

COVER SHEET

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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. Iris Marie Carpio-Duque																								
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Contact Person

+63(2)6315139									
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Company Telephone Number

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Month

3	0
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Day

June 30, 2020

1	7	-	Q		
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FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License
Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

Total Amount of Borrowings

3	0	8	9
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Total No. of Stockholders

-

Domestic

-

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: **June 30, 2020**
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 []
12. Documents incorporated by reference:
 - a) The Company's 2019 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 quarter ended 30 June 2020 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 June 2020), with comparative Statement of Comprehensive Income for the comparable period (01 January to 30 June 2019) 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 June 2020), with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (01 January to 30 June 2019) 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 June 2020), as well as the basis of computation thereof.
5. The Company's interim financial report for the First Semester 2020 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 June 2020) compared with the most recent annual financial statements (2019), 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 June 2020), 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 (2019 and 2018) that had a material effect in the current interim period (01 January to 30 June 2020).
10. There were **NO** issuances, repurchases and repayments of debt and equity securities during the current interim period (01 January to 30 June 2020).
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 June 2020) 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 June 2020), 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 2019) and as of the end of the current interim period (30 June 2020).
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 June 2020).

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

Financial Performance – First Semester (Jan to June 2020)

Comparative financial highlights for the First Semester of fiscal years 2020 and 2019 are presented below:

	<u>30 June 2020</u>	<u>30 June 2019</u>
Revenues	19,316,749	33,499,997
Net Income/(Loss)	(47,707,126)	(42,754,065)
Total Assets	9,422,110,614	9,887,322,373
Total Liabilities	3,805,316,612	3,924,554,231
Net Worth	5,616,794,001	5,962,768,141
Issued and Outstanding Capital	3,003,302,538	3,003,302,538

Changes in Financial Condition – First Semester (Jan to June) 2020 vs. 2019

The Company posted P19.3 million in revenues and a net loss of P47.7 million as of end-June 2020, compared to P33.5 million in revenues and a net loss of P42.8 million for the same period in 2019. The net loss for the quarter ended June 2020 were attributable to the Company's equity share in net losses of its associates and general administrative expenses incurred during the period.

Total Assets decreased to P9.4 billion as of end-June 2020, compared to P9.9 billion as of end-June 2019, mainly due to the Company's equity share in the net losses of associates.

Total Liabilities decreased to P3.8 billion as of end-June 2020, compared to P3.9 billion as of end-June 2019, due to recognition of discount on subscription payable which resulted in a day 1 gain of P97.3 million.

Net Worth is still lower at P5.6 billion as of the end-June 2020, compared to P5.9 billion as of the end-June 2019, due to the amount of net losses incurred by the Company during the year 2019.

Changes in Financial Condition –First Semester 2020 vs. Full Year 2019

Comparative financial highlights for the first semester, 2020 and yearend 2019 are presented below:

	<u>30 June 2020</u>	<u>December 31, 2019</u> (Audited)
Revenues	19,316,749	191,914,262
Net Income/(Loss)	(47,707,126)	(142,315,928)
Total Assets	9,422,110,614	9,474,672,463
Total Liabilities	3,805,316,612	3,810,171,333
Net Worth	5,616,794,001	5,664,501,130
Issued and Outstanding Capital	3,003,302,538	3,003,302,538

As of the 1st semester 2020, the Company posted revenues of P19.3 Million and a net loss of P47.7 million, compared to revenues of P191.9 million and a net loss P142.3 million for the year 2019. The net losses during the first semester of 2020 and as of end December 2019 were mainly due to the Company's equity share in net losses of its associates.

The decrease in Total Assets as of end-June 2020 compared to end-December 2019 was due the Company's equity share in net losses of its associates.

Total Liabilities decreased as of end-June 2020 compared to end-December 2019 due to the payment of the Company's payables and other accrued expenses.

The Company's Net Worth decreased as of end-June 2020 compared to end-December 2019, due to the net loss generated by the Company during the first semester of 2020.

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

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

	<u>June 30, 2020</u> <u>(Consolidated)</u> <u>Unaudited</u>	<u>December 31, 2019</u> <u>(Consolidated)</u> <u>Audited</u>
Current Ratio	1.05:1	1.07:1
<u>Current Assets</u>	<u>308,578,676</u>	<u>320,135,833</u>
Current Liabilities	293,797,602	298,652,324
Assets to Equity Ratio	1.68 : 1	1.67 : 1
<u>Total Assets</u>	<u>9,422,110,614</u>	<u>9,474,672,463</u>
Stockholders Equity	5,616,794,001	5,664,501,130
Debt to Equity Ratio	0.68 : 1	0.68: 1
<u>Total Liabilities</u>	<u>3,805,316,612</u>	<u>3,810,171,333</u>
Stockholders Equity	5,616,794,001	5,664,501,130
Equity to Debt Ratio	1.48 : 1	1.49: 1
<u>Stockholders Equity</u>	<u>5,616,794,001</u>	<u>5,664,501,130</u>
Total Liabilities	3,805,316,612	3,810,171,333

Book Value per share	1.87	1.89
<u>Stockholders Equity</u>	5,616,794,001	5,664,501,130
Shares Outstanding	3,003,302,538	3,003,302,538
Earnings/(Loss) per share	(0.02)	(0.05)
<u>Net Income/(Loss)</u>	(47,707,126)	(142,313,928)
Average Number of shares outstanding	3,003,302,538	3,003,302,538

Current Ratio slightly decreased to 1.05:1 as of end-June 2020, compared to 1.07:1 as of end-December 2019, due to decrease in Current Assets resulting from decrease in cash and cash equivalent arising from payment of general administrative expenses.

