

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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

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Department requiring the report

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Secondary License Type, If Applicable

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| N | / | A |
|---|---|---|

COMPANY INFORMATION

Company's Email Address

main@picazolaw.com

Company's Telephone Number/s

(632) 910-6429

Mobile Number

N/A

No. of Stockholders

797

Annual Meeting (Month / Day)

December 14

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Kristina Joyce Caro-Gangan

Email Address

main@picazolaw.com

Telephone Number/s

888-0999

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

Unit 1204 Galleria Corporate Center, EDSA corner Ortigas Avenue, Brgy. Ugong Norte, Quezon City

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

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

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2017

Financial Statements

Statement of Management's Responsibility for the Consolidated Financial Statements for the year ended December 31, 2017

Independent Auditor's Report dated April 23, 2018

Consolidated Statement of Financial Position as at December 31, 2017

Consolidated Statement of Comprehensive Loss for the year ended December 31, 2017

Consolidated Statement of Changes in Equity for the year ended December 31, 2017

Consolidated Statement of Cash Flows for the year ended December 31, 2017

Consolidated Notes to the Financial Statements for year ended December 31, 2017

Supplementary Schedules

Independent Auditor's Report on Supplementary Schedules dated
April 23, 2018

| | |
|---|----------------|
| A. Financial Soundness Indicators | Applicable |
| B. Financial Assets | Applicable |
| C. Amounts Receivable from Directors, Officers, Employees, related Parties, and Principal Stockholders (Other than Related parties) | Applicable |
| D. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements | Not applicable |
| E. Intangible Assets - Other Assets | Applicable |
| F. Long-Term Debt | None to report |
| G. Indebtedness to Related Parties | Applicable |
| H. Guarantees of Securities of Other Issuers | None to report |
| I. Capital Stock | Applicable |
| J. Map of the Group Of Companies | Applicable |
| K. Reconciliation of Retained Earnings Available for Dividend Declaration | Not applicable |
| L. Effective Standards and Interpretations under PFRS as of year-end | Applicable |

APOLLO GLOBAL CAPITAL, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

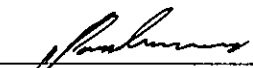
The management of APOLLO GLOBAL CAPITAL, INC. AND SUBSIDIARY is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


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

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


Roxas Cruz Tagle and Co. (Formerly Alba Romeo & Co.), the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Salvador Santos-Ocampo
Chairman of the Board



Vittorio P. Lim
Chief Executive Officer



Julio R. Villanueva
Chief Financial Officer

Signed this 23 day of April 2018

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES

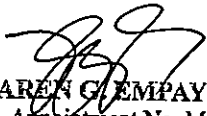
BEFORE ME, a Notary Public in and for the above jurisdiction, personally appeared on APR 23 2018, the following persons with their respective competent evidence of identity, to wit:

| Name | Tax Identification/Passport No. | Issuing Government Agency |
|-----------------------------|---------------------------------|-----------------------------|
| Salvador A. Santos - Deampo | Passport No. P1998748A | 23 Feb 2017 / DFA NCR East |
| Julio Cesar R. Villanueva | Passport No. 5586 P1086 | 16 July 2013 / DFA Pampanga |
| Vitorio P. Con | DL No. N02-02-001052 | 16 March 2018 / Q.C. |

known to me and to me known to be the same persons who executed the foregoing instrument and they acknowledged and the same to be their own free and voluntary act and deed.

WITNESS MY HAND AND SEAL in the place and on the date first above written.

Doc. No. 320
Page No. 65
Book No. IV
Series of 2018


KAREN G. EMPAYNADO
Appointment No. M-282
Notary Public for Makati City
Until December 31, 2018
Penthouse, Liberty Center
104 H.V. dela Costa Street, Makati City
Roll No. 66325
PTR No. 6619644/Makati City/01-05-2018
IBP No. LRN-015033/Quezon City/May 30, 2016

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY
Unit 1204 Galleria Corporate Center
EDSA corner Ortigas Avenue
Brgy. Ugong Norte, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended December 31, 2017, and consolidated notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Business combination

On February 17, 2017, the Parent Company and the Subsidiary's shareholders entered into a Deed of Exchange of Shares where in the latter had issued 247,396,071,520 shares (par value of P0.01 per share) in exchange for 4,133,740 shares (par value of P100 per share) at an exchange price of P598.48 of the latter.

PFRS 3, Business Combination, requires the Group to recognize the identified assets and liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair value of recognized assets and liabilities as goodwill. Significant judgment is applied in the identification of any intangible assets acquired and contingent liabilities assumed in the transactions. Significant assumptions and estimates are also used in the determination of the fair values of the identified assets acquired and liabilities assumed in the transactions.

Management has engaged an independent Firm to issue a fairness opinion on the share swap transaction between the Parent Company and the Subsidiary's shareholders including the reasonableness of the fair value amount of JDVC's shares, which is at P598.48 per share.

Our responses and work performed

We have evaluated the competence, capabilities and objectivity of the management's expert, obtained an understanding of the work of the expert, and evaluated the appropriateness of the expert's work as audit evidence for the relevant assertions.

Based on our review of the fairness opinion issued by the independent Firm, we noted that assumptions and estimates considered in their analysis were reasonable. With respect to our work on the subsequent impairment testing of the resultant mine properties, we refer to key audit matter "Impairment of mine properties/exploration and evaluation assets". We have also assessed and corroborated the adequacy and appropriateness of the disclosures made in the financial statements. The Group's disclosures of the business combination accounting applied to the acquisition of the subsidiary during the financial year are included in Note 3 to the consolidated financial statements.

Impairment of mine properties/exploration and evaluation assets

Under PAS 36 Impairment of Assets, a cash-generating unit ("CGU") shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the CGU, with the recoverable amount of the CGU. Mine properties/exploration and evaluation assets are significant accounts in the consolidated statement of financial position, and significant judgement, assumptions and estimates are applied by management in the impairment testing of the associated CGU. Value in use involves cash flow projections and applying the growth rate and discount rate in the cash flow projections, while fair value less costs of disposal is the price that would be received in an orderly transaction between market participants at the measurement date, less the incremental costs directly attributable to the disposal of the CGU. Input inaccuracies or inappropriate bases used to determine the level of impairment, including the discount rate and growth rate used in the value in use computations, and the market comparables used in the fair value measurements, could result in material misstatement in the financial statements.

Our responses and work performed

We have assessed the key assumptions used by management in performing the impairment test, including reference to recent transactions and market comparables. We have developed expectations of the assumptions used in the impairment test, including the discount rate and growth rate. Based on our procedures, we noted the key assumptions used by management to be within a reasonable range of our expectations. We have also assessed and corroborated the adequacy and appropriateness of the disclosures made by management in the financial statements. The disclosures on impairment of mine

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ROXAS CRUZ TAGLE AND CO.
(Formerly ALBA ROMEO & CO.)



Maria Carmina A. Ussher
Partner

CPA Certificate No. 0068006

Tax Identification No. 123-046-738

PTR No. 6643557, issued on January 17, 2018, Makati City

PRC/BOA Accreditation No. 0005 (Firm), issued on December 1, 2015
effective until December 31, 2018

SEC Accreditation No. 0007-FR-4 (Firm), Group A
issued on July 16, 2015, effective until July 15, 2018

SEC Accreditation No. 1542-A (Individual), Group A
issued on March 9, 2016, effective until May 1, 2019

BIR Accreditation No. 08-001682-14-2018 issued on January 26, 2018
effective until January 26, 2021

April 23, 2018
Makati City, Philippines

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016



| | Note | 2017 | 2016 |
|--|------|-----------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | 6 | P1,087,826 | P1,152,404 |
| Loan receivable | 8 | - | 254,500,000 |
| Accrued interest receivable | 8 | - | 5,471,750 |
| Other current assets | 7 | 2,628,482 | 1,439,164 |
| Total current assets | | 3,716,308 | 262,563,318 |
| Non-current assets | | | |
| Loan receivable | 8 | 254,500,000 | - |
| Accrued interest receivable | 8 | 8,016,750 | - |
| Advances to suppliers | 9 | 25,197,105 | - |
| Advances to related parties | 22 | 2,595,022 | - |
| Property and equipment, net | 11 | 58,947 | - |
| Mine properties | 12 | 3,227,427,393 | - |
| Deferred tax asset | 23 | 2,129,954 | - |
| Other non-current assets | | 479,252 | - |
| Total non-current assets | | 3,520,404,423 | - |
| TOTAL ASSETS | | P3,524,120,731 | P262,563,318 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Accounts and other payables | 13 | P46,041,306 | P1,130,215 |
| Loan payable | 22 | 10,000,000 | - |
| Advances for future royalties | 14 | 45,982,143 | - |
| Due to a related party | 22 | 1,644,365 | 1,515,123 |
| Total current liabilities | | 103,667,814 | 2,645,338 |
| Non-current liability | | | |
| Deposit for future stock subscriptions | 22 | 192,712,307 | - |
| TOTAL LIABILITIES | | 296,380,121 | 2,645,338 |
| EQUITY | | | |
| Share capital | 15 | 2,751,960,715 | 278,000,000 |
| Share premium | | 17,586,961 | 17,586,961 |
| Deficit | | (59,980,879) | (35,668,981) |
| Non-controlling interest | | 518,173,813 | - |
| Total equity | | 3,227,740,610 | 259,917,980 |
| TOTAL LIABILITIES AND EQUITY | | P3,524,120,731 | P262,563,318 |

(The notes on pages 6 to 53 are an integral part of these financial statements.)

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (INCOME)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(With Comparative Figures for the Year Ended December 31, 2015)

| | Note | 2017 | 2016 | 2015 |
|--|------|---------------|-------------|-------------|
| Service income | 17 | P- | P- | P16,034,162 |
| Cost of services | 18 | - | - | 8,158,498 |
| Gross profit | | - | - | 7,875,664 |
| General and administrative expenses | 19 | 27,524,741 | 1,075,383 | 11,656,420 |
| Operating loss | | (27,524,741) | (1,075,383) | (3,780,756) |
| Other expenses, net | | | | |
| Interest income | 21 | 2,279,638 | 2,275,527 | 6,585,862 |
| Gain on sale of investment in AFS securities | 10 | - | - | 1,166,258 |
| Foreign exchange gain | | - | - | 277,619 |
| Bank charges | | (6,096) | - | - |
| Interest expense | 22 | (350,000) | - | - |
| Miscellaneous income | | - | 50,000 | 1,882,219 |
| | | 1,923,542 | 2,325,527 | 9,911,958 |
| Profit (loss) before income tax | | (25,601,199) | 1,250,144 | 6,131,202 |
| Provision for income tax | 23 | | | |
| Current | | 45,466 | 46,446 | 887,427 |
| Deferred | | (895,550) | - | - |
| | | (850,084) | 46,446 | 887,427 |
| Net loss | | (24,751,115) | 1,203,698 | 5,243,775 |
| Other comprehensive income | | - | - | - |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Remeasurement gain on retirement plan | | | | 55,550 |
| Total comprehensive loss | | (P24,751,115) | P1,203,698 | P5,299,325 |
| Net loss for the year attributable to: | | | | |
| Owners of the Parent | | (P20,461,747) | | |
| Non-controlling interest | | (4,289,368) | | |
| | | (P24,751,115) | | |
| Basic and dilutive earnings per share | | (P0.00008) | P0.00433 | P0.01886 |

(The notes on pages 6 to 53 are an integral part of these financial statements.)

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(With Comparative Figures for the Year Ended December 31, 2015)

| | Note | 2017 | 2016 | 2015 |
|---|------|------------------------------|----------------------------|----------------------------|
| Share capital | 16 | <u>P2,751,960,715</u> | <u>P278,000,000</u> | <u>P278,000,000</u> |
| Share premium | | <u>17,586,961</u> | <u>17,586,961</u> | <u>17,586,961</u> |
| Retained earnings (deficit) | | | | |
| At January 1 | | (35,668,981) | (36,872,679) | (42,116,454) |
| Net profit (loss) for the year attributable to Parent Company | | <u>(24,311,898)</u> | <u>1,203,698</u> | <u>5,243,775</u> |
| At December 31 | | <u>(59,980,879)</u> | <u>(35,668,981)</u> | <u>(36,872,679)</u> |
| Non-controlling interest | | | | |
| At acquisition date | | 518,613,030 | - | - |
| Net profit (loss) for the year attributable to the non-controlling interest | | <u>(439,217)</u> | <u>-</u> | <u>-</u> |
| At December 31 | | <u>518,173,813</u> | | |
| Other comprehensive income | | | | |
| Remeasurement on retirement plan | | | | |
| At January 1 | | - | - | (55,550) |
| Other comprehensive income for the year | | <u>-</u> | <u>-</u> | <u>55,550</u> |
| At December 31 | | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL EQUITY | | <u><u>P3,227,740,610</u></u> | <u><u>P259,917,980</u></u> | <u><u>P258,714,282</u></u> |

(The notes on pages 6 to 53 are an integral part of these financial statements.)

