

# COVER SHEET

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Company Name

A P O L L O G L O B A L C A P I T A L , I N C .  
 ( F O R M E R L Y : Y E H E Y I C O R P O R A T I O N )

Principal Office (No./Street/Barangay/City/Town/Province)

U N I T 1 8 0 I E A S T T O W E R , P S E  
 C E N T R E , E X C H A N G E R O A D , O R T I G A S  
 C E N T E R , P A S I G C I T Y

Form Type

F O R M I 7 - Q

Department requiring the report

Secondary License Type, If Applicable

**COMPANY INFORMATION**

Company's Email Address

Company's Telephone Numbers

(02) 620-231

Mobile Number

No. of Stockholders

Annual Meeting  
Month/Day

Last Friday of June

Fiscal Year  
Month/Day

12/31

**CONTACT PERSON INFORMATION**

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

KRISTINA C. CARO -GAÑGAN

Email Address

kccaro@picazolaw.com

Telephone Number/s

888-0999

Mobile Number

Contact Person's Address

Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City

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

SECURITIES AND EXCHANGE COMMISSION



SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE  
SECURITIES REGULATION CODE AND SRC RULE 17(2) (B)  
THEREUNDER

1. For the quarterly period ended June 30, 2017
2. SEC Identification Number A1998-06865
3. BIR Tax Identification No. 005-301-677
4. Exact name of registrant as specified in its charter:  
APOLLO GLOBAL CAPITAL, INC. (formerly YEHEY! CORPORATION)
5. Province, Country or other jurisdiction of Incorporation or Organization:  
Metro Manila, Philippines
6.  Industry Classification Code (SEC Use Only)
7. Address of Principal Office Postal Code:  
1801 East Tower, Philippine Stock Exchange Centre,  
Exchange Road, Ortigas Center, Pasig City 1605
8. Registrant's telephone number, including area code:  
(632) 620-2316
9. Former name, former address, and former fiscal year, if changed since last report  
Not applicable

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, P0.01 par value	27,800,000,000

11. Are any or all of these securities listed on the Philippine Stock Exchange?  
Yes [X] No []

12. Check whether the registrant:

a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):

Yes [X] No []

b) has been subject to such filing requirements for the past 90 days.

Yes [X] No []

## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

The Financial Statements are filed as part of this Form 17-Q.

### Item 2. Management’s Discussion and Analysis or Plan of Operations

#### Financial Highlights

	Unaudited June 30, 2017	Audited December 31, 2016	Inc/(Dec)	Percent
Total Assets	262,563,318	262,563,318	0	0.00
Total Liabilities	2,775,759	2,645,338	130,421	0.05
Total Equity	259,787,559	259,917,980	(130,421)	(0.00)

Movement in the assets is flat from December 31, 2016 while expense payments by a stockholder and accruals caused the upward movement in liabilities.

	Unaudited June 30, 2017	June 30, 2016	Inc/(Dec)	Percent
Total Income	-	1,426	(1,426)	-100.00%
Total Expense	130,421	751,721	(621,300)	-82.65%
Net Income	(130,421)	(750,295)	619,874	82.62%

Decrease in total expense is due to decline in business permit caused by winding down of operations.

#### Key Ratios:

	Unaudited June 30, 2017	Audited December 31, 2016
Current Ratio	9459.15%	9925.51%
Debt-to-Equity Ratio	1.07%	1.02%
Asset-to-Equity Ratio	101.07%	101.02%
Return on Assets	-0.05%	0.46%
Return on Equity	-0.05%	0.46%

#### KPI Calculations

Current Ratio = Current Assets / Current Liabilities

Debt to Equity = Total Liabilities / Total Equity

Asset to Equity = Total Assets / Total Equity

Return on Assets = Net Income / Total Assets

Return on Equity = Net Income / Stockholders’ Equity

#### Business Analysis:

As of December 31, 2016, the corporation has decided to wind down its current advertising related business and is currently studying the feasibility of a number of new businesses that should reinvigorate the company. Once the company is satisfied with a new business that it deems feasible and will generate much better profits, it will then pursue capital raising either by but not limited to stock rights, private placement, share-swap or public offering.

**Causes for any material changes (+/-5% or more) in the financial statements**

**Income Statement Items – June 2017 versus June 2016**

Decrease in total expense is due to decline in business permit caused by winding down of operations.