Assets to Equity Ratio is at 1.68:1 as of end-June 30, 2020, compared to 1.67:1 as of end-December 2019.

Debt-to-Equity Ratio remains the same at 0.68 :1 as of end-June 2020 and end December 2019. Equity-to-debt ratio is at 1.48:1 as of end-June, 2020, compared to 1.49:1 as of end December 2019.

Book Value per Share decreased to P1.87 per share as of end-June 2020, compared to P1.89 as of end-2019, due to net losses incurred by the Company during the period. The Company posted Loss per share of P0.02 as of end-June 2020, compared to a net loss of P0.05 as of end December 2019.

Results of Operations – First Semester 2020

Vulcan Materials Corporation (VMC) (100% owned) has no revenue or expenses earned/incurred as of end June 2020 and June 2019 respectively.

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

Anglo Philippine Power Corporation (APPC) (100% owned) is presently evaluating various renewable energy projects for future investment and is still in its pre-operating stage.

APPC wholly-owned subsidiary, **Bataan Aggregates Corp. (BAC)**, commenced commercial operations in January 2018. On October 2019, BAC sold its quarry equipment to Concrete Stone Corp. and paid over the proceeds of the sale to APPC in settlement of BAC's debt. BAC registered a net loss of P1.3 million as of end June 2020, compared to a net loss of P9.5 million as of end June 2019.

The Company owns 34.32% of **The Philodrill Corporation (OV)** which posted a consolidated net loss of P44.3 million as of end June 2020 compared to a net income of P6.9 million as of end June 2019.

The Galoc Field produced 176,913 barrels for the second quarter 2020, slightly higher than the previous quarter's output of 173,600 barrels.

United Paragon Mining Corporation (UPM) (25.69% owned) UPMC posted a net loss of P27.5 million as of end June 2020, compared to a net loss of P26.7million as of end June 2019.

UPM has received a new exploration permit last August 24, 2018 and the Company is now working on the final year of the implementation of its 2-year approved exploration work program. The Company is expecting to finish the exploration work in 2020 before its expiration. However, due to Covid-19 pandemic considered as force majeure, , the Company requested a one (1) year extension from June 22, 2020 to complete its exploration work program.

Atlas Consolidated Mining & Development Corp. (AT) (28.64% owned) posted a consolidated net loss of P189.9million as of end June 2020, compared to a net loss P65.5 million as of end June 2019.

The Company continues to participate in the following Oil Exploration contracts:

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

SC- 6 Block A (Octon)

Philodrill continues to review the proposed Farm-In Agreement and Joint Operating Agreement for SC 6A South Block from Tamarind Resources.

In the SC 6A North Block, Philodrill continues with its seismic attribute study with the intention of maturing a drillable location. Meanwhile, LMKR completed of its POC Quantitative Interpretation (QI) work in the North Block and presented the results to the partners, which agreed to do a full QI work with LMKR by amending the 2020 Work Program & Budget. Manta Oil expressed interest to evaluate the North Block and has executed a confidentiality and NDA with Philodrill.

SC-53 (Onshore Mindoro)

In a letter to the Operator, MPOGI, dated June 14, 2019, the DOE terminated SC 53 due to MPOGI's continued failure to comply with reportorial obligations. Immediately, a Motion for Reconsideration (MR) on the termination of the SC was submitted to the DOE where the Non-Operators manifested their absence of knowledge on MPOGI's negligence and requesting DOE to reconstitute the Joint Venture, continue the service contract, and deliver the SC53 commitments. Upon verification, the DOE expressed understanding of the Non-Operators' predicament and will evaluate the merits of the MR, accordingly.

Meanwhile, the partners coordinated with Newrest SOS (NSOS) for the settlement of the outstanding obligations of MPOGI, principally rental and lease of spaces at the Mabini ESB where long-lead items (LLIs) intended for the Progreso drilling project were stored. Weighing

the costs of continued storage and maintenance, against the depreciating value, of the LLIs, the Non-Operators sought and was granted approval by the DOE to sell the materials to Felpet Trading and Materials Recovery Services.

SC-14 Tara Block

Philodrill completed the plug and abandonment (P&A) program for the Tara South-1 and Libro-1 wells in compliance with government regulations and good industry practices.

Sulu Sea (formerly Service Contract 41)

The DOE launched the Philippine Conventional Energy Contracting Program (PCECP) in November 2018. Philodrill and bid application partner PXP Energy submitted a joint bid in August 2019 over Area 7 in Sulu Sea, formerly covered by Service Contract 41. In September 2019, the DOE confirmed that the Philodrill/PXP application satisfied the criteria set for the PCECP and accepted the bid for further substantive legal, financial and technical evaluation.