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(With Comparative Figures for the Year Ended December 31, 2015)

| | Notes | 2017 | 2016 | 2015 |
|--|-------|---------------|-------------|---------------|
| Cash flows from operating activities | | | | |
| Loss before income tax | | (P26,238,040) | P1,250,144 | P6,131,202 |
| Adjustments for | | | | |
| Depreciation | 11 | 46,960 | - | 893,742 |
| Foreign exchange gain | | - | - | (277,619) |
| Gain on sale of investments in AFS securities | 10 | - | - | (1,166,258) |
| Interest income | 15 | (2,279,668) | (2,275,527) | (6,585,862) |
| Miscellaneous income | | - | - | (2,693,438) |
| Interest expense | 22 | 350,000 | - | - |
| Operating loss before changes in working capital | | (28,120,748) | (1,025,383) | (3,698,233) |
| Changes in working capital accounts | | | | |
| Decrease (Increase) in | | | | |
| Trade receivables | | - | - | 420,316 |
| Other receivables | | - | (272,679) | 34,878 |
| Other current assets | | (33,682) | (18,870) | 41,549 |
| Decrease in accounts and other payables | | (50,370,917) | (179,086) | (892,684) |
| Movement in retirement liability | | - | - | (788,937) |
| Cash used for operations | | (78,525,347) | (1,496,018) | (4,883,111) |
| Interest received | | 7,347 | 3,206 | 3,769,899 |
| Income tax paid | | (45,466) | (46,446) | (1,030,003) |
| Net cash used in operating activities | | (78,563,466) | (1,539,258) | (2,143,215) |
| Cash flows from investing activities | | | | |
| Advances to a shareholder | | - | - | (254,500,000) |
| Proceeds from sale of available-for-sale securities | | - | - | 46,982,000 |
| Acquisition of available-for-sale securities | | - | - | (45,815,742) |
| Acquisition of property and equipment | | (56,525) | - | (58,027) |
| Increase in website cost | | (13,600) | - | - |
| Increase in deferred exploration costs | | (14,281,724) | - | - |
| Decrease in other non-current assets | | - | - | 290,331 |
| Net cash used in investing activities | | (14,351,849) | - | (253,101,438) |
| Cash flows from financing activities | | | | |
| Additional advances to related parties | | (23,378,696) | - | - |
| Additional advances to suppliers | | (22,479,505) | - | - |
| Additional due to related parties | | 23,477,938 | 1,515,123 | - |
| Receipt payment for advances for future royalties | | 51,500,000 | - | - |
| Proceeds from deposits for future stock subscription | | 53,900,000 | - | - |
| Proceeds from loan availment | | 10,000,000 | - | - |
| Interest paid | | (350,000) | - | - |
| Net cash provided by financing activities | | 92,669,737 | 1,515,123 | - |

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(With Comparative Figures for the Year Ended December 31, 2015)

| | Notes | 2017 | 2016 | 2015 |
|---|-------|------------|------------|---------------|
| Effect of exchange rate changes on cash | | - | - | 277,619 |
| Net decrease in cash | | (245,578) | (24,135) | (254,967,034) |
| Cash, January 1 | | 1,333,404 | 1,176,539 | 256,143,573 |
| Cash, December 31 | | P1,087,826 | P1,152,404 | P1,176,539 |

(The notes on pages 6 to 53 are an integral part of these financial statements.)

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - GENERAL INFORMATION

1.1 Corporate information

APOLLO GLOBAL CAPITAL, INC. (the "Parent Company or APL"), formerly known as YEHEY! CORPORATION, was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) per SEC Registration No. A199806865 on June 10, 1998. Prior to the approval of the change in the corporate name and its business on October 7, 2016, the Parent Company's primary purpose is to engage in the business of internal online-related products relating to database search engine, such as, but not limited to, conceptualizing, designing, illustrating, processing and editing websites; to engage in other pre-production and post-production work on websites in the internet; and to sell and market said products in the form of advertising of finished products in the domestic or export market.

On August 9, 2012, the SEC approved the Parent Company's application to list P278 million common shares by way of introduction in the second board of the Philippine Stock Exchange (PSE) at an initial price of P1 per share. On October 18, 2012, the Parent Company was listed in the PSE.

As of December 31, 2014, the Parent Company is 66.95% owned by Vantage Equities, Inc. (Vantage), a company also incorporated in the Philippines and listed in the PSE.

On July 7, 2015, Vantage entered into a Sale and Purchase Agreement (SPA), with third party buyers for the sale of the entire shares owned by Vantage. Under the SPA, the closing of the transfer of the Sale Shares is subject to and conditioned upon the conduct and completion of a mandatory tender offer as well as the payment of the purchase price, which conditions have been complied with on October 15, 2015. Accordingly, on October 15, 2015, the Parent Company ceased as a majority owned subsidiary of Vantage when Vantage sold its shares at P290 million to a group of individual shareholders.

Pursuant to the SPA, the Board of Directors (BOD) of the Parent Company approved on October 30, 2015 the assignment of the noncash assets and liabilities of the Parent Company to Vantage. Total amount assigned is a net liability of P2,693,438, as disclosed in Notes 6, 7, 10, and 11. Such amount was recognized as miscellaneous income in the Parent Company's 2015 separate statement of comprehensive income.

On December 7, 2015, the BOD approved the change of the Parent Company's name from YEHEY! CORPORATION to APOLLO GLOBAL CAPITAL, INC. The amendment was filed with the SEC and was approved on October 7, 2016. Along with the change in the corporate name, the Parent Company's primary purpose was likewise amended to that of a holding company which is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, guarantee, exchange, develop, or otherwise dispose of real or personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences, of indebtedness, and other securities, or obligations of any corporation or corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership.

The registered office address of the Parent Company is at 1801E East Tower, PSE Centre, Exchange Road, Ortigas Centre, Pasig City.

On October 9, 2017, the change in the Parent Company's registered address had been approved. The new principal and registered address of the Parent Company is at Unit 1204, Galleria Corporate Center, EDSA corner Ortigas Ave., Brgy. Ugong Norte, Quezon City.

JDVC Resources Corporation (referred to as “JDVC” or the “Subsidiary”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 24, 2011 under SEC Reg. No. CS201120574. The Subsidiary is primarily established to carry on business of exploring, prospecting and operating mines and quarries of all kind of ores and minerals, metallic and non-metallic, such as nickel, iron, gold, copper, silver, lead, manganese, chromite, molybdenite pyrite, sulfur, silica, kaolin clay, zeolite, perlite, diatomaceous earth, diorite, basalt, gabbro, coal, hydrocarbons, oil, natural gas, etc.; filing, negotiating or applying for mineral agreements, operating agreements, mining leases, timber and water rights and surface rights, and of milling concentrating, processing, refining and smelting such minerals, and manufacturing, utilizing, trading, marketing or selling such mineral products, likewise acquiring and operating all kinds of equipment, vehicles, instruments, machineries, chemicals supplies and other logistic structures that may be vital and necessary for the furtherance of the foregoing purposes, with financial and technical assistance agreement with the government.

The Subsidiary’s principal and administrative office address is at 2nd Floor L&L Bldg., Panay Ave. Cor. EDSA, Quezon City.

The aforecited Parent Company and its subsidiary are collectively known herein as the “Group”.

On February 17, 2017, the Parent Company and JDVC’s shareholders entered into a Deed of Exchange of Shares where in the latter had issued 247,396,071,520 shares (par value of P0.01 per share) in exchange for 4,133,740 shares (par value of P100 per share) at an exchange price of P598.48 of the latter. The deed covering the transaction was approved by SEC on October 9, 2017. As a result of this transaction, the Parent Company now owns 82.67% of JDVC.

1.2 Issuance of consolidated financial statements

The Board of Directors (BOD) approved and authorized for issuance the Group’s consolidated financial statements as at and for the year ended December 31, 2017 on April 23, 2018 and Vittorio Lim, President, was authorized to sign on its behalf.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

Statement of compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) as issued by the Financial Reporting Standards Council (FRSC), and adopted by the SEC.

Basis of measurement and presentation

The consolidated financial statements have been prepared on the historical cost basis.

The Parent Company’s financial position as at December 31, 2016 and its financial performance and its cash flows for the years ended December 31, 2016 and 2015 were used as the comparative figures in this consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in Philippine Peso (P), the currency of the primary economic environment in which the Group operates and all values are rounded to the nearest peso and represent absolute amounts, unless otherwise stated.

Use of judgments and estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the use of certain critical accounting estimates. It also requires the management to exercise judgment in the most appropriate application of the accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and its effects are disclosed in Note 3.

2.2 Changes in accounting policies and disclosures

a. Amendments to existing standards effective on or after January 1, 2017

The accounting policies applied are consistent with those of the previous financial year, except for the following amendments to existing standards which were adopted for the first time from January 1, 2017. Except as otherwise indicated, the adoption of these amendments did not have significant impact on the Group's consolidated financial statements.

- Amendments to PAS 7 - Statement of Cash Flows, Disclosure Initiative: The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows (such as drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealized foreign exchange differences.

The adoption of these amendments had no material impact on the Group's consolidated financial position or performance.

- Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses: The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide the guidance on how an entity determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application on these amendments has no impact on the Group's consolidated financial statements.

- Amendment to PFRS 12, Disclosure of Interests in Other Entities: Clarification of the scope of the standard (Annual Improvement to PFRSs 2014 - 2016 Cycle): Amendments have been made to clarify the scope of PFRS 12 in respect of interests in entities within the scope of PFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Specifically, it clarifies that entities are not exempt from all of the disclosure requirements in PFRS 12 when entities have been classified as held for sale or as discontinued operations. The standard, as amended, therefore makes it clear that it is only the disclosure requirement set out in paragraphs B10 - 16 that does not need to be provided for entities within the scope of PFRS 5.

The amendments must be applied retrospectively for periods beginning on or after January 1, 2017. No transitional relief is available.

- b. New standards, amendments and interpretations of existing standards issued but not yet effective and not early adopted by the Group

New standards, amendments and interpretations to existing standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing is of standards, amendments and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. Except when specified, these new standards, amendments and interpretations do not have any significant impact in the Group's consolidated financial statements.

- PFRS 9, Financial Instruments: In July 2014, the final version of PFRS 9, Financial Instruments, was issued. The final version reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory.

Based on the transitional provisions in the completed PFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before February 1, 2016. After that date, the new rules must be adopted in their entirety.

The impact of adopting PFRS 9 on the Group's consolidated financial statements is expected to be minimal.

- PFRS 15 - Revenue from Contracts with Customers: PFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. PFRS 15 will supersede the current revenue recognition guidance including PAS 18, Revenue, PAS 11, Construction Contracts, and the related interpretations when it becomes effective. The core principle of PFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the PFRS 15 introduces a five-step model approach to revenue recognition:
 - a) Step 1: Identify the contract(s) with a customer
 - b) Step 2: Identify the performance obligations in the contract
 - c) Step 3: Determine the transaction price
 - d) Step 4: Allocate the transaction price to the performance obligations in the contract
 - e) Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under PFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in PFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by PFRS 15. In April 2016, the IASB issued clarifications to PFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The new standard allows for a full retrospective application, or prospective application with additional disclosure. PFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

Apart from providing more extensive disclosures on the Group's revenue recognition and transactions, the Group does not anticipate a significant impact on the consolidated financial statements when PFRS 15 is applied.

- PFRS 16 - Leases: PFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard (finance or operating lease).

PFRS 16 replaces existing leases guidance including PAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentives and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted for entities that apply PFRS 15 at or before the initial application of PFRS 16.

The Group's operating leases are low-value and short-term. The Group assesses that the adoption of PFRS 16 will not have a significant impact on the consolidated financial statements.

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

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after January 1, 2018, with early application permitted.

- Amendments to PFRS 4 - Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts: The amendments address concerns arising from implementing the new financial instruments standard, PFRS 9, before implementing PFRS 17, Insurance Contracts, which replaces PFRS 4. The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4:
 - a) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the "overlay approach");
 - b) an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4 (the "deferral approach").

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies PFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 1, 2018.

- Amendments to PFRS 10 and PAS 28 - Sale or contribution of assets between an investor and its associate or joint venture: The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Group does not anticipate that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transactions arise.

On January 13, 2016, the FRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- Amendments to PAS 28 - Long-term interests in associates and joint ventures: The amendment clarifies that an entity applies PFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted. This will enable entities to apply the amendments together with PFRS 9 if they wish so but leaves other entities the additional implementation time they had asked for.

The amendments are to be applied retrospectively but they provide transition requirements similar to those in PFRS 9 for entities that apply the amendments after they first apply PFRS 9. They also include relief from restating prior periods for entities electing, in accordance with PFRS 4 to apply the temporary exemption from PFRS 9. Full retrospective application is permitted if that is possible without the use of hindsight.

The amendments are still subject to approval by the Board of Accountancy (BOA).

- Amendments to PAS 40 - Transfers of investment property: The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in PAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

The Group anticipate that the application of these amendments may have an impact on the consolidated financial statements in future periods should there be a change in use of any of its properties.

- Philippine Interpretation IFRIC 22 - Foreign currency transactions and advance consideration: The interpretation addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The interpretation is effective for annual periods beginning on or after January 1, 2018.

Earlier application is permitted. Entities can apply the interpretation either retrospectively or prospectively.

- Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments: The interpretation clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under PAS 12.

The interpretation is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

The interpretation is still subject to approval by the BOA.

- Improvements to PFRS (2014 - 2016 cycle)

The Annual Improvements to PFRS (2014-2016 cycle) contain non-urgent but necessary amendments to PFRS. The amendments to PFRS 1 and PAS 28 are effective for annual periods beginning on or after January 1, 2018, with early application permitted. The amendments are applied retrospectively. The adoption of these amendments had no material impact on the Group's consolidated financial position or performance.

Amendment to PFRS 1, First-time Adoption of PFRS: The amendment deleted the short-term exemptions in paragraphs E3-E7 of PFRS 1, because they have now served their intended purpose.

Amendment to PAS 28, Investment in Associates and Joint Ventures: The amendment clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments clarify that:

- a) An entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- b) If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interest in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (i) the investment entity associate or joint venture is initially recognized; (ii) the associate or joint venture becomes an investment entity; and (iii) the investment entity associate or joint venture first becomes a parent.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. Subsidiaries are entities controlled by the parent. Control is achieved when the Parent Company is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee, if and only if, the Parent Company has:

- power over 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control. Consolidation of a subsidiary begins when control is obtained over the subsidiary and ceases when the Parent Company loses control of the subsidiary. 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 Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to intra-group transactions are eliminated in full on consolidation.

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

- derecognizes the assets, including goodwill, and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interest
- derecognizes the cumulative transaction differences recorded in equity
- recognizes the fair value of the consideration received
- recognizes the fair value of the any investment retained
- recognizes any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognized in OCI to profit or loss retained earnings, as appropriate.

2.4 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.5 Financial instruments

Initial recognition

Financial asset or financial liability is recognized in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The fair value of the consideration given or received is determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

Financial instruments are classified as financial assets and financial liabilities or equity instruments in accordance with the substance of the contractual agreement.

Classification of financial instruments

The Group classifies its financial assets as financial assets at fair value through profit and loss (FVPL), loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. Financial liabilities are classified as financial liabilities at FVPL and other liabilities. The classification depends on the purpose for which the investments are acquired or liabilities are settled and whether these are quoted in an active market or not. Management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates such designation at every financial reporting date.

Classification of financial instruments between debt and equity

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest relating to a financial instrument or a component that is a financial liability, are reported as expenses.

A financial instrument is classified as debt if it provides for a contractual obligation to deliver cash or other financial assets to another entity; or exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or satisfy the obligation other than by the exchange of a fixed amount of cash or another separate financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Determination of fair value

The fair value for financial instruments traded in active markets at the consolidated statements of financial position date is based on its quoted market price or dealer price quotation (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Fair Value measurement hierarchy

PFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- c) inputs for the asset and liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in its entirety into only one of the three levels.