**Balance Statement Items – June 2017 versus December 2016**

Movement in payables is brought by expense payments by a stockholder and accruals.

**PART II – OTHER INFORMATION**

**PFRS 9 – Financial Instruments: Recognition and Measurement**

After consideration of the result of its impact evaluation, using the outstanding balances of financial statements as of 31 December 2015, the company has decided not to early adopt either PFRS 9 (2009) or PFRS 9 (2010) for its 2016 annual financial reporting;

It shall conduct in 2017 another impact evaluation using the outstanding balances of financial statements as of 31 December 2016.

## SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Pasig.

### **YEHEY! CORPORATION**

Issuer



**Vittorio P. Lim**  
President



**Julio Cesar R. Villanueva**  
Treasurer

**Apollo Global Capital, Inc. (formerly Yehey! Corporation)**

**Statements of Financial Position**

in PhP

	Interim June 30, 2017	Audited December 31, 2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	1,152,404	1,152,404
Receivables (Note 6)	259,971,750	259,971,750
Prepaid Expenses and Other Current Assets (Note 7)	1,439,164	1,439,164
<b>Total Current Assets</b>	<b>262,563,318</b>	<b>262,563,318</b>
<b>TOTAL ASSETS</b>	<b>262,563,318</b>	<b>262,563,318</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable and Other Current Liabilities (Note 8)	1,190,215	1,130,215
Due to a Related Party (Note 9)	1,585,544	1,515,123
<b>Total Current Liabilities</b>	<b>2,775,759</b>	<b>2,645,338</b>
<b>TOTAL LIABILITIES</b>	<b>2,775,759</b>	<b>2,645,338</b>
<b>Equity</b>		
Capital Stock (Note 10)	278,000,000	278,000,000
Contributed Surplus	17,586,961	17,586,961
Deficit	(35,799,402)	(35,668,981)
<b>TOTAL EQUITY</b>	<b>259,787,559</b>	<b>259,917,980</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>262,563,318</b>	<b>262,563,318</b>

*See accompanying Notes to Financial Statements*

Apollo Global Capital, Inc. (formerly Yehey! Corporation)

**Statements of Comprehensive Income**

in PhP

	<b>For the Period Ended (Unaudited)</b>		<b>For the Quarter Ended (Unaudited)</b>	
	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Revenue	-	-	-	-
Cost of Services	-	-	-	-
Gross Income (Loss)	-	-	-	-
General and Administrative Expenses (Note 11)	130,421	751,721	47,000	22,000
Interest Income	-	1,426	-	-
Income (Loss) Before Income Tax	(130,421)	(750,295)	(47,000)	(22,000)
Provision for Current Income Tax	-	-	-	-
<b>Net Income (Loss)</b>	<b>(130,421)</b>	<b>(750,295)</b>	<b>(47,000)</b>	<b>(22,000)</b>
<b>Total Comprehensive Income (Loss)</b>	<b>(130,421)</b>	<b>(750,295)</b>	<b>(47,000)</b>	<b>(22,000)</b>
<b>Earnings (Loss) Per Share (Note 12)</b>	<b>(0.0000)</b>	<b>(0.0027)</b>	<b>(0.0000)</b>	<b>(0.0001)</b>

*See accompanying Notes to Financial Statements*

Apollo Global Capital, Inc. (formerly Yehey! Corporation)

Statements of Changes in Equity

	For the Period Ended (Unaudited)	
	June 30, 2017	June 30, 2016
Authorized - 1,000,000,000 shares		
Balance at beginning of year	278,000,000	278,000,000
Issuances during the period	-	-
Stock dividends declared	-	-
<b>Balance at end of period</b>	<b>278,000,000</b>	<b>278,000,000</b>
<b>CONTRIBUTED SURPLUS</b>		
Balance at beginning of year	17,586,961	17,586,961
<b>Balance at end of period</b>	<b>17,586,961</b>	<b>20,796,871</b>
<b>(DEFICIT)</b>		
Balance at beginning of year	(35,668,981)	(36,872,679)
Net income (loss)	(130,421)	(750,295)
Stock dividends	-	-
<b>Balance at end of period</b>	<b>(35,799,402)</b>	<b>(37,622,974)</b>
	<b>259,787,559</b>	<b>257,963,987</b>