However, in November 2019, the DOE advised that the processing and awarding of new service contracts in areas under the jurisdiction of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) is being held in abeyance until an Executive Order (EO) is signed by the President clarifying the extent of BARMM's participation and entitlements from energy contracts within BARMM.

The Company has an existing agreement with Philodrill to acquire a portion of the interest that may be awarded to Philodrill in the area.

SWAN BLOCK (Deepwater Northwest Palawan)

Philodrill continues to evaluate all available exploration data on the deep-water area offshore NW Palawan, particularly in areas previously covered by the SWAN Block. This is in line with the planned participation of Philodrill in the farm-in program of PNOC-Exploration Corporation in Service Contract 57 and possible participation in exploration venture on other deep-water blocks in the West Philippine Sea region.

Additional information required by Item 1 (a) also contained in Note 10 to the Company's 2019 Audited Consolidated Financial Statements.

Property Development

Tipo Valley Realty, Inc. (TVRI) (97.59% owned) as of end June 2020, TVRI posted a net loss of P2.1 Million, compared to a net loss of P1.8 million as of end June 2019.

On June 16, 2020, TVRI's conversion application involving 248 parcels of land with an aggregate area of 272.2865 hectares located in Hermosa, Bataan, was granted with finality by the DAR Central Office. The Company is in the process of complying with post-approval conditions. Furthermore, TVRI has acquired an additional of 134,297 square meters for possible access to the site

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

Infrastructure

The Company continues to maintain its 18.6% equity in MRT Holdings, Inc., the indirect majority owner of the Metro Rail Transit Corporation (MRTC). As of end-June 2020, ridership is about less than 50,000 passengers per day due to reduced operations resulting from ongoing community quarantine.

Other Investments

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

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

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

NO material reclassification, merger, consolidation, or purchase/sale of a significant amount of assets, not in the ordinary course of business, has been undertaken by the Company and/or its subsidiary during the last three (3) years, EXCEPT (i) the acquisition of additional shares in AT last February 27, 2017 and August 11, 2017 of 25.1 M shares and 819.9 M shares, respectively, thereby increasing the Company's ownership therein from 8.37% to 28.64%; and, (ii) the sale of quarry equipment of Bataan Aggregates Corporation, subsidiary of Anglo Phil. Power Corp.

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.

- (i) There are **NO** known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity.
- (ii) The Company's internal source of liquidity comes, primarily, from revenues generated from operations. The Company's external source of liquidity comes, primarily, from loans/financing obtained from financial institutions and, alternatively, may also come from the collection of its accounts receivables.
- (iii) The Company has **NO** material commitments for capital expenditures but is expected to contribute its equity share in the capital expenditures of its investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing.
- (iv) There are **NO** known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income from continuing operations.

- (v) There are **NO** significant elements of income or loss that did not arise from the Company's operations.
- (vi). There have been **NO** material changes from 31 December 2019 to 30 June 2020 in one or more line items of the Company's financial statements, EXCEPT as disclosed below:
 - (a) Cash and Cash Equivalents decreased from P90.8 million as of end-2019 to P75.3million as of end-June 2020 mainly due payment of general administrative expenses incurred by the Company.
 - (b) Account Receivables decreased due to collection of trade account receivable.
 - (c) Investment in associates decreased due to net losses incurred by its associates during the period.
 - (d) Total liabilities decreased due to payment of the Company's payable and accrued expenses.
 - (e) Retained Earnings decreased due to a corresponding net losses incurred by the Company as of end-June 2020.
- vii. 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.
- viii There are **NO** material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

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

A. Financial Risk Exposures

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

Credit Risk

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

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

Cash with banks are deposits made with reputable banks duly approved by the BOD.

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to credit risk is not significant. No receivables are past due and all receivables are assessed to be collectible and in good standing as of June 30, 2020 and December 31, 2019. Provisions for impairment losses on trade receivables and other receivables were made on accounts specifically identified to be doubtful of collection.

Anglo Philippine Holdings Corporation

Other than the receivable which were provided with allowance, all other receivable are assessed to be collectible and in good standing as of June 30, 2020 and December 31, 2019.

The Group's maximum exposure to credit risk is equal to the aggregate carrying amount of its financial assets.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Group's credit standing.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

As of June 30, 2020 and December 31, 2019, the Group's cash and cash equivalents may be withdrawn anytime while and AFS investments are traded in the stock exchange and may be converted to cash by selling them during the normal trading hours on any business day.