The only financial instrument of the Group measured at fair value is its available for sale financial asset as disclosed in Note 8, which was classified under level 1. There are no other financial instruments measured at fair value under levels 2 and 3.

Financial assets

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if these are acquired for the purpose of selling in the near term. These are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of comprehensive income (loss). Derivatives are also classified as held for trading unless these are designated as effective hedging instruments.

The Group has no assets under this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial asset at FVPL. Loans and receivables are carried at amortized cost, less impairment in value. Amortization is determined using the effective interest rate method. Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. Such provisions are recorded in allowance account with the loss being recognized in the consolidated statements of comprehensive income (loss). On confirmation that the receivables will not be collectible, the gross carrying value of the asset is written off and derecognized against the associated provision.

The Group's cash, loan receivable and related accrued interest receivable, advances to suppliers, advances to related parties and security deposit, as disclosed in Notes 6, 8, 9, 22, and 25, respectively, are included in this category.

HTM investments

HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. After initial measurement, these investments are measured at amortized cost using the effective interest rate method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the consolidated statements of comprehensive income (loss) when the HTM investments are derecognized or impaired, as well as through the amortization process.

The Group has no investment classified under this category.

AFS investments

AFS investments are non-derivative financial assets that are either designated in this category or are not classified in any of the other categories. AFS investments are carried at fair value in the consolidated statements of financial position and the unrealized gains or losses are recognized as other comprehensive income in AFS reserve shown in the consolidated statements of changes equity until the investment is derecognized or the investment is determined to be impaired.

On derecognition or impairment, the cumulative gain or loss previously reported in AFS reserve is transferred to the consolidated statements of comprehensive income (loss). Interest earned on holding AFS investments are recognized in the consolidated statements of comprehensive income (loss) using the effective interest rate method.

The Group has no investment classified under this category.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Financial liabilities at FVPL

Financial liabilities are classified in this category if these result from trading activities or derivative transactions that are not accounted for as accounting hedges, or when the Group elects to designate a financial liability under this category. These are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of comprehensive income (loss).

The Group has no designated financial liability at FVPL.

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

The Group's accounts and other payables, loan payable and due to a related party, as disclosed in Notes 12 and 16, respectively, are included in this category.

Derecognition of financial assets and liabilities

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; 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 has transferred substantially all the risks and rewards of ownership of the asset, or has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of ownership 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.

Financial liabilities

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

Where 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 consolidated statements of comprehensive income (loss).

Impairment of financial assets

Assessment of impairment

The Group assesses at each financial reporting date whether a financial asset or group of financial assets is impaired. It assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, 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.

The determination of impairment losses for financial assets is inherently subjective because it requires material estimates, including the amount and timing of expected recoverable future cash flows. These estimates may change significantly from time to time, depending on available information.

Evidence of impairment

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that it would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Impairment on assets carried at amortized cost

If there is objective evidence that an impairment loss has been incurred on an asset carried at amortized cost such as loans and receivables carried at amortized cost, the amount of 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) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss shall be recognized in the consolidated statements of comprehensive income (loss).

Impairment on assets carried at cost

If there is an objective evidence that an impairment loss has been incurred on an asset carried at cost, such as an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or of a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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.

Reversal of impairment loss

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 statements of comprehensive income (loss), to the extent that the carrying value of the asset does not exceed its cost or amortized cost at the reversal date.

2.6 Cash

Cash consists of cash on hand and in banks. Cash in banks earns interest at respective bank deposit rates. For the purpose of reporting cash flows, cash in banks is unrestricted and available for use for current operations

2.7 Value-added tax (VAT)

Input VAT pertains to the 12% indirect tax paid by the Group, in the course of the Group's trade or business, on local exchange of goods or services, including the lease or use of property from a VAT-registered person or entity.

2.8 Property and equipment

Property and equipment are initially measured at cost. At the end of each financial reporting period, property and equipment are measured at cost less any subsequent accumulated depreciation, amortization and impairment in value. The initial cost of an asset consists of its purchase price, directly attributable costs of bringing the asset to its working condition for its intended use and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. The carrying amount of property and equipment includes the cost of testing machinery to ensure that these function as intended and also all costs attributable to bringing the asset to the location and condition for it to be capable of operating. All repairs and maintenance costs are charged to the operations during the year in which these are incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follow:

| <u>Property Classification</u> | <u>Estimated Useful Life</u> |
|--|--|
| Server and network equipment | 3 years |
| Furniture, fixtures and office equipment | 3 years |
| Leasehold improvements | 4 years or term of the lease, whichever is shorter |
| Transportation Equipment | 3 - 5 years |

The useful lives, residual values and depreciation method are reviewed periodically to ensure that the periods, residual values and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation are credited or charged against profit or loss in the consolidated statements of comprehensive income (loss).

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statements of comprehensive income (loss) in the year the item is derecognized.

2.9 Intangible assets

Intangible assets are purchased patent and website that are stated at historical cost. Website has an infinite useful life. Management assesses at the end of each financial reporting period whether there is any indication that the assets are impaired. If any such indication exists and when the carrying amount of an asset exceeds its estimated recoverable amount, the asset to which the asset belongs is written down to its recoverable amount.

2.10 Exploration and evaluation assets

Exploration and evaluation assets refer to the exploration and evaluation activity for the search of mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analyzing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Exploration and evaluation assets are recognized to the extent that these are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the deferred exploration costs are expected to be recovered through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets acquired in a business combination are initially recognized at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves. Similarly, the costs associated with acquiring an E&E asset (that does not represent a business) are also capitalized.

They are subsequently measured at cost less accumulated impairment.

Accumulated costs in relation to an abandoned area are written-off in full in profit or loss in the year in which the decision to abandon the area is made.

Exploration and evaluation assets shall no longer be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. When production commences, the accumulated costs for the relevant area of interest are reclassified to development assets and amortized over the life of the area according to the rate of depletion of the economically recoverable reserves.

Exploration and evaluation assets shall be assessed for impairment, and any impairment loss recognized, before reclassification.

Exploration and evaluation assets are not subject to amortization, but are assessed annually for impairment. The assessment is carried out by allocating deferred explorations to cash generating units (CGUs), which are based in specific projects or geographical areas. The CGUs are then assessed for impairment.

2.11 Mine properties

(a) Mines under development

Expenditure is transferred from 'deferred exploration costs' to 'mines under development' which is a subcategory of 'Mine properties' once the work completed to date supports the future development of the property and such development receives appropriate approvals.

After transfer of the exploration and evaluation assets, all subsequent expenditures on the construction, installation or completion of infrastructure facilities is capitalized in 'Mines under development'. Development expenditure is net of proceeds from the sale of mineral extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if these are functioning as intended, are capitalized, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognized in the consolidated statements of comprehensive income (loss). After production starts, all assets included in 'Mines under construction' are then transferred to 'producing mines' which is also a sub-category of 'mine properties'.

(b) Producing mines

i. Initial recognition

Upon completion of the mine development phase, the assets are transferred into "Producing mines". Items of producing mine are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included in the producing mines.

Mine properties also consist of the fair value attributable to mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of an acquisition. When a mine construction project moves into the production phase, the capitalization of certain mine construction costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions, improvements or new developments, underground mine development or mineable reserve development.

ii. Depreciation/amortization

Accumulated mine development costs are depreciated/amortized on a unit of production (UOP) basis over the economically recoverable reserves of the mine concerned, except in the case of assets which useful life is shorter than the life of the mine, in which case, the straight-line method is applied. Rights and concessions are depleted on the UOP basis over the economically recoverable reserves of the relevant area. The UOP rate calculation for the depreciation/amortization of mine development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure. Economically recoverable reserves include proven and probable reserves.

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortized on a UOP basis whereby the denominator is the proven and probable reserves, and for some mines, a portion of mineral resources which are expected to be extracted economically. These other mineral resources may be included in depreciation calculations in limited circumstances and where there is a high degree of confidence in its economic extraction. This would be the case when the other mineral resources do not yet have the status of reserves, merely because the necessary detailed evaluation work has not yet been performed and the responsible technical personnel agree that inclusion of a proportion of measured and indicated resources is appropriate based on historic reserve conversion rates.

The estimated fair value of the mineral resources that are not considered to be probable of economic extraction at the time of the acquisition is not subject to amortization, until the resource becomes probable of economic extraction in the future and is recognized in deferred exploration costs.

(c) Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written-off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalized.

Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written-off. All other day-to-day maintenance and repairs costs are expensed as incurred.

(d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalized as part of the cost of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalized and deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognized in the consolidated statements of comprehensive income (loss) in the period in which these are incurred. Even though deferred exploration costs can be qualifying assets, these generally do not meet the 'probable economic benefits' test and also are rarely debt-funded. Any related borrowing costs incurred during this phase are therefore generally recognized in the consolidated statements of comprehensive income (loss) in the period these are incurred.

2.12 Impairment of non-financial assets

At each financial reporting date, the Group reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of the assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to its present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Any impairment loss is recognized in the consolidated statements of comprehensive income (loss).

An impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of impairment loss is credited to current operations.

2.13 Provisions and contingencies

The Group recognizes a provision if a present obligation, legal and constructive, has arisen as a result of a past event, payment is probable and the amount can be reliably measured. The amount recognized is the best estimate of the expenditure required to settle the present obligation at consolidated statements of financial position date, that is, the amount the Group would rationally pay to settle the obligation to a third party.

Contingent assets are not recognized in the consolidated financial statements but disclosed in the consolidated notes to the financial statements when an inflow of economic benefits is probable.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

2.14 Loan payable

Loan payable is initially recognized at fair value, net of transaction costs incurred. Loan payable are subsequently measured at its amortized cost using the EIR method, which ensures that any finance costs over the period of repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position.

The Group classifies loan payable as current liabilities if settlement is expected within one year or less, and the Group does not have unconditional right to defer settlement of the liabilities, and does not breach any loan provisions on or before the end of the reporting period. If not, these are presented as non-current liabilities.

2.15 Deposits for future stock subscription

Deposits for future stock subscription refer to the amount of cash or property received by the Group with the purpose of applying the same as payment for future issuance of shares.

Deposits for future stock subscription is presented under equity if all of the following conditions are met as of the end of the financial reporting period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the Corporation)
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the Commission.

Otherwise, the deposits for future stock subscription is presented in the consolidated statements of financial position as a non-current liability.

2.16 Equity

Share capital

Share capital is measured at par value for all shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Share premium' account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Share premium' account. If the 'Share premium' is not sufficient, the excess is charged against the 'Retained earnings'.

Deficit

Deficit pertains to accumulated losses of the Group.

2.17 Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. When the transaction involves rendering of services, the revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period. The following specific recognition criteria must also be met before revenue is recognized:

Interest Income

Interest income on interest-bearing loan is recorded on a time proportion basis taking into account the effective yield of the asset. Interest on financial instruments is recognized based on the effective interest method of accounting.

2.18 Costs and expenses recognition

Costs and expenses are recognized in profit or loss when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen and that can be reliably measured. Expenses are recognized in profit or loss on the basis of a direct association between the costs incurred and the earning of specific items of income; a systematic and rational allocation procedures, when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position, as an asset.

Expenses in the consolidated statements of comprehensive income (loss) are presented using the function of expense method. Cost of services are expenses incurred that are associated with services rendered. Operating expenses are cost attributable to administrative, marketing and other business activities of the Group.

2.19 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating lease.

Group as lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term and presented in the consolidated statements of comprehensive income (loss).

The Group is a lessee under an operating lease.

2.20 Related parties

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. The key management personnel of the Group and post-employment benefit plans for the benefit of the Group's employees are also considered related parties.

2.21 Income tax

Current income tax

Current income tax assets and liabilities for the current and the prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute for the amount are those that have been enacted or substantively enacted at the financial reporting date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statements of comprehensive income (loss) because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred income tax

Deferred income tax is provided, using liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and its carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits and NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Any adjustments are recognized in the consolidated statements of comprehensive income (loss).

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

Current and deferred tax are recognized as an expense or income in the consolidated statements of comprehensive income (loss), except when these relate to items that are recognized outside profit or loss whether in other comprehensive income or directly in equity, in which case the tax are also recognized outside profit or loss.

2.22 Earnings per share

Basic earnings per share (EPS) is calculated by dividing profit or loss for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect to any stock dividend.

2.23 Events after the financial reporting date

Post year-end events up to the date of the auditors' report that provide additional information about the Group's position at financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the consolidated notes to the financial statements, when material.

NOTE 3 - BUSINESS COMBINATION

On 17 February 2017, the Board of Directors of APL approved the subscription by certain individuals (the "subscribers") to a total of 247,396,071,520 APL shares (the "subscription shares") to be issued out of the proposed increase of APL's capital stock in exchange for the assignment of the subscribers' 4,133,740 JDVC Resources Corporation ("JDVC") common shares to APL representing 82.67% of the outstanding capital stock of JDVC (the "share swap transaction").

The transfer value of the JDVC shares at P598.48 per share or an aggregate transfer value of P2,473,960,715.20 is based on the appraised value of JDVC's net assets at business combination date.

A deed of exchange and an amended deed of exchange covering the share swap transaction was entered into by APL and the subscribers on 17 February 2017 and 18 May 2017, respectively. The aforesaid increase in APL's capital stock and the above subscriptions (share swap transaction) was approved by the SEC on October 9, 2017.

The fair value of the identifiable assets and liabilities of JDVC at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

| | Fair value recognized on acquisition | Carrying amount |
|--|--|----------------------|
| Cash | P57,024 | P57,024 |
| Input VAT | 1,080,424 | 1,080,424 |
| Advances to related parties | 2,565,023 | 2,565,023 |
| Advances to a supplier | 2,809,408 | 2,809,408 |
| Other current assets | 153,203 | 153,203 |
| Property and equipment, net | 49,382 | 49,382 |
| Exploration and evaluation assets | | |
| Deferred exploration costs | 713,191,435 | 713,191,435 |
| Mineral assets | 2,500,098,008 | - |
| Deferred tax asset | 1,234,404 | 1,234,404 |
| Other non-current assets | 465,652 | 465,652 |
| | <u>3,221,703,963</u> | <u>721,605,955</u> |
| Trade and other payables | (89,617,911) | (89,617,911) |
| Deposits for future stock subscription | (139,512,307) | (139,512,307) |
| | <u>(229,130,218)</u> | <u>(229,130,218)</u> |
| Net assets acquired | <u>P2,992,573,745</u> | <u>P492,475,737</u> |
| Attributable to the non-controlling interest (17.33%) | <u>P518,613,030</u> | |
| Attributable to the Parent Company (82.67%) | P2,473,960,715 | |
| Consideration received | 2,473,960,715 | |
| Goodwill | <u>P-</u> | |

The non-controlling interest is measured at the proportionate share of JDVC's identifiable assets.