See accompanying Notes to Financial Statements



**Apollo Global Capital, Inc. (formerly Yehcy! Corporation)****Statements of Cash Flows**

	For the Period Ended (Unaudited)	
	June 30, 2017	June 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before tax	<b>(130,421)</b>	(750,295)
Adjustments for:		
Interest Income		(1,426)
Depreciation and Amortization	-	-
Income (loss) before working capital changes	<b>(130,421)</b>	(751,721)
Decrease(increase) in:		
Trade and other receivables	-	1,527,122
Prepaid expenses and other current assets	-	(88,258)
Increase (decrease) in:		
Accounts Payable and other current liabilities	<b>130,421</b>	873,006
Income tax paid	-	-
<b>Net Cash used in operating activities</b>	<b>0</b>	1,560,149
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	-	1,426
Acquisition of property and equipment	-	-
Increase in other noncurrent assets	-	-
<b>Net cash provided by investing activities</b>	<b>-</b>	1,426
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>0</b>	1,561,575
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF</b>	<b>1,152,404</b>	1,176,539
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,152,404</b>	2,738,114

*See accompanying Notes to Financial Statements*

## **YEHEY! CORPORATION**

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### **NOTES TO FINANCIAL STATEMENTS**

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#### **1. General Information**

##### Corporate Information

Yehey! Corporation (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on June 10, 1998. The Company's primary purpose is to engage in the business of internet online-related products relating to database search engine, such as, but not limited to, conceptualizing, designing, illustrating, processing and editing web sites; to engage in other pre-production and post-production work on web sites 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 Company's application to list 278.00 million common shares by way of introduction in the second board of the Philippine Stock Exchange (PSE) at an initial price of ₱1 per share. On October 18, 2012, the Company was listed in the PSE.

As of December 31, 2014, the 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 Company ceased as a majority owned subsidiary of Vantage when Vantage sold its shares at ₱290.00 million to a group of individual shareholders.

Pursuant to the SPA, the Board of Directors of the Company approved on October 30, 2015 the assignment of the noncash assets and liabilities of the Company to Vantage. Total amount assigned is a net liability of ₱2,693,438. Such amount was recognized as miscellaneous income in the Company's 2015 statement of comprehensive income.

On December 7, 2015, the BOD approved the change of the Company's name 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 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.

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#### **2. Summary of Significant Accounting & Financial Reporting Policies**

##### Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis except for available-for-sale (AFS) investments, derivative asset and derivative liability which are measured at fair value. The financial statements are presented in Philippine peso, the Company's functional currency. All values are rounded to the nearest peso unless otherwise indicated.

##### Statement of Compliance

The accompanying financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS).

## Changes in Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year, except for the adoption of the following new, amendments and improvements to Philippine Accounting Standards (PAS) and PFRS which were adopted as of January 1, 2016.

Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 28, *Investment in Associates and Joint Ventures: Investment Entities – Applying the Consolidation Exception*: The amendments address issues that have arisen in applying the investment entities exception under PFRS 10. The amendments to PFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to PFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to PAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or Company to its interests in subsidiaries.

The adoption of the amendments did not have any impact on the Company.

Amendments to PFRS 11, *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*: The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

A consequential amendment to PFRS 1, *First-time Adoption of International Financial Reporting Standards*, has also been made, to clarify that the exemption from applying PFRS 3 to past business combinations upon adoption of PFRS, also applies to past acquisitions of interests in joint operations in which the activity of the joint operation constitutes a business.

The adoption of these amendments did not have significant impact on the Company.

PFRS 14, *Regulatory Deferral Accounts*: PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

Since the Company is an existing PFRS preparer, this standard would not apply.

Amendments to PAS 1, *Presentation of Financial Statements: Disclosure Initiatives*: The amendments clarify, rather than significantly change, existing requirements under PAS 1:

- a) The materiality requirements;
- b) That specific line items in the financial position and performance may be disaggregated;
- c) That entities have flexibility as to the order in which they present the notes to financial statements; and
- d) That the entity's share of other comprehensive income will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as single line items within those two groups.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of income.

The adoption of these amendments did not have significant impact on the Company.

*Amendments to PAS 16, Property, Plant and Equipment and PAS 38, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortization:* The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property and equipment and may only be used in very limited circumstances to amortize intangible assets.

The guidance on the depreciation amount and the depreciation period has been expanded to state the expected future reductions in the selling price of items produced by an item of property, plant and equipment could indicate technical or commercial obsolescence (and therefore a reduction in the economic benefits embodied in the item) rather than a change in the depreciable amount or period of the item.