The following tables show maturity profile of the Group's financial liabilities as well as undiscounted cash flows from financial assets used for liquidity management:

June 30, 2020					
	Contractual Undiscounted Payments				
	Total	On Demand	Less than 1 year	1 to 2 Years	More than 2 Years
Financial Assets at Amortized Cost					
Cash and cash equivalent	₱75,304,529	₱72,304,529	₱–	₱–	₱–
Trade and other receivables	199,478,558	199,478,558	–	–	–
Long-term notes receivable	589,690,570	–	–	60,000,000	529,690,570
<i>(Forward)</i>					
Financial assets at FVTPL	₱11,964,200	₱11,964,200	₱–	₱–	₱–
Financial assets at FVOCI	2,715,462	–	–	–	2,715,462
	897,153,319	283,747,287	–	60,000,000	532,406,032
Financial Liabilities					
Accounts payable and accrued expenses*	251,758,363	162,705,345	–	–	89,419,082
Due to related parties	834,929,573	37,881,693	–	797,047,880	–
Subscription payable	2,782,760,050	2,136,170	–	2,780,623,880	–
	3,869,447,986	202,723,208	–	3,577,671,760	89,419,082
				(₱	
Net Financial Assets (Liabilities)	(₱2,990,294,667)	₱81,024,079	₱–	3,517,671,760)	₱442,986,950

* Excluding statutory payables

December 31, 2019					
Contractual Undiscounted Payments					
	Total	On Demand	Less than 1 year	1 to 2 Years	More than 2 Years
Financial Assets at Amortized Cost					
Cash and cash equivalent	₱90,807,779	₱90,807,779	₱–	₱–	₱–

Anglo Philippine Holdings Corporation

December 31, 2019					
	Contractual Undiscounted Payments				
	Total	On Demand	Less than 1 year	1 to 2 Years	More than 2 Years
Trade and other receivables	202,719,675	202,719,675	–	–	–
Long-term notes receivable	589,690,570	–	–	60,000,000	529,690,570
<i>(Forward)</i>					
Financial assets at FVTPL	₱11,964,200	₱11,964,200	₱–	₱–	₱–
Financial assets at FVOCI	2,715,462	–	–	–	2,715,462
	897,897,686	305,491,654	–	60,000,000	532,406,032
Financial Liabilities					
Accounts payable and accrued expenses*	250,606,074	161,186,992	–	–	89,419,082
Due to related parties	838,928,622	41,880,742	–	797,047,880	–
Subscription payable	2,782,760,050	2,136,170	–	2,780,623,880	–
	3,872,294,746	205,203,904	–	3,577,671,760	89,419,082
Net Financial Assets (Liabilities)	(₱2,974,397,060)	₱100,287,750	₱–	(₱3,517,671,760)	₱442,986,950

* *Excluding statutory payables*

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest Rate Risk

The Group's exposure to the risk for changes in market interest rate relates primarily to its short-term loans payable and long-term debt obligations with fixed interest rates. Most of the Group's existing debt obligations are based on fixed interest rates with relatively small component of the debts that are subject to interest rate fluctuation. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

Foreign Exchange Risk

The Group uses the Philippine peso as its functional currency and is therefore exposed to foreign exchange movements, primarily in U.S. dollar currency. The Group follows a policy to manage its foreign exchange risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-peso currencies.

Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of the listed shares. The equity price risk exposure arises from the Group's investment in financial assets at FVPL and quoted AFS investments.

Fair Values of Financial Instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions were used to estimate the fair value of each class of financial

instruments for which it is practicable to estimate such value:

Cash and Cash Equivalents, Receivables, Accounts Payable, Short Term Loans Payable and Accrued Expenses

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses and short-term loans payable approximate their fair values due to their short-term maturities.

AFS Investments.

The fair values of publicly traded instruments & similar investments determined based on quoted bid market prices at the balance sheet date. For unquoted AFS equity securities for which no reliable basis of fair value measurement is available, these are carried at cost, impairment loss.

Fair Value Hierarchy

The Group uses the following hierarchy in determining the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets or identical assets or liabilities

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data

	June 30, 2020		
	Level 1	Level 2	Level 3
Financial assets measured at fair value			
Financial assets at FVPL	₱11,964,200		
AFS investments – quoted	2,715,462	–	–
	₱14,964,200	₱–	₱–
	December 31, 2019		
	Level 1	Level 2	Level 3
Financial assets measured at fair value			
Financial assets at FVPL	₱11,964,200		
AFS investments – quoted	2,715,462	–	–
	₱14,964,462	₱–	₱–

As of June 30, 2020 and December 31, 2019, the Company's financial assets measured at fair value composed of common shares of Aboitiz Power Corp, Shang Properties Inc., Semirara Mining & Power Corp, Aboitiz Equity Ventures Inc. And Chelsea Logistics Holdings Corp.

As of June 30, 2020 and December 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of the level 3 measurements.

Derivative Asset

The Group has no derivative assets for the period ended June 30, 2020 and December 31, 2019.

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 June 2020).

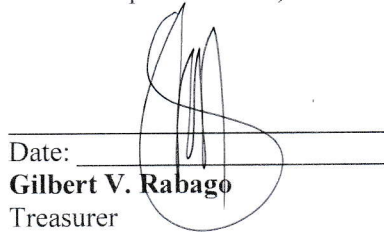
SIGNATURES

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.