The subsidiary's revenues and expenses since acquisition date are as follow:

| | Carrying amount |
|---------------------------|-----------------|
| Revenues | <u>P-</u> |
| Expenses | |
| Mobilization costs | P241,256 |
| Professional fees | 100,000 |
| Representation | 82,700 |
| Rent | 76,576 |
| Transportation and travel | 60,992 |
| Office supplies | 37,776 |
| Repairs and maintenance | 36,420 |
| Gasoline and oil | 600 |
| Taxes and licenses | 500 |
| Miscellaneous | 51 |
| | <u>P636,871</u> |
| Other income | <u>P30</u> |

NOTE 4 - ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the consolidated financial statements in compliance with PFRS requires management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates, assumptions and judgments are based on management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from these estimates and assumptions used. The effect of any change in estimates will be reflected in the consolidated financial statements when these become reasonably determinable.

4.1 Estimates

Estimation of allowance for credit losses

Provision for doubtful accounts are made for specific and group of accounts where objective evidence of impairment exists. The level of this allowance is evaluated by management on the basis of factors affecting the collectibility of the accounts, such as but not limited to, the length of the Group's relationship with the customer, the customer's payment behavior, known market factors and historical loss experiences.

As at December 31, 2017, the Group has not determined any of its receivables as doubtful of collection.

The management has assessed that no allowance for credit losses is necessary to establish as at December 31, 2017 as the Group's outstanding receivables are collectible.

Estimation of useful lives of property and equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

The estimated useful lives of items of property and equipment are set out in Note 2.8.

Property and equipment, net, amounted to P58,947 and nil as at December 31, 2017 and 2016, respectively, as disclosed in Note 11.

Estimation of impairment of property and equipment

The Group determines whether its property and equipment and other non-financial assets are impaired at least annually. In determining the fair value of property and equipment and other assets, the Group considers evidences that may arise, such as but not limited to significant decline in market value of the assets during the year more than what is normally expected; significant adverse effect that may take place during the year or in the near future, in relation to the technological, market, economic and legal environment to which it operates; obsolescence and physical damage; and chance of the asset being idle, disposed of and discontinuance of usage. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

No impairment losses were recognized on the Group's property and equipment in 2017.

Estimation of mine properties

The Group estimates its mine properties based on information compiled by appropriate qualified persons relating to the geological and technical data on the size, depth, shape and grade of the mineral body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the mineral body.

Management assumes conservative forecasted sales prices, based on current and long-term historical average price trends. Conservative forecasted sales price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is obtained during the exploration and evaluation of the mine properties, estimates of reserves may change. Such changes may impact the Group's reported financial position and results which include:

- The carrying value of exploration and evaluation asset and property and equipment may be affected due to changes in estimated future cash flows; and
- The recognition and carrying value of deferred tax assets may change due to changes in the judgments regarding the existence of such assets and in estimates of the likely recovery of such assets.

The carrying amount of mine properties as at December 31, 2017 amounted to P3,227,427,393.

Capitalization of exploration expenditures

The capitalization of exploration expenditures requires judgment in determining whether there are future economic benefits from future exploration or sale of mining reserves. The capitalization requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written-off in profit or loss in the period when the new information becomes available.

Impairment of non-financial assets other than exploration and evaluation assets and mine properties

The Group assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

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

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the asset. The fair value of the asset is the amount at which the asset could be bought or sold between knowledgeable willing parties at an arm's length transaction less disposal costs. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The carrying amounts of the Group's non-financial assets as at December 31, 2017 are as follow:

| | 2017 | 2016 |
|---------------------------------------|-------------------|-----------|
| Property and equipment, net (Note 11) | P58,947 | P- |
| Intangible* | 326,100 | - |
| Deferred tax asset (Note 23) | 2,129,954 | - |
| | <u>P2,515,001</u> | <u>P-</u> |

* lodged under non-current assets in the consolidated statements of financial position

Based on management's review of its non-financial assets, no impairment has occurred for the year ended December 31, 2017.

Impairment of exploration and evaluation assets

The Group assesses impairment on exploration and evaluation assets when facts and circumstances suggest that the carrying amount of the deferred exploration costs may exceed its recoverable amount.

The factors that the Group considers important which could trigger an impairment review include the following:

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

The Group tests for impairment annually whether exploration projects have future economic value in accordance with the accounting policy disclosed in Note 2.11. In the event that a project does not represent an economic exploration target and results indicate that there is no additional benefit, an impairment loss will be recognized in profit or loss.

The carrying amount of the Group's exploration and evaluation assets costs, which were transferred to mine properties, amounted to P3,213,289,443, as disclosed in Note 12.

Based on the management's review of its exploration and evaluation assets, no impairment has occurred for the year ended December 31, 2017.

Impairment of mine properties

The Group assesses impairment on mine properties when facts and circumstances suggest that the carrying amount of mine properties may exceed its recoverable amount.

The factors that the Group considers important which could trigger an impairment review include the following:

- a significant decline in the market capitalization of the entity or other entities producing the same commodity;
- a significant deterioration in expected future commodity prices
- a large cost overrun on a capital project such as an overrun during the development and construction of a new mine;
- a significant revision of the life of mine plan; and
- adverse changes in government regulations and environmental law, including a significant increase in the tax or royalty burden payable by the mine.

In the event that the carrying amount of mine properties exceeded its recoverable amount, an impairment loss will be recognized in profit or loss. Reductions in price forecasts, reductions in the amount of recoverable mineral reserves and mineral resources, and/or adverse current economics can result in a write-down of the carrying amounts of the Group's mine properties.

Realizability of deferred tax assets

The Group reviews its deferred tax assets at each financial reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred taxes to be utilized.

Deferred assets as at December 31, 2017 and 2016 amounted to P2,129,954 and nil, respectively.

4.2 Judgments

Determination of functional currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency is determined to be the Philippine Peso. It is the currency that mainly influences the rendering of IT related services and the cost of providing such services.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

The Group's financial assets and liabilities are presented in Note 4.

Determination of fair value of financial assets

The Group carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement, were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any changes in fair value of these financial assets would affect profit and loss and equity.

Measurement of financial assets

The Group carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized a different valuation methodology. Any changes in fair value of these financial assets would affect profit and loss and equity.

Leases

The Group has entered into a lease agreement as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements.

Total rent expense incurred from the leases amounted to P918,910 in 2017, nil in 2016 and P523,980 in 2015, as disclosed in Note 19.

NOTE 5 - FINANCIAL RISK AND CAPITAL MANAGEMENT OBJECTIVES AND POLICIES

General objectives, policies and processes

Risk management structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

The risk management committee is responsible for the comprehensive monitoring, evaluation and analysis of the Group's risks in line with the policies and limits set by the BOD.

Principal financial instruments

The Group's principal financial instruments consist of cash, loan receivable, accrued interest receivable, advances to suppliers, advances to related parties, security deposit, accounts and other payables, loan payable and due to a related party, which arise directly from its operations.

A summary of the financial instruments held by category as at December 31 is provided below:

Fair value of financial instruments

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Financial assets | | |
| Loans and receivables | | |
| Cash (Note 6) | P1,087,826 | P1,152,404 |
| Loan receivable (Note 8) | 254,500,000 | 254,500,000 |
| Accrued interest receivable (Note 8) | 8,016,750 | 5,471,750 |
| Advances to suppliers* (Note 9) | 3,718,514 | - |
| Advances to related parties (Note 22) | 2,595,022 | - |
| Security deposit (Note 25) | 153,152 | - |
| Total | <u>P270,071,264</u> | <u>P261,124,154</u> |
| Financial liabilities | | |
| Other financial liabilities | | |
| Accrued expenses and other payables** (Note 13) | P39,612,047 | P529,542 |
| Loan payable (Note 22) | 10,000,000 | - |
| Due to a related party (Note 22) | 1,644,365 | 1,515,123 |
| Total | <u>P51,256,412</u> | <u>P2,044,665</u> |

* Exclusive of advances to Advanced Tech Mining & BPT

** Exclusive of government dues

The carrying amounts of the financial assets and liabilities approximate its fair values.

The Group is exposed to the following financial risks and the policies for managing risks are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For transactions that involve special credit terms arrangement, the Group may require approval of the BOD.

The credit quality of the Group's financial assets is evaluated using internal credit rating. Financial assets are considered as high grade if the counterparties are not expected to default in settling their obligations, thus credit risk exposure is minimal. The Group's bases in grading its financial assets are as follow:

High grade These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

Substandard These are receivables that can be collected provided the Group makes persistent effort to collect them.

The table below shows the credit quality by class of financial assets based on the historical experience with the corresponding third parties as at December 31, 2017.

| | 2017 | | | | | | |
|---------------------------------------|-------------------------------|----------------|-------------------|---------------------------|--------------------|----------|--------------|
| | Neither Past Due nor Impaired | | | Past Due but Not Impaired | | | |
| | High grade | Standard grade | Substandard grade | 1 - 120 days | More than 120 Days | Impaired | Total |
| Cash (Note 6) | P1,037,826 | P- | P- | P- | P- | P- | P1,037,826 |
| Loan receivable (Note 8) | 254,500,000 | - | - | - | - | - | 254,500,000 |
| Accrued interest receivable (Note 8) | 8,016,750 | - | - | - | - | - | 8,016,750 |
| Advances to suppliers* (Note 9) | 3,718,514 | - | - | - | - | - | 3,718,514 |
| Advances to related parties (Note 22) | 2,595,022 | - | - | - | - | - | 2,595,022 |
| Security deposit (Note 25) | 153,152 | - | - | - | - | - | 153,152 |
| | P270,021,264 | P- | P- | P- | P- | P- | P270,021,264 |

*Exclusive of advances to Advanced Tech Mining & BPT

| | 2016 | | | | | | Total |
|--------------------------------------|-------------------------------|----------------|-------------------|---------------------------|--------------------|----------|--------------|
| | Neither Past Due nor Impaired | | | Past Due but Not Impaired | | Impaired | |
| | High grade | Standard grade | Substandard grade | 1 – 120 days | More than 120 Days | | |
| Cash (Note 6) | P1,152,404 | P- | P- | P- | P- | P- | P1,152,404 |
| Loan receivable (Note 8) | 254,500,000 | - | - | - | - | - | 254,500,000 |
| Accrued interest receivable (Note 8) | 5,471,750 | - | - | - | - | - | 5,471,750 |
| | P261,124,154 | P- | P- | P- | P- | P- | P261,124,154 |

Credit risk also arises from deposits with banks.

The Group does not enter into derivatives to manage credit risk, although in certain isolated cases, it may take steps to mitigate such risks if it is sufficiently concentrated.

Quantitative disclosures of the credit risk exposure in relation to financial assets as at December 31, 2017 are set out below:

| | 2017 | | 2016 | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Carrying Value | Maximum Exposure | Carrying Value | Maximum Exposure |
| Financial assets | | | | |
| Cash (Note 5) | P1,037,826 | P1,037,826 | P1,152,404 | P1,152,404 |
| Loan receivable (Note 8) | 254,500,000 | 254,500,000 | 254,500,000 | 254,500,000 |
| Accrued interest receivable (Note 8) | 8,016,750 | 8,016,750 | 5,471,750 | 5,471,750 |
| Advances to suppliers* (Note 9) | 3,718,514 | 3,718,514 | - | - |
| Advances to related parties (Note 22) | 2,595,022 | 2,595,022 | - | - |
| Security deposit (Note 25) | 153,152 | 153,152 | - | - |
| | <u>P270,021,264</u> | <u>P270,021,264</u> | <u>P261,124,154</u> | <u>P261,124,154</u> |

*Exclusive of advances to Advanced Tech Mining & BPT

Liquidity risk

Liquidity risk refers to the risk that the Group will not be able to meet its financial obligations as these fall due under normal and stress circumstances. To limit this risk, the Group closely monitors its cash flows and ensures that credit facilities are available to meet its obligations as and when they fall due. The Group also has a committed line of credit that it can access to meet liquidity needs.

Maturity profile of financial liabilities:

| | Carrying value | 2017 | | | |
|--|--------------------|-----------------------------------|-----------|-----------|-----------|
| | | Contractual undiscounted payments | | | |
| | | On demand | <1 year | 1-5 years | >5 years |
| Accounts and other payables* (Note 13) | P39,612,047 | P39,612,047 | P- | P- | P- |
| Loan payable (Note 22) | 10,000,000 | 10,000,000 | - | - | - |
| Due to a related party (Note 22) | 1,644,365 | 1,644,365 | - | - | - |
| | <u>P51,256,412</u> | <u>P51,256,412</u> | <u>P-</u> | <u>P-</u> | <u>P-</u> |
| | Carrying value | 2016 | | | |
| | | Contractual undiscounted payments | | | |
| | | On demand | <1 year | 1-5 years | >5 years |
| Accounts and other payables* (Note 13) | P529,542 | P529,542 | P- | P- | P- |
| Due to a related party (Note 22) | 1,515,123 | 1,515,123 | - | - | - |
| | <u>P2,044,665</u> | <u>P2,044,665</u> | <u>P-</u> | <u>P-</u> | <u>P-</u> |

* Exclusive of government dues

Market risk

Market risk refers to 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 market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is subject to various market risks, including risks from changes in interest rates and currency exchange rates. There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group is not exposed to interest rate risk as the Group's interest rates on its advances are fixed.

Capital risk management

The primary objective of the Group's capital risk management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is equivalent to total liabilities shown in the consolidated statements of financial position. Total equity comprises all components of equity including share capital and deficit but excluding accumulated other comprehensive income. Debt to equity ratio of the Group is 0.009:1 and 0.010:1 as at December 31, 2017 and 2016, respectively.

The Group defines capital as share capital, share premium and deficit.

There were no changes in the Group's and/or the Parent Company's approach to capital management in 2017 and 2016.

The Group is not subject to externally imposed capital requirements.

NOTE 6 - CASH

The account consists of:

| | 2017 | 2016 |
|---------------|-------------------|-------------------|
| Cash on hand | P50,000 | P- |
| Cash in banks | 1,037,826 | 1,152,404 |
| | <u>P1,087,826</u> | <u>P1,152,404</u> |

Cash in banks earn interest at the respective bank deposit rates. Interest income earned amounted to P7,347 in 2017, P3,206 in 2016 and P3,173,886 in 2015, as disclosed in Note 21.

