

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

Statement of Compliance

The accompanying consolidated financial statements of the Group have been prepared in compliance with PFRS.

Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary after eliminating significant intercompany balances and transactions. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has all of the following:

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

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

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

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of the subsidiary begins when the Parent Company obtains control, and continues to be consolidated until the date that such control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Subsidiary

A subsidiary is an entity over which the Parent Company has control.

All intra-company balances and transactions, including income, expenses, unrealized gains and losses and dividends, are eliminated in full. Profits and losses resulting from intra-company transactions that are recognized in assets and liabilities are eliminated in full.

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

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

The consolidated financial statements include the accounts of the Parent Company, VMC, and TVRI, Anglo Phil. Power. Corp.

A subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) and improvements to PFRS which were effective beginning January 1, 2016. Adoption of these pronouncements did not have a significant impact on the Group's financial position or performance unless otherwise stated.

- Amendments to PFRS 10, PFRS 12 and PAS 28, *Investment Entities: Applying the Consolidation Exception*
- Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Disclosure Initiative*
- Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27, *Equity Method in Separate Financial Statements*
- Annual Improvements to PFRSs 2012 - 2014 Cycle
 - Amendment to PFRS 5, *Changes in Methods of Disposal*
 - Amendment to PFRS 7, *Servicing Contracts*
 - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
 - Amendment to PAS 19, *Discount Rate: Regional Market Issue*
 - Amendment to PAS 34, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

Future Changes in Accounting Policies

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

Effective beginning on or after January 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)

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

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

Application of amendments will result in additional disclosures in the 2019 consolidated financial statements of the Group.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

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

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

The Group is currently assessing the impact of adopting the amendments to the standard.

Effective beginning on or after January 1, 2018

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

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

The Group is assessing the potential effect of the amendments on its consolidated financial statements.

- Amendments to PFRS 4, *Insurance Contracts*, Applying PFRS 9, *Financial Instruments*, with PFRS 4
The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard.

They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

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

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Group is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effective date.

- PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9.

The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities.

The adoption will also have an effect on the Group's application of hedge accounting and on the amount of its credit losses. The Group is currently assessing the impact of adopting this standard.

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

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

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

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

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

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their consolidated financial statements, particularly on the risk exposure to residual value.

Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15.

When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Group is currently assessing the impact of adopting PFRS 16.

Deferred effectivity

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

These amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

Summary of Significant Accounting Policies

Presentation of Financial Statements

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

Asset Acquisition

When the Group acquires an entity that does not constitute a business, the Group shall identify and recognize the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in PAS 38, *Intangible Assets*) and liabilities assumed. The cost of the asset shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

Cash and Cash Equivalents

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

Financial Instruments

Date of Recognition

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

Initial Recognition and Measurement of Financial Instruments

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

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

Financial Assets

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

The Group's financial assets are in the nature of loans and receivables, financial assets at FVPL and AFS financial assets. As of September 30, 2019 and December 31, 2018, the Group has no financial assets classified as HTM investments or as derivatives designated as hedging instruments in an effective hedge.

Financial Liabilities

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

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

The Group's financial liabilities are in the nature of other financial liabilities. As of September 30, 2019 and December 31, 2018, the Group has no financial liabilities at FVPL.

Fair Value Measurement

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

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

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

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

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

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

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 31.

"Day 1" Difference

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

Subsequent Measurement

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

Loans and Receivables

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

Loans and receivables are classified as current assets when they are expected to be realized within twelve (12) months after the end of the reporting period or within the normal operating cycle, whichever is longer. Otherwise, they are classified as noncurrent assets.

As of September 30, 2019 and December 31, 2018, the Group's loans and receivables include cash and cash equivalents, receivables, long-term note, and mine rehabilitation fund (MRF) under "Other noncurrent assets" (see Notes 4, 5, 8 and 16).

Financial Assets at FVPL

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

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

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

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

The Group has investments in financial assets at FVPL as of September 30, 2019 and December 31, 2018.

AFS Financial Assets

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

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

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

The Group’s AFS financial assets are presented as noncurrent assets in the consolidated statements of financial position. As of September 30, 2019 and December 31, 2018, the Group’s AFS financial assets include unquoted equity shares

Other Financial Liabilities

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

After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. The EIR amortization is included in the “Interest and other finance charges” in the consolidated statement of comprehensive income. Other financial liabilities are classified as current liabilities when they are expected to be settled within twelve (12) months from the end of the reporting period or the Group does not have an unconditional right to defer settlement for at least twelve (12) months from the end of the reporting period. Otherwise, they are classified as noncurrent liabilities.