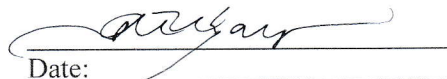
Anglo Philippine Holdings Corporation
Registrant
(through its duly authorized representatives):



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

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE

SEC FORM 17-Q

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ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited 30-June-2020 Consolidated	Audited 31-Dec-2019 Consolidated
ASSETS		
Current Assets		
Cash and cash equivalents	75,304,529	90,807,779
Receivables	199,478,558	202,719,675
Financial Assets at Fair Value through profit and loss (FVPL)	11,964,200	11,964,200
Prepaid expenses and other current assets	21,831,389	14,644,179
TOTAL CURRENT ASSETS	308,578,676	320,135,833
Noncurrent Assets		
Long-term note	589,690,570	589,690,570
Financial asset at fair value through other comprehensive income (FVOCI)	2,715,462	2,715,462
Investment in associates	7,952,686,291	7,991,530,236
Property and equipment	8,001,224	9,008,986
Investment property	307,835,244	305,581,329
Deferred exploration costs	176,719,145	176,523,661
Pension assets	8,165,341	8,165,341
Other noncurrent assets	67,718,660	71,321,045
TOTAL NON CURRENT ASSETS	9,113,531,937	9,154,536,630
TOTAL ASSETS	9,422,110,614	9,474,672,463
LIABILITIES AND EQUITY		
Accounts Payable and Accrued Expenses	253,312,723	254,130,896
Due to related Parties	37,881,693	41,880,742
Subscription Payable	2,136,170	2,136,170
Provision for plug and abandonment cost	467,016	467,016
Income tax payable	-	37,500
TOTAL CURRENT LIABILITIES	293,797,602	298,652,324
Subscription Payable - net of current portion	2,694,916,132	2,694,916,132
Due to related parties - net of current portion	797,047,880	797,047,880
Deposits from customer	15,559,916	15,559,916
Deferred income tax liabilities- net	3,995,081	3,995,081
TOTAL NON CURRENT LIABILITIES	3,511,519,009	3,511,519,009
TOTAL LIABILITIES	3,805,316,612	3,810,171,333
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 at FVOCI/AFS financial assets	(1,617,491)	(1,617,491)
Re-measurement gains on defined benefits	2,140,453	2,140,453
Share in other comprehensive income (loss) of an associate	282,200,844	282,200,844
Retained earnings	769,566,428	817,273,556
Treasury Stock	(27,566,075)	(27,566,075)
Equity attributable to equity holders of the Parent Company	5,609,816,065	5,657,523,194
Non-controlling interest	6,977,936	6,977,936
TOTAL EQUITY	5,616,794,001	5,664,501,130
TOTAL LIABILITIES AND EQUITY	9,422,110,614	9,474,672,463

Anglo Philippine Holdings Corporation

ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2020 AND 2019

	Unaudited April 1 to June 30, 2020 Consolidated	Unaudited April 1 to June 30, 2019 Consolidated	Unaudited January 1 to June 30, 2020 Consolidated	Unaudited January 1 to June 30, 2019 Consolidated
REVENUES				
Sales	-	5,309,958	-	13,883,789
Gains on:	-	-	-	-
Interest income	9,106,808	10,228,578	18,863,844	18,587,232
Other income	452,635	813,851	452,635	1,028,976
	9,559,443	16,352,387	19,316,479	33,499,997
COST AND EXPENSES	-	-	-	-
Cost of sales	-	3,136,353	-	6,528,033
General and administrative expenses	8,135,467	18,778,316	18,331,356	41,739,113
Equity in net losses (income) of associates	28,173,924	17,386,409	48,692,250	27,986,916
	36,309,391	39,301,077	67,023,605	76,254,062
INCOME/(LOSS) BEFORE INCOME TAX	(26,749,948)	(22,948,690)	(47,707,126)	(42,754,065)
PROVISION FOR (BENEFIT FROM) INCOME TAX	-	-	-	-
Current	-	-	-	-
Deferred	-	-	-	-
	-	-	-	-
NET INCOME/(LOSS)	(26,749,948)	(22,948,690)	(47,707,126)	(42,754,065)
MINORITY INTEREST	-	-	-	-
TOTAL NET INCOME/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	(26,749,948)	(22,948,690)	(47,707,126)	(42,754,065)
OTHER COMPREHENSIVE INCOME (LOSS)	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	(26,749,948)	(22,948,690)	(47,707,126)	(42,754,065)
Basic and Diluted Earnings/(Loss) per share	(0.009)	(0.008)	(0.016)	(0.014)

Anglo Philippine Holdings Corporation

ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 2020 AND JUNE 30, 2019

	Capital Stock				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
	Issued	Subscribed	Subscriptions Receivable									
Balances at January 1, 2020	3,008,919,508	7,383,030	(1,367,687.00)	1,570,157,056	(1,617,491)	2,140,453	282,200,844	817,273,556	27,566,075	6,977,936	5,664,501,130	
Net income/(Loss)	-	-	-	-	-	-	-	(47,707,126)	-	-	(47,707,126)	
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income	-	-	-	-	-	-	-	(47,707,126)	-	-	(47,707,126)	
Balances at JUNE 30, 2020	3,008,919,508	7,383,030	1,367,687	1,570,157,056	(1,617,491)	2,140,453	282,200,844	769,566,430	27,566,075	6,977,936	5,616,794,001	
Balances at January 1, 2019	3,008,919,508	7,383,030	(1,367,687.00)	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)	-	-	-	-	-	-	-	(42,754,065)	-	-	(42,754,065)	
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income	-	-	-	-	-	-	-	(42,754,065)	-	-	(42,754,065)	
Balances at JUNE 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	916,725,747	27,566,075	7,085,609	5,962,768,141	

ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited April 1 to June 30, 2020 Consolidated	Unaudited April 1 to June 30, 2019 Consolidated	Unaudited January 1 to June 30, 2020 Consolidated	Unaudited January 1 to June 30, 2019 Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Income/(Loss) before income tax	(26,749,948)	(22,936,690)	(47,707,126)	(42,754,065)
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	503,881	6,737,086	1,007,762	14,146,696
Decrease (increase) in:	-	-	-	-
Receivables	5,268,669	5,278,376	3,241,117	(1,322,307)
Prepayments and other current assets	(213,521)	(507,955)	(7,187,210)	(3,449,088)
Other non-current assets	57,322	(131,462)	3,602,385	6,947,941
Increase (decrease) in:	-	-	-	-
Accounts payable and accrued expenses	(313,056)	(2,014,709)	(818,173)	20,392,404
Due to related parties	(3,999,031)	(4,020,000)	(3,999,049)	(28,682,304)
Income tax payable	(37,500)		(37,500)	
Net cash used in operating activities	(25,483,185)	(17,595,355)	(51,897,793)	(34,720,723)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Investment property	-	-	(2,253,915)	-
Investment in associates	28,173,925	17,374,408	38,843,945	27,409,017
Deferred exploration	-	(157,875)	(195,484)	(331,981)
Net cash used in investing activities	28,173,925	17,216,533	36,394,546	27,077,036
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	-	-	-	-
Payment of borrowings	-	(5,570,000)	-	(11,077,375)
Net cash provided by financing activities	-	(5,570,000)	-	(11,077,375)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,690,739	(5,948,822)	(15,503,250)	(18,721,062)
CASH AND CASH EQUIVALENTS, BEGINNING	72,613,790	30,805,491	90,807,779	43,577,731
CASH AND CASH EQUIVALENTS, END	75,304,529	24,856,669	75,304,529	24,856,669

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
PURSUANT TO SRC RULE 68, AS AMENDED
June 30, 2020

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)
Aboitiz Power Corporation	107,000	3,659,400	2,782,000	-
Shang Properties, Inc.	1,074,000	3,436,800	3,007,200	-
Semirara Mining & Power Corporation	127,000	2,794,000	1,346,200	-
Aboitiz Equity Ventures, Inc.	36,000.00	1,854,000	1,047,600	-
Chelsea Logistics Holdings Corp.	40,000	220,000	114,000	-
		11,964,200	8,297,000	-

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

June 30, 2020

Designation of Debtor	Beginning period	Additions	Amounts Collected	Amounts Written Off	Current	Non-Current	Balance at end of period
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(None)

SCHEDULE C
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
PURSUANT TO SRC RULE 68, AS AMENDED
June 30, 2020

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)	27,726,799	-	-	-	-	-	27,726,799
Tipo Valley Realty Inc. (97.59% owned)	57,254,810	4,944,216	-	-	-	-	62,199,026
Anglo Phil. Power Corp. (100% owned)	22,399,131	1,250,000	-	-	-	-	23,649,131

SCHEDULE D
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
INTANGIBLE ASSETS - OTHER ASSETS
(OTHER THAN RELATED PARTIES)
PURSUANT TO SRC RULE 68, AS AMENDED
June 30, 2020

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
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(None)

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES SCHEDULE E - PROPERTY AND EQUIPMENT FOR THE PERIOD ENDED JUNE 30, 2020					
Classification	Beginning Balance	Additions	Retirements	Other Charges Additions/ Deductions	Ending Balance
Condominium Units and Improvements	22,091,617	-	-	-	22,091,617
Transportation Equipment	4,471,071	-	-	-	4,471,071
Furnitures, Fixtures & Office Equipment	927,222	-	-	-	927,222
	27,489,910	-	-	-	27,489,910

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES SCHEDULE F - ACCUMULATED DEPRECIATION FOR THE PERIOD ENDED JUNE 30, 2020					
Classification	Beginning Balance	Additions	Retirements	Other Charges Additions/ (Deductions)	Ending Balance
Condominium Units and Improvements	14,581,796	552,606	-	-	15,134,402
Transportation Equipment	3,006,482	447,107	-	-	3,453,589
Furnitures, Fixtures & Office Equipment	892,646	8,049	-	-	900,695
	18,480,924	1,007,762	-	-	19,488,686

SCHEDULE H
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY
CAPITAL STOCK
PURSUANT TO SRC RULE 68, AS AMENDED
June 30, 2020

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	-	2,407,837,951.00	98,032,605	497,431,982

** Including 13,000,000 shares in Treasury Stock*

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
FOR THE PERIOD ENDED JUNE 30, 2020