NOTE 7 - OTHER CURRENT ASSETS

This account consists of:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Claims from the Bureau of Internal Revenue (BIR) | P1,328,381 | P1,373,847 |
| Input VAT | <u>1,300,101</u> | <u>65,317</u> |
| | <u>P2,628,482</u> | <u>P1,439,164</u> |

Claims from the BIR refer to the Group's accumulated excess tax credits from prior years which may be used to offset against its future income tax liabilities.

Input VAT refers to the tax passed on to the Group by its suppliers, for acquisition of goods and services, which may be applied against its output VAT.

NOTE 8 - LOAN RECEIVABLE

On October 21, 2015, the BOD of the Parent Company approved the advances to its former shareholder amounting to P254,500,000, collectible within 12 months, with an interest rate of 6% per annum. Interest income earned from these advances amounted to P2,613,170 in 2015, as disclosed in Note 21.

On January 4, 2016, the BOD of the Parent Company approved the change of interest rate of the loan from 6% to 1% per annum. Interest income earned from the advances amounted to P2,272,321 in 2016, as disclosed in Note 21.

On October 10, 2016, the BOD of the Parent Company approved the extension of the loan from its original maturity date of October 21, 2016 to February 21, 2017.

In 2017, the BOD of the Parent Company approved the re-extension of the maturity of the loan until December 31, 2027.

No payments have been made from the inception of the loan until the financial reporting date. Interest earned, net of output VAT, amounted to P2,272,321 in 2017, as disclosed in Note 21.

Total accrued interest receivable amounted to P8,016,750 and P5,471,750 as at December 31, 2017 and 2016, as shown in the consolidated statements of financial position.

NOTE 9 - ADVANCES TO SUPPLIERS

This account consists of:

| | 2017 | 2016 |
|---------------------------------------|--------------------|-----------|
| Advances to: | | |
| Agbiag Mining Development Corporation | P3,718,514 | P- |
| Advance Tech Resources Mining & BPT | <u>21,478,591</u> | <u>-</u> |
| | <u>P25,197,105</u> | <u>P-</u> |

This account pertains to the unsecured and non-interest bearing cash advances extended by the Subsidiary to its suppliers for the payment on permits, overhead fees, exploration services, depth and sounding survey studies and other technical expenses incurred by the latter.

These advances have no fixed repayment date and are not expected to be collected within one year from the financial reporting date, hence, classified as non-current asset in the consolidated statements of financial position.

NOTE 10 - AVAILABLE FOR SALE INVESTMENTS

The Parent Company acquired bonds on April 7, 2015 at a cost of P45,815,742 and sold the same for P46,982,000 on July 7, 2015. Gain on sale of investments amounted to P1,166,258 in 2015, as shown the in the consolidated statements of comprehensive income (loss). Interest income from these investments amounted to P797,543 in 2015, as disclosed in Note 21.

NOTE 11 - PROPERTY AND EQUIPMENT, NET

This account consists of office furniture, fixtures and equipment, which balances are presented hereunder:

| | 2017 | 2016 |
|------------------------------|---------|------|
| Cost | | |
| At January 1 | P- | P- |
| Acquisition of JDVC | 49,382 | |
| Acquisitions during the year | 56,525 | - |
| At December 31 | 105,907 | - |
| Accumulated depreciation | | |
| At January 1 | - | - |
| Provision | 46,960 | - |
| At December 31 | 46,960 | - |
| Net book value | | |
| December 31 | P58,947 | P- |

The Group recognized depreciation on its property and equipment amounting to P46,960 in 2017, as disclosed in Note 19.

The Parent Company's property and equipment, with a net book value of P1,594,875, was assigned to Vantage on October 30, 2015. Depreciation expense recognized by the Parent Company prior the assignment amounted to P777,597, as disclosed in Note 19.

Management has reviewed the carrying value of the Group's property and equipment as at December 31, 2017 for impairment. Based on the results of its evaluation, there were no indications that the property and equipment are impaired.

NOTE 12 - MINE PROPERTIES

Mineral Production Sharing Agreement (MPSA)-338-2010-II-OMR was executed on June 9, 2010, by and between the Republic of the Philippines and Bo Go Resources Mining Corporation. The MPSA Contract ownership was transferred to the Subsidiary by Bo Go on November 25, 2011 by virtue of a Deed of Assignment duly approved and confirmed by both companies' Board of Directors' resolutions and corporate secretary's certifications. The same Deed of Assignment was duly registered with the Mines and Geosciences Bureau (MGB) Region II, Tuguegarao City, Cagayan on January 27, 2012 and was duly approved a year after, January 25, 2013, by the Department of Environment and Natural Resources (DENR) Secretary.

The contract area, embracing 14,240 hectares, is situated within the municipal waters of the Municipalities of Sanchez Mira, Pamplona, Abulug, Ballesteros, Appari, Buguey, and Gonzaga in the Province of Cagayan.

The Deed of Assignment, as approved, carries with it the responsibility to implement the Exploration Work Program and the Environmental Work Program which were eventually undertaken by the Subsidiary, as well as the submission of the regular Technical/ Progress Reports. The Environment Impact Assessment (EIA) has likewise been completed and presented to the various Municipalities and stake holders in the Province of Cagayan.

After the approval of the DENR, pursuant to the agreement, the Subsidiary proceeded to do the Technical or Progress Report Exploration, Environmental Work Programs and Exploration Work Programs.

On May 2, 2016, a Deed of Assignment was executed by and between the Subsidiary and Sanlorenzo Mines, Inc. (Sanlorenzo) wherein the former assigned to the latter all rights and interest in the 2,400 hectare portion of the contract area under MPSA-338-2010-II-OMR.

On May 20, 2016, the DENR approved the assignment of the 2,400-hectare portion of the contract area to Sanlorenzo pursuant to the May 2, 2016 Deed of Assignment, redennominated the MPSA covering the portion as No. 338-2010-II-OMR-Amended B and redennominated the remaining 11,840-hectare portion as No. 338-2010-II-OMR-Amended A.

On May 25, 2016, during the validity of the exploration period, the Subsidiary filed the Partial Declaration of Mining Project Feasibility (PDMPF) under MPSA No. 338-2010-II-OMR-Amended A covering the 4,999.235-hectare portion of the contract area.

The Subsidiary will siphon within the 4,999.235 hectares out of the approved 11,840 hectares of MPSA No. 338-2010-II-OMR-Amended A granted by the government for the extraction and processing of magnetite iron sand and other associated minerals at the offshore areas in the Province of Cagayan.

On June 24, 2016, the foregoing premises considered the PDMPF in connection with the MPSA-338-2010-II-OMR Amended A was approved, thereby authorizing the Subsidiary to proceed to the Development and Operating Periods of MPSA-338-2010-II-OMR Amended A, including the extraction and commercial disposition of magnetite sand and other associated minerals, subject to compliance of the conditions as enumerated in PDMPF.

On August 9, 2017, a Deed of Assignment was executed between the Subsidiary and Catagayan Iron Sand Mining Resources Corp., wherein the former had assigned, transferred and conveyed in favor of the latter the mining claim area of 3,182.78 hectares located in Aparri.

On the same day, another Deed of Assignment was executed between the Subsidiary and Cagayan Ore Metal Mining Exploration Corp., wherein the former had assigned, transferred and conveyed in favor of the latter the mining claim area of 2,149.85 hectares located in Buguey.

Further, another Deed of Assignment was executed between the Subsidiary and Cagayan Mining Resources (Phils.) Inc., wherein the former had assigned, transferred and conveyed in favor of the latter the mining claim area of 1,448.51 hectares located in Abulug and Ballesteros.

Catagayan Iron Sand Mining Resources Corp., Cagayan Ore Metal Mining Exploration Corp. and Cagayan Mining Resources (Phils.) Inc, were all organized and registered with the SEC on July 1, 2016, to engage in the business of operating mines, and of prospecting, exploration and mining, concentrating, converting, smelting, treating, refining, preparing for market, manufacturing, buying, selling, import, export on wholesale basis, exchanging and otherwise producing buying and dealing in all kinds of ores, metals, gold and minerals, hydrocarbons, acids and chemicals and in the products and by-products of every kind and description and by whatever process the same can be or hereafter be produced; to purchase, lease, option, locate, or otherwise acquire, own, exchange, sell or otherwise dispose of, pledge, mortgage, deed of trust, hypothecate, and deal in mines, mining claims, mineral lands, coal lands, timber lands, water and water rights and other properties, both real and personal.

The deed of assignments of the Subsidiary with Catagayan Iron Sand Mining Resources Corp., Cagayan Ore Metal Mining Exploration Corp., and Cagayan Mining Resources (Phils.) Inc. were all registered with DENR on April 2, 2018.

On July 2017, 3,161.84 hectares in Sanchez Mira, Cagayan, which is covered by MPSA No. 338-2010-II-OMR that was granted on June 9, 2010, was relinquished by the Subsidiary in favor of the Government.

In 2017, the remaining land area of the Subsidiary, which is at 1,897.02 hectares, were fully explored.

Estimated life of mine

The computation of ore reserve was done by a competent individual geologist using the Polygon Method. The ore reserve has a total of 606.458 million tons. With the computed indicated resource, the mine life for the current ore resource is 87.7 years for the siphoning and utilizing magnetic separation on-board the vessels. With the yearly production schedule of 6.91 million tons of raw sand with an average Mf of 19.79% and 95% material recovery, the operations can yield an iron concentrate of 1.30M Mt annum production, using 3 units of production lines of platform.

Exploration and evaluation assets

Exploration and evaluation assets (which include deferred exploration costs and mineral assets acquired during business combination) are transferred to mine properties upon full exploration of the mine area. Exploration costs consist of expenditures related to the exploration activities covered by the group's mining tenements, such as service contracts for the exploration of the mines, drilling activities, and other direct costs related to the exploration activities. The recovery of these costs depends upon the success of the exploration activities, the future development of the corresponding mining properties and the extraction of mineral products as these properties shift into commercial operations.

As at December 31, 2017, the group does not have any contractual commitments for additional exploration.

Reconciliation of exploration and evaluation assets

| | <u>2017</u> |
|--|------------------------|
| Cost | |
| At January 1 | P- |
| Acquisition of JDVC | |
| Deferred exploration costs | 713,191,435 |
| Mineral assets | 2,500,098,008 |
| Additional deferred exploration cost | 14,137,950 |
| Transfer to mine properties - mine under development | <u>(3,227,427,393)</u> |
| At December 31 | <u>P-</u> |

In 2017, the exploration activities for the mine area of the group were completed hence the related exploration and evaluation assets were transferred to mine properties - mine under development.

Reconciliation of mine properties - mine under development

| | 2017 |
|--|-----------------------|
| Cost | |
| At January 1 | P- |
| Transfers from exploration and evaluation assets during the year | <u>3,227,427,393</u> |
| At December 31 | <u>P3,227,427,393</u> |

Mine properties are not subject to depletion until these are included in the life-of-mine plan and the production has commenced.

Management believes that there are no indications that an impairment loss should be provided in 2017, since the carrying amount of the asset is likely to be recovered.

NOTE 13 - ACCOUNTS AND OTHER PAYABLES

The account consists of:

| | 2017 | 2016 |
|------------------|--------------------|-------------------|
| Accounts payable | P37,866,216 | P- |
| Accrued expenses | 1,700,206 | 529,542 |
| Government dues | 6,429,259 | 600,673 |
| Others | 45,625 | - |
| | <u>P46,041,306</u> | <u>P1,130,215</u> |

Accounts payable consist mainly of the unsecured and non-interest bearing liability of the Subsidiary to Agbiag Mining and Development Corporation, operating contractor of the Subsidiary, in relation to the Memorandum of Agreement (MOA) signed last September 3, 2014, amounting to P89,000,000. The MOA was entered into by the parties for allowing the Subsidiary to use the research, study and intellectual property rights, on a non-exclusive basis, for the duly researched and studied siphon vessel for offshore magnetite iron sand commercial extraction, ready for detailed engineering design by the associates of Agbiag Mining and Development Corporation.

The payment should be made on the first 30 days of successful operation of the siphon vessel/s in the future.

The liability shall be paid without the need of demand. If ever the Subsidiary fails to pay the liability as mentioned above, it shall be subject automatically to penalty of twenty percent (20%) every year and six percent (6%) interest for every year of non-payment.

The amount payable to contractor as at December 31, 2017 amounted to P37,500,000.

Other composition of the accounts payable as at December 31, 2017, in the amount of P366,126, pertain to outstanding obligations to officers, external providers and lessors, which are normally payable within 30 to 60-days credit term from invoice date.

Accrued expenses pertain to the liabilities incurred for professional fees, Philippine Stock Exchange (PSE) listing fees and loan interest, which will be paid on the subsequent month.

Government dues include expanded withholding taxes payable and VAT payable.

NOTE 14 - ADVANCES FOR FUTURE ROYALTIES

On September 1, 2014, the Subsidiary entered in a royalty agreement with Agbiag Mining and Development Corporation, operating contractor of the Subsidiary, by granting the latter irrecoverable and unrestricted rights and privileges to occupy, explore, develop, utilize, mine and undertake other activities to the mining area owned by the Subsidiary in various areas in Cagayan Province, for twenty-five (25) years or the life of the Subsidiary's MPSA No. 338-2010-II-OMR with the Republic of the Philippines, whichever is shorter.

The Subsidiary shall earn royalty income of US\$ 4.00 up to US\$ 9.33 per ton or specifically in accordance to the proposed slide-up-slide-down net joint venture share remittance, or six (6%) percent of the FOB cost, whichever is higher.

In 2017, the Subsidiary received advance royalty payment from Agbiag Mining and Development Corporation amounting to P45,982,143, as shown in the consolidated statements of financial position.