PAS 38 has been amended to incorporate a rebuttable presumption that amortization based on revenue is not appropriate. The presumption can be rebutted if either the intangible asset is expressed as a measure of revenue; or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The adoption of these amendments did not have significant impact on the Company since the Company has not used a revenue-based method to depreciate its non-current assets.

*Amendments to PAS 16, Property, Plant and Equipment and PAS 41, Agriculture: Bearer Plants:* The amendments extend the scope of PAS 16 to include bearer plants and define a bearer plant as a living plant that is used in the production process of agricultural produce, is expected to bear produce for more than a period and has a remote likelihood of being sold (except incident scrap sales). The changes made result in bearer plants being accounted for in accordance with PAS 16 using either the cost or revaluation model. The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, Accounting for Government Grants and Disclosure of Government Assistance, will apply.

The amendments include transitional reliefs for the purposes of first time application, such as deemed cost exemption, wherein the entities are allowed to use the fair value of the bearer plants at the beginning of the earliest period presented as deemed cost for PAS 16 purposes; and disclosures, wherein the quantitative information describing the effect of the first time application as required by PAS 8.28(f) is not required for the current reporting period, but is required for each prior period presented.

The adoption of these amendments did not have significant impact on the Company.

*Amendments to PAS 27, Separate Financial Statements:* The amendments include the introduction of an option for an entity to account for its investments in subsidiaries, joint venture and associates using the equity method in its separate financial statements. The accounting approach that is selected is required to be applied for each category of investments. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

A consequential amendment was also made to PAS 28, Investments in Associates and Joint Ventures, to avoid a potential conflict with PFRS 10, Consolidated Financial Statements, for partial sell downs.

The adoption of these amendments did not have significant impact on the Company.

*Amendments to PAS 34, Interim Financial Reporting: Disclosure of Information 'Elsewhere in the Interim Financial Report':* The amendment requires certain disclosures to be presented in the notes to the interim financial report, unless they are presented elsewhere in the interim financial report (such as a front end management report).

If the disclosures are presented 'elsewhere' in the interim financial report, such as in the management commentary or the risk report of an entity, a cross reference must be made from the notes to the interim financial statements to where the disclosures have been made. Further, if the disclosures are contained in a separate document from the interim report, that document needs to be available on the same terms and at the same time as the interim report itself.

The adoption of these amendments did not have significant impact on the Company.

#### Annual Improvements to PFRSs (2012 – 2014 Cycle)

*PFRS 5, Non-current Assets Held for Sale and Discontinued Operations:* Changes in methods of disposal: The amendment clarifies that the reclassification of an asset or disposal group from being held for sale to being held for distribution to owners, or vice versa is considered to be a continuation of the original plan of disposal. Upon reclassification, the classification, presentation and measurement requirements of PFRS 5 are applied. If an asset ceases to be classified as held for distribution to owners, the requirements of PFRS 5 for assets that cease to be classified as held for sale apply.

*PFRS 7, Financial Instruments: Disclosures-Servicing Contracts:* PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

*PAS 19, Employee benefits: Discount rate -regional market issue:* The guidance in PAS 19 has been clarified and requires that high quality corporate bonds used to determine the discount rate for the accounting of employee benefits need to be denominated in the same currency as the related benefits that will be paid to the employee.

Entities are required to apply the amendment from the earliest comparative period presented in the financial statements, with initial adjustments being recognized in retained earnings at the beginning of that period.

The adoption of these annual improvements did not have significant impact on the Company.

New standards and amendments to existing standards issued but not yet effective and with mandatory adoption for periods beginning on or after January 1, 2017:

*PFRS 9, Financial Instruments:* In July 2014 the PASB published PFRS 9 Financial Instruments (2014) which incorporated the final requirements on all three phases of the financial instruments projects, such as the classification and measurement, impairment, and hedge accounting.

PFRS 9 (2014) introduces amendments to the previously finalized classification and measurement requirements for financial assets. A third measurement category has also been added for debt instruments – FVTOCI. This new measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest (SPPI) contractual cash flow characteristics test and where the entity is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets. Additional application guidance was included to clarify the requirements for contractual cash flows of a financial asset to be regarded as giving rise to payments that are SPPI.