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	20,234,588	-	-	4,313,398	-	-	-	15,921,190
b. Non Trade Receivable								
1. Receivable from Affiliated Co.	42,647,744	-	2,959,945	4,700,000	5,130,000	1,953,124	23,389,641	4,515,034
2. Others	157,032,451	-	-	0	13,338,422	9,967,164	133,726,865	-
Sub-total	199,680,195	-	2,959,945	4,700,000	18,468,422	11,920,288	157,116,506	4,515,034
Less: Allowance for Doubtful Accounts	219,914,782		2,959,945	9,013,398	18,468,422	11,920,288	157,116,506	20,436,224
	(20,436,224)	-	-	-	-	-	-	(20,436,224)
Net Receivable	199,478,558	-	2,959,945	9,013,398	18,468,422	11,920,288	157,116,506	-

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
June 30, 2020

	30-June 2020	30-June 2019
<u>Profitability Ratios:</u>		
Return on assets	-0.51%	-0.43%
Return on equity	0.85%	-0.72%
Gross profit margin	-%	-%
Net profit margin	-246.98%	-127.62%
<u>Liquidity and Solvency Ratios:</u>		
Current ratio	1.05:1	0.08:1
Quick ratio	0.98:1	0.08:1
Solvency ratio	-0.012:1	-0.007:1
<u>Financial Leverage Ratios:</u>		
Asset to equity ratio	1.68:1	1.66:1
Debt ratio	0.40:1	0.397:1
Debt to equity ratio	0.68:1	0.66:1
Interest coverage ratio	-	-

//

Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis except for financial assets measured at fair value through profit-or-loss (FVTPL) and financial assets measured at fair value through other comprehensive income (FVOCI), which are carried at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the Group's functional and presentation currency under the Philippine Financial Reporting Standards (PFRSs). All values are rounded off to the nearest Peso, except when otherwise indicated.

Statement of Compliance

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

Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.

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

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

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

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

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

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

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

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

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

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

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

Group	Principal Activities	Percentage of Ownership	
		June 2020	30, Dec 2019
<i>Direct interest</i>			
Vulcan Materials Corporation	Mining exploration and sale of aggregates	100	100
Tipo Valley Realty, Inc. (TVRI)	Real estate holding and development	97.59	97.59
Anglo Phil. Power Corp. (APPC)	Energy resources	100	100
<i>Indirect interest</i>			
Bataan Aggregates Corp. (BAC)	Sand and gravel quarrying	100	100

VMC was registered with the Philippine SEC on September 12, 1991 and was previously engaged in mining exploration and sale of aggregates. As at June 30, 2020, VMC has no operations.

On December 22, 2015, the Parent Company acquired 97.59% of interest in TVRI which is engaged in real estate development. As at June 30, 2020, TVRI has not yet started commercial operations.

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

BAC was registered with the Philippine SEC on May 4, 2017 and is primarily engaged in sand and gravel quarrying. BAC started commercial operations in January 2018. On September 24, 2019, the

BOD of BAC authorized the termination of the Company's quarrying project and the execution of sale of the Company's machines, equipment and other inventories located in the quarry premises.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2019:

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

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

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

- PFRS 16, *Leases*

PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC-4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives*, and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Company is the lessor.

These amendments have no significant impact on the consolidated financial statements of the Group. The Group does not have any leases which are in-scope under the new leases standard.

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

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

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

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

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

The amendments have no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

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

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

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

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

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

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

The interpretation specifically addresses the following:

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

The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine

amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its assessment, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation does not have an impact on the consolidated financial statements of the Group.

Annual Improvements to PFRSs 2015-2017 Cycle

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

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

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

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

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

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

These amendments have no impact on the consolidated financial statements of the Group since there was no dividends declared during the year.

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

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

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

New Standards and Interpretation Issued and Effective after December 31, 2019

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective Beginning on or After January 1, 2020

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

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

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

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

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

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

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

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

Effective Beginning on or After January 1, 2021

- PFRS 17, *Insurance Contracts*

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

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

comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

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

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

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

Deferred Effectivity

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

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

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

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

Summary of Significant Accounting Policies

Current versus Noncurrent Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;

- It is due to be settled within 12 months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

The Group classifies all other liabilities as noncurrent.

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

Fair Value Measurement

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

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

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

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

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

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

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

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

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

Presentation of Financial Statements

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

Financial Instruments

Initial Recognition

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

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

Classification and Subsequent Measurement Prior to January 1, 2018

Financial Assets

Financial assets are classified in the following categories: financial assets at FVTPL, loans and receivables, AFS financial assets, held-to-maturity (HTM) investment, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends on the purpose for which the financial assets were acquired and whether they are quoted in an active market. The Parent Company determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

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

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

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

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis;
- The assets are part of Parent Company's 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 Parent Company's investments that are held for trading are classified as financial assets at FVTPL as at June 30, 2020.

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

As at June 30, 2020, the Parent Company's loans and receivables include cash and cash equivalents, receivables, long-term note receivable and deposit under "Other noncurrent assets".