NOTE 15 - SHARE CAPITAL

The pertinent information on this account is presented hereunder:

| | 2017 | |
|---|------------------------|-----------------------|
| | Number of shares | Amount |
| Authorized - par value of P0.01 per share | <u>600,000,000,000</u> | <u>P6,000,000,000</u> |
| Issued and outstanding | <u>275,196,071,520</u> | <u>2,751,960,715</u> |

The track record of the Parent Company's registration of securities in compliance with SEC Rule 68, Annex 68-D follows:

- a) The authorized number of shares registered with the SEC on June 10, 1998 is at one billion shares with a par value of P1 per share.
- b) On July 7, 2015, Vantage (majority owner of the Parent Company) entered into a Sale and Purchase Agreement (SPA) with third party buyers for the sale of the entire shares owned by Vantage. Under the SPA, the closing of the transfer of the Sale Shares is subject to and conditioned upon the conduct and completion of a mandatory tender offer as well as the payment of the purchase price, which conditions have been complied with on October 15, 2015. Accordingly, on the said date, the Parent Company ceased as a majority-owned subsidiary of Vantage.
- c) On December 7, 2015, the BOD in its special meeting, approved the quasi-reorganization and increase in authorized capital stock of the Parent Company. The quasi-reorganization will reduce the par value of the Parent Company's one billion authorized common shares from P1 to P0.01. Further, the authorized capital stock will be increased to P3,000,000,000 divided into 300,000,000,000 shares.

On December 11, 2015, the shareholders of the Parent Company, representing at least 2/3 of the outstanding capital stock, ratified the said resolutions.

As of December 31, 2015, the Parent Company has not yet applied for the quasi-reorganization and increase in authorized capital stock with the SEC.

- d) In 2016, the Parent Company submitted an application with the SEC for the change of the Parent Company's name from YEHEY! CORPORATION to APOLLO GLOBAL CAPITAL, INC.

Along with the change in the corporate name, the Parent Company filed for its Amended Articles of Incorporation with the following equity information:

| | Shares | Amount |
|--------------------------|-----------------|----------------|
| Authorized capital stock | 100,000,000,000 | P1,000,000,000 |
| Par value per share | | 0.01 |
| Issued and outstanding | 27,800,000,000 | 278,000,000 |

Instead of the P3,000,000,000 authorized capital stock that was initially planned last December 7, 2015, the Parent Company decided and finalized its plans with the revised authorized capital stock as mentioned above.

A certification on the above amendments was issued by the Parent Company's acting corporate secretary on April 6, 2016 as a support for the Parent Company's application for the amended articles of incorporation and by-laws.

- e) On October 7, 2016, the SEC approved the change in name of the Parent Company and the amendments in the articles of incorporation.
- f) On the annual stockholders' meeting held last December 14, 2016, it was resolved that the Parent Company has plans to increase its authorized capital stock from one billion pesos (P1,000,000,000) to six billion pesos (P6,000,000,000).

The shareholders of the Parent Company, representing at least 2/3 of the outstanding capital stock, approved and ratified the said resolution. The said approval shall supersede the approval on the increase in the Parent Company's authorized capital stock to P3,000,000,000 as approved by the stockholders during the annual stockholders' meeting held last December 11, 2015.

The application on the increase in authorized capital stock to P6,000,000,000 is yet to be filed by the Parent Company with SEC.

- g) On the same annual stockholders' meeting, the stockholders had approved the issuance and listing of shares to be issued out of the current unissued and/or the increase in the authorized capital stock of the Parent Company to new investors and/or existing stockholders, and the listing thereof, on terms beneficial to the Parent Company.
- h) On February 17, 2017, the BOD approved the subscription of certain individuals to a total of 247,396,071,520 shares of the Parent Company out of the authorized share capital in exchange for the assignment of 4,133,740 shares of JDVC, representing 83% of the outstanding capital stock of JDVC.
- i) On October 9, 2017, the SEC approved the increase in the capital stock of the Parent Company from P1,000,000,000 divided into 100,000,000,000 shares of the par value of P0.01 each to P6,000,000,000 divided into 600,000,000,000 shares of the par value of P0.01.
- j) As of December 31, 2017, the total number of stockholders of the Parent Company is 797.

NOTE 16 - SEGMENT INFORMATION

The primary segment reporting format is presented based on business segments in which the Group's risks and rates of return are affected predominantly by differences in the products and services provided. The Group is organized into business units based on the main types of activities and has the following reportable operating segments:

a) Digital PR and Strategy

Digital PR and strategy specializes in creative management and implementation of professional value-added solutions in the new media, helping clients meet marketing goals and objectives. It focuses on three core areas of expertise such as, Research and Monitoring, Reputation Defense and Promotions. This covers seeding of content — articles, videos, audio clips, and the like, in these sites.

b) Web Development and Production

The Parent Company develops and maintains websites of various corporate clients. Web production services include creative development of websites, hardware and software management, and site maintenance. To date, the Parent Company has created and launched approximately 300 websites of corporate clients catering to varied industries to include food, finance, consumer products and media, among others.

c) Media Sales

The Parent Company engages in media selling of ad space of publishers. This media selling is only part of a Media Plan, which the Parent Company prepares for each client to specifically cater to its marketing needs.

d) Mine under development

This reportable segment pertains to the construction, installation or completion of infrastructure facilities. Development expenditure is net of proceeds from the sale of mineral extracted during the development phase to the extent that it is considered integral to the development of the mine.

The Group's management internally monitors and analyzes the financial information for reporting to the Chief Operating Decision Maker (CODM), who is responsible for allocating resources, assessing performance and making operating decisions.

Information on the Group's significant business segments follow (amounts in thousands):

| December 31, 2017 | | | | | | |
|---|-------------------------------|--|----------------|-----------|----------|-----------|
| Earnings Information | Digital PR and strategy | Web development and productions | Media sales | Mining | Others* | Total |
| Service income (Note 17) | P- | P- | P- | P- | P- | P- |
| Cost of services (Note 18) | - | - | - | - | - | - |
| Gross profit | - | - | - | - | - | - |
| Interest Income (Note 21) | - | - | - | - | 2,280 | 2,274 |
| Provision for income tax (Note 23) | - | - | - | (896) | 45 | 851 |
| Net loss | - | - | - | (3,171) | (23,067) | (26,238) |
| Other Information | | | | | | |
| Segment assets** | - | - | - | 3,226,791 | 296,693 | 3,523,484 |
| Segment liabilities** | - | - | - | 83,482 | 212,898 | 296,380 |
| Depreciation and Amortization (Note 19) | - | - | - | - | - | - |

Information on the Parent Company's significant business segments follow (amounts in thousands):

| December 31, 2016 | | | | | |
|--|----------------------------|--|----------------|---------|---------|
| Earnings Information | Digital PR and strategy | Web development and productions | Media sales | Others* | Total |
| Service income (Note 17) | | P- | P- | P- | P- |
| Cost of services (Note 18) | | - | - | - | - |
| Gross profit | | - | - | - | - |
| Interest income (Note 21) | | - | - | 2,276 | 2,276 |
| Provision for income tax (Note 23) | | - | - | 46 | 46 |
| Net profit | | - | - | 1,204 | 1,204 |
| Other Information | | | | | |
| Segment assets** | - | - | - | 262,563 | 262,563 |
| Segment liabilities** | - | - | - | 2,645 | 2,645 |
| Depreciation and amortization (Note 19) | - | - | - | - | - |

*These are not allocable to the Group's segments.

**Segment assets and liabilities are allocated based on the revenue of each segment over the total revenues of the Group

| December 31, 2015 | | | | | |
|--|----------------------------|--|----------------|---------|---------|
| Earnings Information | Digital PR and strategy | Web development and productions | Media sales | Others* | Total |
| Service income (Note 17) | P11,334 | P1,838 | P2,862 | P- | P16,034 |
| Cost of services (Note 18) | 6,344 | 869 | 945 | - | 8,158 |
| Gross profit | 5,527 | 1,056 | 1,293 | - | 7,876 |
| Interest income (Note 21) | - | - | - | 6,856 | 6,856 |
| Provision for income tax (Note 23) | - | - | - | 887 | 887 |
| Net profit | 5,527 | 1,056 | 1,293 | (2,632) | 5,244 |
| Other Information | | | | | |
| Segment assets** | 183,804 | 29,807 | 46,413 | - | 260,024 |
| Segment liabilities** | 925 | 150 | 234 | - | 1,309 |
| Depreciation and amortization (Note 19) | 70 | 35 | 11 | 778 | 894 |

*These are not allocable to the Parent Company's segments.

**Segment assets and liabilities are allocated based on the revenue of each segment over the total revenues of the Parent Company.

NOTE 17 - SERVICE INCOME

This account consists of:

| | 2017 | 2016 | 2015 |
|--------------------------------|-----------|-----------|--------------------|
| Digital PR and Strategy | P- | P- | P11,333,613 |
| Web development and production | - | - | 1,837,703 |
| Media sales | - | - | 2,862,846 |
| | <u>P-</u> | <u>P-</u> | <u>P16,034,162</u> |

NOTE 18 - COST OF SERVICES

This account consists of:

| | 2017 | 2016 | 2015 |
|---------------------------------|-----------|-----------|-------------------|
| Salaries and benefits (Note 20) | P- | P- | P4,540,821 |
| Cost of Digital PR and Strategy | - | - | 2,604,314 |
| Internet connection fee | - | - | 361,912 |
| Web development and production | - | - | 262,630 |
| Depreciation and amortization | - | - | 116,145 |
| Others | - | - | 272,676 |
| | <u>P-</u> | <u>P-</u> | <u>P8,158,498</u> |

NOTE 19 - GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

| | 2017 | 2016 | 2015 |
|---|--------------------|-------------------|--------------------|
| Taxes and licenses | P22,578,634 | P227,853 | P403,538 |
| Professional fees | 2,237,563 | 292,500 | 3,581,800 |
| Rent | 842,334 | - | 523,980 |
| Mobilization costs | 206,473 | | |
| Registration and license fees | 275,220 | 525,220 | 255,960 |
| Transportation and travel | 185,069 | - | 35,296 |
| Association dues | 165,953 | | |
| Office supplies | 124,666 | - | 27,950 |
| Representation and entertainment | 70,000 | - | 44,024 |
| Depreciation and amortization (Note 11) | 46,960 | - | 777,597 |
| Repairs and maintenance | - | - | 10,886 |
| Gasoline and oil | 33,399 | - | - |
| Separation pay (Note 20) | - | - | 3,070,217 |
| Salaries and benefits (Note 20) | - | - | 1,903,463 |
| Communication and utilities | - | - | 379,023 |
| External services | - | - | 238,879 |
| Condominium dues | - | - | 110,700 |
| Directors' fees | - | - | 94,118 |
| Others | 758,470 | 29,810 | 198,989 |
| | <u>P27,524,741</u> | <u>P1,075,383</u> | <u>P11,656,420</u> |

NOTE 20 - PERSONNEL COSTS

Personnel expenses amounted to nil in 2017 and 2016 and P9,514,501 in 2015, as disclosed in Notes 18 and 19, with details as follow:

| | 2017 | 2016 | 2015 |
|-------------------------------------|-----------|-----------|-------------------|
| Cost of services | | | |
| Salaries and benefits (Note 18) | P- | P- | P4,540,821 |
| General and administrative Expenses | | | |
| Salaries and benefits (Note 19) | - | - | 1,903,463 |
| Separation pay (Note 19) | - | - | 3,070,217 |
| | <u>-</u> | <u>-</u> | <u>4,973,680</u> |
| Total personnel costs | <u>P-</u> | <u>P-</u> | <u>P9,514,501</u> |

As a result of the disposal of the investment of Vantage, the Parent Company did not have any employees in 2017 and 2016.

NOTE 21 - INTEREST INCOME

This account consists of interest income from the following:

| | 2017 | 2016 | 2015 |
|--------------------------|-------------------|-------------------|-------------------|
| Cash (Note 6) | P7,317 | P3,206 | P3,173,886 |
| Loan receivable (Note 8) | 2,272,321 | 2,272,321 | 2,613,170 |
| AFS investment (Note 10) | - | - | 797,543 |
| Others | - | - | 1,263 |
| | <u>P2,279,638</u> | <u>P2,275,527</u> | <u>P6,585,862</u> |

NOTE 22 - RELATED PARTY TRANSACTIONS

a) The details of the Group's related parties are summarized as follows:

| Name of related party | Relationship | Country of incorporation |
|--|---------------------------------------|--------------------------|
| Cagayan Ore Metal Mining Exploration Corporation | With common shareholders | Philippines |
| Catagayan Iron Sand Resources Corporation | With common shareholders | Philippines |
| Catagayan Mining Resources (Phils.) Inc. | With common shareholders | Philippines |
| Individuals | Key management personnel/shareholders | - |

The Group, in the normal course of business, has significant transactions with related parties pertaining to granting and availing of advances for operational expenses.

b) Significant transactions and outstanding balances with related parties are as follow:

| Related party | Outstanding balance | | Nature of transaction | Terms and conditions | Security | Nature of consideration to be provided in settlement | Guarantees received | Allowance for impairment loss | | Impairment loss | | |
|---|---------------------|--------------|--|--|-----------|--|---------------------|-------------------------------|------|-----------------|------|------|
| | 2017 | 2016 | | | | | | 2017 | 2016 | 2017 | 2016 | 2015 |
| Entity with common shareholders | | | | | | | | | | | | |
| a) Cagayan Ore Metal Mining Exploration Corporation | P865,008 | P- | Advance payments made in behalf of the related party for its operational expenses | Non-interest bearing; to be collected beyond 12 months | Unsecured | Cash | None | P- | P- | P- | P- | P- |
| b) Catagayan Iron Sand Resources Corporation | P865,007 | P- | Advance payments made in behalf of the related party for its operational expenses | Non-interest bearing; to be collected beyond 12 months | Unsecured | Cash | None | P- | P- | P- | P- | P- |
| c) Catagayan Mining Resources (Phils.) Inc. | P865,007 | P- | Advance payments made in behalf of the related party for its operational expenses | Non-interest bearing; to be collected beyond 12 months | Unsecured | Cash | None | P- | P- | P- | P- | P- |
| Key management personnel | | | | | | | | | | | | |
| Individual 1 | (P1,644,365) | (P1,515,123) | Advance payments made by the related party for the Parent Company for its operational expenses | Non-interest bearing; due and demandable | Unsecured | Cash | None | P- | P- | P- | P- | P- |