As of September 30, 2019 and December 31, 2018, the Group’s other financial liabilities include accounts payable and accrued expenses (excluding statutory payables) and long-term debt.

Impairment of Financial Assets

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

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

Loans and Receivables

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

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience.

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

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

AFS Financial Assets Carried at Cost

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

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

AFS Financial Assets Carried at Fair Value

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

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

Derecognition of Financial Instruments

Financial Assets

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

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

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

Financial Liabilities

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

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

Offsetting Financial Instruments

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

Inventories

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

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets include prepaid insurance, deposit and tax credit from overpayment of income tax which can be utilized as payment for income taxes in the next taxable year. These are considered as current assets since the Group expects to realize or consume these assets within twelve (12) months after the end of the reporting period.

Assets Held for Sale

The Group classifies assets as held for sale (disposal group) when the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active program to locate a buyer and complete the plan must have been initiated. Furthermore, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The related results of operations and cash flows of the disposal group that qualify as discontinued operations are separated from the results of those that would be recovered principally through continuing use, and the prior year’s profit or loss in the consolidated statement of comprehensive income and statement of cash flows are re-presented. The results of operations and cash flows of the disposal group that qualify as discontinued operations are presented in profit or loss in the consolidated statement of comprehensive income and consolidated statement of cash flows as items associated with discontinued operations.

Investments in Associates

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

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

The share of profit of associates is shown on the face of the consolidated statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

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

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

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

Property and Equipment

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

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

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

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

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

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

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

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

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

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

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

Investment Properties

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

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

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

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

Deferred Exploration Costs

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

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

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

Deferred exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered

as areas permanently abandoned, the costs are written off through the consolidated statement of comprehensive income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

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

Other Noncurrent Assets

Input Value-Added Tax (VAT)

Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations.

Input VAT on capitalized assets subject to amortization and any excess which (1) may be utilized against output VAT, if any, beyond twelve (12) months from the end of the reporting period or (2) are being claimed for refund or as tax credits with the Court of Tax Appeals which are presented as noncurrent assets in the consolidated statement of financial position. Input VAT is stated at its estimated NRV.

The amount of VAT recoverable from the taxation authority is included as part of "Other noncurrent assets" in the consolidated statement of financial position.

Advances for Future Land Acquisitions

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

Leasehold Rights

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

Impairment of Nonfinancial Assets

Investments in Associates

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

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

Deferred Exploration Costs

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

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

Property and Equipment, Investment Properties, Prepaid Expenses and Other Current and Noncurrent Assets

The Group assesses at each reporting period whether there is an indication that a nonfinancial asset may be impaired when events or changes in circumstances indicate that the carrying value of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. As asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined

for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the parent company statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

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

Provisions

General

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

Decommissioning Liability

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

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the quarry site. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related assets to the extent that it was incurred as a result of the development/construction of the quarry. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

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

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

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

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

Other Comprehensive Income

OCI comprises items of income and expense (including items previously presented under the statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS.

Capital Stock and Additional Paid-in Capital

The Parent Company has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock or options are shown in equity as a deduction, net of tax, from the proceeds. Amount of contribution in excess of par value is accounted for as an additional paid-in capital.

Treasury Stock

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

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (1) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares are issued, and (2) retained earnings. When shares are sold, the treasury stock account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

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

Retained Earnings

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

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

Revenue Recognition

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

Sale of Aggregates

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

Management Fees

Management fees are recognized when services are rendered based on the contractual agreement between the parties.

Dividend Income

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

Interest Income

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

Other Income

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

Costs and Expenses Recognition

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

Earnings Per Share (EPS)

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

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

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

Segment Reporting

An operating segment is a component of an entity that: (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available.

The Company's segments pertain to its investments in associates. This segment is carried by Atlas Consolidated Mining Development Corporation (ACMDC), The Philodrill Corporation (TPC), United Paragon Mining Corporation (UPMC) and North Triangle Depot Commercial Corporation (NTDCC), the Group's associates. The summarized financial and other relevant information of the Group's associates are part of the consolidated financial statements.

Retirement Benefits Plan

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

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

Defined benefit costs comprise the following:

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

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

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest expense or interest income classified under "Interest and other finance charges" or "Interest income" in the consolidated statement of comprehensive income.

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

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

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

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

Income Taxes

Current Income Tax

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

Deferred Tax

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

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

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

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

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