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

After initial measurement, AFS financial assets are subsequently measured at fair value, with unrealized gains or losses arising from the changes in fair values of AFS financial assets are reported in (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 Parent Company's AFS financial assets are presented under noncurrent assets in the consolidated statements of financial position. As at June 30, 2020, the Parent Company's AFS financial assets include investments in quoted and unquoted equity shares.

- *HTM Investments.* Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as HTM when the Parent Company has the positive intention and ability to hold it to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be HTM, such as bonds, are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the

effective interest method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process.

As at June 30, 2020, the Parent Company has no HTM investments.

Financial Liabilities

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

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

The Parent Company's financial liabilities are in the nature of other financial liabilities. As at June 30, 2020, the Parent Company has no financial liabilities at FVTPL.

- *Other Financial Liabilities.* This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations and borrowings. Issued financial instruments or their components, which are not classified as at FVTPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Parent Company 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.

As at June 30, 2020, the Parent Company's financial liabilities include accounts payable and accrued expenses (excluding statutory payables), subscription payable and due to related parties.

Classification and Measurement Effective January 1, 2018

Classification of Financial Assets. Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- Financial assets measured at amortized cost;
- Financial assets measured at FVTPL;
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss; and,
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

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

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

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

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

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

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

As at June 30, 2020 and December 31, 2019, the Group has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, note receivable, long-term note receivable and deposit under "Other noncurrent assets".

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

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

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

The Group's financial assets at FVTPL consists of investments in quoted equity shares that are held for trading as at June 30, 2020 and December 31, 2019.

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

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

Dividends are recognized in profit or loss only when:

- the Group's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Group; and,
- the amount of the dividend can be measured reliably.

As at June 30, 2020 and December 31, 2019, the Group's financial assets at FVOCI pertains to investments in unquoted equity shares that are not held for trading.

Classification of Financial Liabilities. Financial liabilities are measured at amortized cost, except for the following:

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

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

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

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

As at June 30, 2020 and December 31, 2019, the Group's financial liabilities include accounts payable and accrued expenses (excluding statutory payables), subscription payable, due to related parties, loan payable and finance lease liability.

Impairment of Financial Assets Prior to January 1, 2018

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

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

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

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

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

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

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

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

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

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

Impairment of Financial Assets Effective January 1, 2018

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

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

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

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

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

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity. At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Offsetting Financial Instruments

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

Derecognition of Financial Instruments

Financial Assets

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

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

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

Financial Liabilities

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

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

“Day 1” Difference

Where the transaction price in a non-active market is different from 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 (a “Day 1” difference) in profit or loss under “Interest income” and “Interest expense” accounts unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss 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.

Cash and Cash Equivalents

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

Prepaid Expenses and Other Current Assets

Prepaid Expenses

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

Advances to Suppliers

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

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

Prepaid Taxes

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

Investments in Associates

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

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

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

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

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

Property and Equipment

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

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

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

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

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

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

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

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

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

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

Investment Properties

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

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

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

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

Deferred Exploration Costs

Oil, gas and mineral exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with exploration are capitalized under "Deferred exploration costs" account. The Group's deferred exploration costs are specifically identified for each Service Contract (SC)/Geophysical Survey, Exploration Contract (GSEC) area and quarrying area. All oil exploration costs relating to each SC/GSEC are deferred pending the determination of whether the contract area contains oil, gas and mineral 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, gas and mineral 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

Advances for Future Land Acquisitions

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

Input Value-Added Tax (VAT)

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

Leasehold Rights

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

Impairment of Nonfinancial Assets

Investments in Associates

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

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

Deferred Exploration Costs

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

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

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

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

As assessment is made at each end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such

indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income. After such a reversal, the 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

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

Equity

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

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

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

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

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

- Additional paid-in capital to the extent of the specific or average additional paid in capital when the shares are issued, and
- 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 Group's stockholders is recognized as a liability and deducted from retained earnings when they are approved by the Group's BOD. Dividends for the year that are approved after the end of the reporting period are dealt with as an event after the end of the reporting period.

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

Revenue Recognition

Prior to the Adoption of PFRS 15

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

Upon Adoption of PFRS 15

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

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

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

Revenue from Contracts with Customers

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

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).

Dividend Income

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

Other Income

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

Costs and Expenses

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

Earnings (Loss) Per Share (EPS)

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

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

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

Business Segment

For management purposes, the Group is organized into two (2) major operating segments (mining and non-mining business) according to the nature of the products and the services provided with each segment representing a strategic business unit that offers different products and serves different markets. The entities are the basis upon which the Group reports its primary segment information. Financial information on business segments are presented in Note 30.

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.

Remeasurements 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. Remeasurements are not reclassified to profit or loss in subsequent periods. These are retained in OCI until full settlement of the obligation.

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 Tax

Current 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.

The Group records uncertain tax positions on the basis of a two-step process whereby the Group determines whether it is more likely than not that the tax positions will be sustained based on technical merits of the position, and for those tax positions that meet the more likely than not criteria, the Group recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with related tax authority. The Group records interest and penalties on uncertain tax

positions in “Income tax expense (benefit)” account in the consolidated statement of comprehensive income.

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.