| Related party | Outstanding balance | | Nature of transaction | Terms and conditions | Security | Nature of consideration to be provided in settlement | Guarantees received | Allowance for impairment loss | | Impairment loss | | |
|-----------------------|---------------------|--------|---------------------------------------|---|-----------|--|---------------------|-------------------------------|------|-----------------|------|------|
| | 2017 | 2016 | | | | | | 2017 | 2016 | 2017 | 2016 | 2015 |
| Other related parties | | | | | | | | | | | | |
| Individual 1 | (P10,000,000) | P- (1) | Loan payable | Interest bearing; due and demandable | Unsecured | Cash | None | P- | P- | P- | P- | P- |
| | (30,467,816) | - | Deposit for future stock subscription | Non-interest bearing; to be applied in stock subscription | Unsecured | Cash | None | - | - | - | - | - |
| | (P40,467,816) | P- | | | | | | P- | P- | P- | P- | P- |
| Individual 2 | (P8,672,054) | P- | Deposit for future stock subscription | Non-interest bearing; to be applied in stock subscription | Unsecured | Cash | None | P- | P- | P- | P- | P- |
| | | | Deposit for future stock subscription | Non-interest bearing; to be applied in stock subscription | Unsecured | Cash | None | P- | P- | P- | P- | P- |
| Individual 3 | (P77,082,996) | P- | | | | | | | | | | |
| Individual 4 | (P29,928,221) | P- | Deposit for future stock subscription | Non-interest bearing; to be applied in stock subscription | Unsecured | Cash | None | P- | P- | P- | P- | P- |
| | | | Deposit for future stock subscription | Non-interest bearing; to be applied in stock subscription | Unsecured | Cash | None | P- | P- | P- | P- | P- |
| Individual 5 | (P29,388,627) | P- | | | | | | | | | | |

| Related party | Outstanding balance | | Nature of transaction | Terms and conditions | Security | Nature of consideration to be provided in settlement | Guarantees received | Allowance for impairment loss | | Impairment loss | | |
|---------------|---------------------|-----------|---------------------------------------|---|-----------|--|---------------------|-------------------------------|-----------|-----------------|-----------|-----------|
| | 2017 | 2016 | | | | | | 2017 | 2016 | 2017 | 2016 | 2015 |
| Individual 6 | <u>(P7,708,492)</u> | <u>P-</u> | Deposit for future stock subscription | Non-interest bearing; to be applied in stock subscription | Unsecured | Cash | None | <u>P-</u> | <u>P-</u> | <u>P-</u> | <u>P-</u> | <u>P-</u> |
| Individual 7 | <u>(P7,708,492)</u> | <u>P-</u> | Deposit for future stock subscription | Non-interest bearing; to be applied in stock subscription | Unsecured | Cash | None | <u>P-</u> | <u>P-</u> | <u>P-</u> | <u>P-</u> | <u>P-</u> |
| Individual 8 | <u>(P1,755,609)</u> | <u>P-</u> | Deposit for future stock subscription | Non-interest bearing; to be applied in stock subscription | Unsecured | Cash | None | <u>P-</u> | <u>P-</u> | <u>P-</u> | <u>P-</u> | <u>P-</u> |

(1) Loan payable

On June 2, 2017, the Subsidiary availed of an unsecured loan in the amount of P10,000,000 from its key officer. The loan is subject to 0.50% monthly interest rate or P50,000 per month.

Interest expense incurred during the year in relation to this borrowing amounted to P350,000 in 2017, as shown in the consolidated statements of comprehensive income (loss).

The related documentary stamp tax (DST) amounting to P50,000, on the loan obtained during the year, was accrued by the Subsidiary.

- c) There are no other short-term employee benefits, post-employment, other long-term termination benefits and share-based payments given to the Group's personnel.

NOTE 23 - INCOME TAXES

The income tax expense consists of:

| | 2017 | 2016 | 2015 |
|--------------|-------------------|----------------|-----------------|
| Current tax | | | |
| Final tax | P- | P- | P634,680 |
| MCIT | 45,446 | 46,446 | 252,747 |
| | <u>45,446</u> | <u>46,446</u> | <u>887,427</u> |
| Deferred tax | (895,550) | - | - |
| | <u>(P850,084)</u> | <u>P45,446</u> | <u>P887,427</u> |

The reconciliation between the income tax expense, based on pretax profit, computed at the statutory income tax rate of 30%, and the provision for income tax expense, as shown in the consolidated statements of comprehensive income (loss) is as follows:

| | 2017 | 2016 | 2015 |
|--|----------------------|-------------------|-------------------|
| Loss before income tax | <u>(P25,601,199)</u> | <u>P1,250,144</u> | <u>P6,131,202</u> |
| Income tax computed at statutory tax rate of 30% | (7,680,360) | P375,043 | P1,839,361 |
| Tax effect of: | | | |
| Non-taxable income | - | - | (349,877) |
| Interest income subject to final tax | (2,203) | (962) | (317,487) |
| Non-deductible expenses | 134,463 | 17 | - |
| Tax arbitrage on interest | 715 | - | - |
| Unrecognized deferred tax asset of the Parent Company on | | | |
| Net-operating loss carry-over | 6,651,835 | (327,652) | (284,570) |
| Minimum corporate income tax | 45,466 | - | - |
| Income tax expense | <u>(P850,084)</u> | <u>P46,446</u> | <u>P887,427</u> |

Parent Company

Details of the unrecognized deferred tax assets are as follow:

| | 2017 | 2016 |
|---------------------------------------|-------------------|-------------------|
| Net operating loss carry-over (NOLCO) | P6,651,835 | P588,626 |
| Minimum corporate income tax (MCIT) | 344,659 | 450,154 |
| | <u>P6,996,494</u> | <u>P1,038,780</u> |

The Parent Company believes that it is not reasonably probable that these temporary differences will be realized in the future.

Details of the Parent Company's NOLCO are as follow:

| Year of incurrence | Year of expiry | Amount | Applied | Expired | Balance |
|-----------------------|----------------------|--------------------|---------------------|---------------------|--------------------|
| 2013 | 2016 | P1,579,612 | (P1,246,994) | (P332,618) | P- |
| 2014 | 2017 | 1,962,088 | - | (1,962,088) | - |
| 2017 | 2020 | 22,172,784 | - | - | 22,172,784 |
| | | <u>P25,714,484</u> | <u>(P1,246,994)</u> | <u>(P2,294,706)</u> | <u>P22,172,784</u> |

Details of the Parent Company's MCIT that can be claimed as tax credit are as follow:

| Year of incurrence | Year of expiry | Amount | Applied | Expired | Balance |
|-----------------------|----------------------|-----------------|-----------|-------------------|-----------------|
| 2014 | 2017 | P150,961 | - | (150,961) | P- |
| 2015 | 2018 | 252,747 | - | - | 252,747 |
| 2016 | 2019 | 46,446 | - | - | 46,446 |
| 2017 | 2020 | 45,466 | - | - | 45,466 |
| | | <u>P495,620</u> | <u>P-</u> | <u>(P150,961)</u> | <u>P344,659</u> |

Subsidiary

Details of the Subsidiary's NOLCO are as follow:

| Year of incurrence | Year of expiry | Amount | Applied | Expired | Balance |
|-----------------------|-------------------|-------------------|-----------|-----------|-------------------|
| 2015 | 2018 | P827,244 | P- | P- | P827,244 |
| 2016 | 2019 | 3,287,435 | - | - | 3,287,435 |
| 2017 | 2020 | 2,985,167 | - | - | 2,985,167 |
| | | <u>P7,099,846</u> | <u>P-</u> | <u>P-</u> | <u>P7,099,846</u> |

As at December 31, 2017, the deferred tax assets on NOLCO was recognized by the Subsidiary as the management assessed that this will be realized and will be used to reduce taxable profit in the future.

NOTE 24 - EARNINGS PER SHARE

The financial information pertinent to the derivation of earnings per share follows:

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|------------------------|-----------------------|--------------------|
| Profit (loss) for the year attributable to the owners of the Parent | <u>(P20,461,747)</u> | <u>P1,203,698</u> | <u>P5,243,775</u> |
| Weighted average number of shares outstanding | <u>275,196,071,520</u> | <u>27,800,000,000</u> | <u>278,000,000</u> |
| Basic and dilutive earnings (loss) per share | <u>(P0.00007)</u> | <u>P0.00433</u> | <u>P0.01886</u> |

There are no dilutive potential common shares that can reduce the earnings per share; hence, the basic and diluted earnings (loss) per share are the same.

There have been no other transactions involving ordinary shares or potential ordinary shares between reporting date and the date of authorization of these consolidated financial statements.

NOTE 25 - COMMITMENTS AND CONTINGENCIES

Commitments

In 2016, the Subsidiary entered into a cancellable lease agreement with Tierra Buena Real Estate Lessor for an office space located at Unit 1204 Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City. The lease term is for two (2) years commencing on December 15, 2016 until January 14, 2018.

Prepaid rent amounting to P153,152 was made by the Subsidiary upon signing of the lease contract, and will be applied to the rent on the eleventh and twelfth month of the first year.

Total rent expense amounted to P918,910 in 2017, as shown in the consolidated statements of comprehensive income (loss).

Security deposits in relation to this lease amounted to P153,152 as at December 31, 2017, which is lodged under non-current assets in the consolidated statements of financial position.

Contingencies

There are no significant contingencies in relation to any legal action or claims involving the Group as at and for the year ended December 31, 2017.

NOTE 26 - EVENTS AFTER THE FINANCIAL REPORTING DATE

There are no material subsequent transactions/events after the financial reporting date that would require adjustment to or disclosure in the consolidated financial statements.

INDEPENDENT AUDITOR'S SUPPLEMENTAL WRITTEN STATEMENT

The Stockholders and Board of Directors
APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY
Unit 1204 Galleria Corporate Center
EDSA corner Ortigas Avenue
Brgy. Ugong Norte, Quezon City

We have examined the consolidated financial statements of APOLLO GLOBAL CAPITAL, INC. AND SUBSIDIARY as at and for the year ended December 31, 2017, on which we have rendered the attached report dated April 23, 2018.

In compliance with SRC Rule 68, we are stating that the said Group has a total number of seven hundred ninety-seven (797) stockholders owning one hundred (100) or more shares each.

ROXAS CRUZ TAGLE AND CO.
(Formerly ALBA ROMEO & CO.)



Maria Carmina A. Ussher
Partner

CPA Certificate No. 0068006

Tax Identification No. 123-046-738

PTR No. 6643557, issued on January 17, 2018, Makati City

PRC/BOA Accreditation No. 0005 (Firm), issued on December 1, 2015
effective until December 31, 2018

SEC Accreditation No. 0007-FR-4 (Firm), Group A
issued on July 16, 2015, effective until July 15, 2018

SEC Accreditation No. 1542-A (Individual), Group A
issued on March 9, 2016, effective until May 1, 2019

BIR Accreditation No. 08-001682-14-2018 issued on January 26, 2018
effective until January 26, 2021

April 23, 2018
Makati City, Philippines

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
APOLLO GLOBAL CAPITAL, INC. AND SUBSIDIARY
Unit 1204 Galleria Corporate Center
EDSA corner Ortigas Avenue
Brgy. Ugong Norte, Quezon City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of APOLLO GLOBAL CAPITAL, INC. AND SUBSIDIARY as at and for the year then ended December 31, 2017 included in this Form 17-A, and have issued our report thereon dated April 23, 2018. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Securities Regulation Code (SRC) Rule 68, As Amended, and the Securities and Exchange Commission (SEC) Memorandum Circular No. 11, Series of 2008 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

ROXAS CRUZ TAGLE AND CO.
(Formerly ALBA ROMEO & CO.)



Maria Carmina A. Ussher
Partner
CPA Certificate No. 0068006
Tax Identification No. 123-046-738
PTR No. 6643557, issued on January 17, 2018, Makati City
PRC/BOA Accreditation No. 0005 (Firm), issued on December 1, 2015
effective until December 31, 2018
SEC Accreditation No. 0007-FR-4 (Firm), Group A
issued on July 16, 2015, effective until July 15, 2018
SEC Accreditation No. 1542-A (Individual), Group A
issued on March 9, 2016, effective until May 1, 2019
BIR Accreditation No. 08-001682-14-2018 issued on January 26, 2018
effective until January 26, 2021

April 23, 2018
Makati City, Philippines

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Schedule A. FINANCIAL SOUNDNESS INDICATORS
As of DECEMBER 31, 2017

| December 31, 2017 | |
|------------------------------|--------|
| Current ratio | 0.04:1 |
| Debt-to-equity ratio | 0.09:1 |
| Asset-to-equity ratio | 1.09:1 |
| Debt ratio | 0.08:1 |
| Interest rate coverage ratio | N/A |
| Return on assets | 0.70% |
| Return on equity | 0.77% |

- (i) Current Ratio [Current assets/Current liabilities]
- (ii) Debt to Equity Ratio [Total Liabilities/Total Equity]
- (iii) Asset to Equity Ratio [Total Assets/Total Equity]
- (iv) Debt Ratio [Total Liabilities/Total Assets]
- (v) Interest coverage ratio [EBIT/finance cost]
- (vi) Return on Assets [Net Income/Average Total Assets]
- (vii) Return on Equity [Net Income/Average Total Equity]

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Schedule B. FINANCIAL ASSETS
As of DECEMBER 31, 2017

| Name of issuing entity and association of each issue (i) | Number of shares or principal amount of bonds and notes | Amount shown in the balance sheet (ii) | Value based on market quotation at end of reporting period (iii) | Income received and accrued |
|---|--|---|---|--------------------------------------|
| Loans and receivables | | | | |
| Cash | P- | P1,087,826 | P- | P- |
| Loan receivable | - | 254,500,000 | - | 2,545,000 |
| Accrued interest receivable | - | 8,016,750 | - | - |
| Advances to suppliers* | - | 3,718,514 | - | - |
| Advances to related parties | - | 2,595,022 | - | - |
| Security deposits | - | 153,152 | - | - |
| | P- | P270,071,264 | P- | P2,545,000 |

*Exclusive of advances to Advanced Tech Mining and BPT

- (i) Each issue shall be stated separately, except that reasonable grouping, without enumeration may be made of (a) securities issued or guaranteed by the Philippine Government or its agencies and (b) securities issued by others for which the amounts in the aggregate are not more than two percent of total assets.
- (ii) State the basis of determining the amounts shown in the column. This column shall be totaled to correspond to the respective balance sheet caption or captions.
- (iii) This column may be omitted if all amounts that would be shown are the same as those in the immediately preceding column.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Schedule C. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
As of DECEMBER 31, 2017

| Name and Designation of debtor (i) | Balance at beginning of period | Additions | Deductions | | Current | Not Current | Balance at end of period | Due date | Interest rate per annum | Terms of repayment | Collateral |
|---------------------------------------|--------------------------------|-----------|---------------------------|------------------------------|---------|-------------|--------------------------|----------|-------------------------|--------------------|------------|
| | | | Amounts collected (ii) | Amounts written off (iii) | | | | | | | |
| NOT APPLICABLE | | | | | | | | | | | |

- (i) Show separately accounts receivables and notes receivable. In case of notes receivable, indicate pertinent information such as the due date, interest rate, terms of repayment and collateral, if any.
(ii) If collection was other than in cash, explain.
(iii) Give reasons for write off.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Schedule D. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
As of DECEMBER 31, 2017

| Name and Designation of debtor | Balance at beginning of period | Additions | Deductions | | Current | Not Current | Balance at end of period |
|--------------------------------|--------------------------------------|-----------|-----------------------------|--------------------------------|---------|----------------|--------------------------------|
| | | | Amounts collected (i) | Amounts written off (ii) | | | |
| NONE TO REPORT | | | | | | | |

- (i) If collection was other than in cash, explain.
(ii) Give reasons for write off.

APOLLO GLOBAL CAPITAL, INC. AND SUBSIDIARY

Schedule E. INTANGIBLE ASSETS - OTHER ASSETS
As of DECEMBER 31, 2017

| Description (i) | Beginning balance | Additions at cost (ii) | Charged to cost and expenses | Charged to other accounts | Other changes, additions, deductions (iii) | Ending balance |
|--------------------|----------------------|------------------------------|------------------------------------|---------------------------------|---|-------------------|
| Website cost | P312,500 | P13,600 | | | | P326,100 |

- (i) The information required shall be grouped into (a) intangibles shown under the caption intangible assets and (b) deferrals shown under the caption Other Assets in the related balance sheet. Show by major classifications.
- (ii) For each change representing anything other than an acquisition, clearly state the nature of the change and the other accounts affected. Describe cost of additions representing other than cash expenditures.
- (iii) If provision for amortization of intangible assets is credited in the books directly to the intangible asset account, the amounts shall be stated with explanations, including the accounts charged. Clearly state the nature of deductions if these represent anything other than regular amortization.

APOLLO GLOBAL CAPITAL, INC. AND SUBSIDIARY

Schedule F. LONG-TERM DEBT
As of DECEMBER 31, 2017

| Title of issue and type of obligation (i) | Amount authorized by indenture | Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii) | Amount shown under caption "Long-Term Debt" in related balance sheet (iii) | Interest rates | Amount of periodic instalments | Number of periodic instalments | Maturity dates |
|---|---|--|--|-------------------|--------------------------------------|--------------------------------------|-------------------|
|---|---|--|--|-------------------|--------------------------------------|--------------------------------------|-------------------|

NONE TO REPORT

- (i) Include in this column each type of obligation authorized.
- (ii) This column is to be totalled to correspond to the related balance sheet caption.
- (iii) Include in this column details as to interest rates, amounts or number of periodic instalments, and maturity dates.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Schedule G. INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
As of DECEMBER 31, 2017

| Name of related party (i) | Balance at beginning of period | Balance at end of period (ii) |
|------------------------------|--------------------------------|----------------------------------|
| NONE TO REPORT | | |

- (i) The related parties named shall be grouped as in Schedule D. The information called for shall be stated separately for any persons whose investments were shown separately in such related schedule.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Schedule H. GUARANTEES OF SECURITIES OF OTHER ISSUERS
As of DECEMBER 31, 2017

| Name of issuing entity of securities guaranteed by the company for which this statement is filed | Title of issue of each class of securities guaranteed | Total amount guaranteed and outstanding (i) | Amount owned by person for which financial statement is filed | Nature of guarantee (ii) |
|--|---|--|---|-----------------------------|
|--|---|--|---|-----------------------------|

NONE TO REPORT

- (i) Indicate in a note any significant changes since the date of the last balance sheet filed. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
- (ii) There must be a brief statement of the nature of the guarantee, such as "Guarantee of principal and interest", "Guarantee of Interest", or "Guarantee of dividends". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

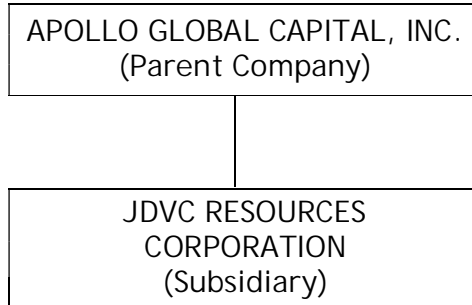
Schedule I. CAPITAL STOCK
As of DECEMBER 31, 2017

| Title of issue (i) | Number of shares authorized | Number of shares issued and outstanding as shown under related balance sheet caption | Number of shares reserved for options, warrants, conversion and other rights | Related parties (ii) | Number of shares held by Directors, officers and employees | Others (iii) |
|---|-----------------------------------|---|---|----------------------------|---|--|
| Common shares of P0.01 par value | 600,000,000,000 | 275,196,071,520 | - | - | 129,601 | On February 17, 2017, the Parent Company and JDVC's shareholders entered into a Deed of Exchange of Shares where in the latter had issued 247,396,071,520 shares (par value of P0.01 per share) in exchange for 4,133,740 shares (par value of P100 per share) at an exchange price of P598.48 of the latter. The deed covering the transaction was approved by SEC on October 9, 2017. As a result of this transaction, the Parent Company now owns 82.67% of JDVC. |

- (i) Include in this column each type of issue authorized.
- (ii) Related parties referred to include persons for which separate financial statements are filed and those included in consolidated financial statements, other than the issuer of the particular security.
- (iii) Indicate in a note any significant changes since the date of the last balance sheet filed.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Schedule J. MAP OF THE GROUP OF COMPANIES
As of DECEMBER 31, 2017



APOLLO GLOBAL CAPITAL, INC. AND SUBSIDIARY

Schedule K. RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of DECEMBER 31, 2017

| |
|----------------|
| NOT APPLICABLE |
|----------------|

The Group posted deficit amounting to P60,420,096 as of December 31, 2017.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

L. SCHEDULE OF STANDARDS AND INTERPRETATIONS

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017 | | Adopted | Not Adopted | Not Applicable |
|--|---|---------|----------------|-------------------|
| Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics | | | | |
| PFRSs Practice Statement Management Commentary | | | | |
| Philippine Financial Reporting Standards | | | | |
| PFRS (Revised) 1 | First-time Adoption of Philippine Financial Reporting Standards | | | ✓ |
| | Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | | | ✓ |
| | Amendments to PFRS 1: Additional Exemptions for First-time Adopters | | | ✓ |
| | Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters | | | ✓ |
| | Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters | | | ✓ |
| | Amendments to PFRS 1: Government Loans | | | ✓ |
| PFRS 2 | Share-based Payment | | | ✓ |
| | Amendments to PFRS 2: Vesting Conditions and Cancellations | | | ✓ |
| | Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions | | | ✓ |
| PFRS (Revised) 3 | Business Combinations | ✓ | | |
| | Amendment to PFRS 3: Accounting for contingent consideration in a business combination | | | ✓ |
| | Amendment to PFRS 3: Scope exceptions for joint ventures | | | ✓ |
| PFRS 4 | Insurance Contracts | | | ✓ |
| | Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts | | | ✓ |
| PFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | | | ✓ |
| PFRS 6 | Exploration for and Evaluation of Mineral Resources | ✓ | | |
| PFRS 7 | Financial Instruments: Disclosures | ✓ | | |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets | | | ✓ |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition | | | ✓ |
| | Amendments to PFRS 7: Improving Disclosures about Financial Instruments | | | ✓ |
| | Amendments to PFRS 7: Disclosures - Transfers of Financial Assets | | | ✓ |
| | Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities | | | ✓ |
| PFRS 8 | Operating Segments | ✓ | | |
| | Amendment to PFRS 8: Aggregation of operating segments | ✓ | | |
| | Amendment to PFRS 8: Reconciliation of the total of the reportable segments' assets to entity's assets | ✓ | | |
| PFRS 10 | Consolidated Financial Statements | ✓ | | |
| | Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities applying the consolidation exception | | | ✓ |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2017 | | Adopted | Not Adopted | Not Applicable |
|---|---|---------|----------------|-------------------|
| PFRS 11 | Joint Arrangements | | | ✓ |
| | Amendments to PFRS 11: Accounting for acquisitions of interests in Joint Operations | | | ✓ |
| PFRS 12 | Disclosure of Interests in Other Entities | | | ✓ |
| | Amendments to PFRS 12: Investment Entities applying the consolidation exception | | | ✓ |
| PFRS 13 | Fair Value Measurement | ✓ | | |
| | Amendment to PFRS 13: Portfolio exception | ✓ | | |
| PFRS 14 | Regulatory Deferral accounts | | | ✓ |
| Philippine Accounting Standards | | | | |
| PAS (Revised) 1 | Presentation of Financial Statements | ✓ | | |
| | Amendment to PAS 1: Capital Disclosures | ✓ | | |
| | Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation | | | ✓ |
| | Amendments to PAS 1: Presentation of Items of Other Comprehensive Income | ✓ | | |
| PAS 2 | Inventories | | | ✓ |
| PAS 7 | Statement of Cash Flows | ✓ | | |
| PAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors | ✓ | | |
| PAS 10 | Events after the Reporting Period | ✓ | | |
| PAS 11 | Construction Contracts | | | ✓ |
| PAS 12 | Income Taxes | ✓ | | |
| | Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets | | | ✓ |
| PAS 16 | Property, Plant and Equipment | ✓ | | |
| | Amendment to PAS 16: Revaluation method - proportionate restatement of accumulated depreciation | | | ✓ |
| | Amendment to PAS 16: Clarification of acceptable methods of depreciation and amortization | | | ✓ |
| | Amendments to PAS 16: Agriculture - Bearer plants | | | ✓ |
| PAS 17 | Leases | ✓ | | |
| PAS 18 | Revenue | ✓ | | |
| PAS (Revised) 19 | Employee Benefits | ✓ | | |
| PAS 20 | Accounting for Government Grants and Disclosure of Government Assistance | | | ✓ |
| PAS 21 | The Effects of Changes in Foreign Exchange Rates | | | ✓ |
| | Amendment: Net Investment in a Foreign Operation | | | ✓ |
| PAS (Revised) 23 | Borrowing Costs | | | ✓ |
| PAS (Revised) 24 | Related Party Disclosures | ✓ | | |
| | Amendment to PAS 24: Key management personnel | ✓ | | |
| PAS 26 | Accounting and Reporting by Retirement Benefit Plans | | | ✓ |

| | | | | |
|----------------------------|--|---|--|---|
| PAS 27 (Amended) | Separate Financial Statements | | | ✓ |
| | Amendment to PAS 27: Equity Method in Separate Financial statements | | | ✓ |
| PAS 28 (Amended) | Investments in Associates and Joint Ventures | | | ✓ |
| | Amendments to PAS 28: Investment Entities applying the consolidation exception | | | ✓ |
| PAS 29 | Financial Reporting in Hyperinflationary Economies | | | ✓ |
| PAS 32 | Financial Instruments: Disclosure and Presentation | ✓ | | |
| | Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation | | | ✓ |
| | Amendment to PAS 32: Classification of Rights Issues | | | ✓ |
| | Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities | | | ✓ |
| PAS 33 | Earnings per Share | ✓ | | |
| PAS 34 | Interim Financial Reporting | | | ✓ |
| PAS 36 | Impairment of Assets | ✓ | | |
| PAS 37 | Provisions, Contingent Liabilities and Contingent Assets | ✓ | | |
| PAS 38 | Intangible Assets | ✓ | | |
| | Amendment to PAS 38: Revaluation method proportionate restatement of accumulated amortization | | | ✓ |
| | Amendment to PAS 38: Clarification of acceptable methods of depreciation and amortization | | | ✓ |
| PAS 39 | Financial Instruments: Recognition and Measurement | ✓ | | |
| | Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities | | | ✓ |
| | Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions | | | ✓ |
| | Amendments to PAS 39: The Fair Value Option | | | ✓ |
| | Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts | | | ✓ |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets | | | ✓ |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition | | | ✓ |
| | Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives | | | ✓ |
| | Amendment to PAS 39: Eligible Hedged Items | | | ✓ |
| PAS 40 | Investment Property | | | ✓ |
| | Amendment to PAS 40: Clarifying the interrelationship between PFRS 3 and PAS 40 when classifying property and investment property or owner-occupied property | | | ✓ |
| PAS 41 | Agriculture | | | ✓ |
| | Amendments to PAS 41: Agriculture - Bearer plants | | | ✓ |
| Philippine Interpretations | | | | |
| IFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities | | | ✓ |
| IFRIC 2 | Members' Share in Co-operative Entities and Similar Instruments | | | ✓ |
| IFRIC 4 | Determining Whether an Arrangement Contains a Lease | | | ✓ |
| IFRIC 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | | | ✓ |

| | | | | |
|----------|---|---|--|---|
| IFRIC 6 | Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment | | | ✓ |
| IFRIC 7 | Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies | | | ✓ |
| IFRIC 8 | Scope of PFRS 2 | | | ✓ |
| IFRIC 9 | Reassessment of Embedded Derivatives | | | ✓ |
| | Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives | | | ✓ |
| IFRIC 10 | Interim Financial Reporting and Impairment | | | ✓ |
| IFRIC 11 | PFRS 2- Group and Treasury Share Transactions | | | ✓ |
| IFRIC 12 | Service Concession Arrangements | | | ✓ |
| IFRIC 13 | Customer Loyalty Programmes | | | ✓ |
| IFRIC 14 | The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | | | ✓ |
| | Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement | | | ✓ |
| IFRIC 15 | Agreements for Construction of Real Estate* | | | ✓ |
| IFRIC 16 | Hedges of a Net Investment in a Foreign Operation | | | ✓ |
| IFRIC 17 | Distributions of Non-cash Assets to Owners | | | ✓ |
| IFRIC 18 | Transfers of Assets from Customers | | | ✓ |
| IFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments | | | ✓ |
| IFRIC 20 | Stripping Costs in the Production Phase of a Surface Mine | | | ✓ |
| SIC-7 | Introduction of the Euro | | | ✓ |
| SIC-10 | Government Assistance - No Specific Relation to Operating Activities | | | ✓ |
| SIC-12 | Consolidation - Special Purpose Entities | | | ✓ |
| | Amendment to SIC - 12: Scope of SIC 12 | | | ✓ |
| SIC-13 | Jointly Controlled Entities - Non-Monetary Contributions by Venturers | | | ✓ |
| SIC-15 | Operating Leases - Incentives | | | ✓ |
| SIC-25 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders | | | ✓ |
| SIC-27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | | | ✓ |
| SIC-29 | Service Concession Arrangements: Disclosures | | | ✓ |
| SIC-31 | Revenue - Barter Transactions Involving Advertising Services | | | ✓ |
| SIC-32 | Intangible Assets - Web Site Costs | ✓ | | |