The classification and measurement requirements for financial liabilities were first added to PFRS 9 in 2010 and have been carried forward from PAS 39 largely unchanged, including a continuation of the requirement to separate embedded derivatives. However a significant change is that, if a financial liability is designated (under the option available in PFRS 9) as at fair value through profit or loss, changes in the fair value of that financial liability that are attributable to changes in the entity's own credit risk will typically be recorded in Other Comprehensive Income instead of profit or loss.

The existing guidance for derecognition of financial assets and liabilities has been carried forward from PAS 39 unchanged, with some improvements to disclosure requirements being added to PFRS 7, Financial Instruments: Disclosures.

For the impairment of financial assets, a new 'expected loss' model in PFRS 9 (2014) replaces the 'incurred loss' model in PAS 39. The new impairment requirements will affect all entities with financial assets that are not measured at fair value through profit or loss and are likely to bring significant changes.

The hedge accounting requirements of PFRS 9 are also significantly different from those set out in PAS 39, and are designed to align hedge accounting more closely with entities' risk management processes. In practice, it will be significantly more straightforward to apply hedge accounting under the new model and we expect that entities that have previously decided not to hedge account may do so in future.

The effective date of the fully completed version of PFRS 9 (2014) is for periods beginning on or after 1 January 2018 with retrospective application. Early application is permitted. If an entity's date of initial application (the start of the period in which PFRS 9 is adopted) is before 1 February 2015, there is a choice of which version of PFRS 9 to adopt (2009, 2010, 2013 or 2014). The 2009 version covered the classification and measurement of financial assets only, the 2010 version added the classification and measurement of financial liabilities and derecognition, and the 2013 version added hedge accounting.

In addition, there is an option to early adopt the 'own credit' provisions for financial liabilities measured at fair value through profit or loss (FVTPL) under the fair value option without any of the other requirements of PFRS 9. This option will remain available until 1 January 2018.

*PFRS 15, Revenue from Contracts with Customers:* PFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including PAS 18, Revenue, PAS 11, Construction Contracts, and IFRIC 13, Customer Loyalty Programmes.

PFRS 15 contains significantly more prescriptive and precise requirements in comparison with existing PFRS. In future, revenue will be recognized from the application of the five steps, such as identification of the contract, identification of the performance obligation(s), determination of the transaction price allocation of the transaction price to each performance obligation, and recognition of revenue when each performance obligation is satisfied.

In May 2015 the PASB published Exposure Draft ED/2015/2 Effective Date of PFRS 15 which proposes to defer the effective date of PFRS 15 by one year to 1 January 2018. The reason for deferring the effective date is that additional changes to PFRS 15 will be proposed in the near future that stem from the discussions at the PASB and FASB Joint Transition Resource Group for Revenue Recognition (TRG). The comment deadline ended on 3 July 2015.

At its meeting on 22 July 2015, the PASB decided to defer the effective date of PFRS 15 Revenue from Contracts with Customers to periods beginning on or after 1 January 2018.

In addition the change will keep the effective date aligned with the equivalent US GAAP guidance. The FASB published Accounting Standards Update 2014-09 (ASU) on 29 April 2015, which proposes to defer the effective date of the new revenue standard by one year. At its meeting on 9 July 2015, the FASB affirmed its proposal to defer the effective date, the final ASU is expected to be published by the end of the third quarter of 2015.

The Company is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effective date.

## **Summary of Significant Accounting Policies**

### Cash and Cash Equivalents

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

### Fair Value Measurement

The Company measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market

participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

#### Financial Instruments - Initial Recognition and Subsequent Measurement

##### *Date of recognition*

The Company recognizes a financial asset or a financial liability in the financial statements when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Deposits, loans and receivables, and accounts payable are recognized when cash is received by the Company or advanced to the borrowers.

##### *Initial recognition*

All financial instruments are initially recognized at fair value. Except for financial instruments at FVPL, the initial measurement of financial instruments includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables while financial liabilities are classified as financial liabilities at FVPL and financial liabilities carried at amortized cost. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

##### *'Day 1' difference*

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the profit or loss in the statement of comprehensive income unless it qualifies for recognition as some other type of asset.

In cases where transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become

observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' difference amount.

#### *Financial instruments at FVPL*

Financial instruments at FVPL include financial assets and financial liabilities that are:

- acquired and held for trading purposes;
- designated upon initial recognition as at FVPL; and
- stand-alone or bifurcated embedded derivative financial instruments not designated as effective hedging instruments.

Management may only designate an instrument at FVPL upon initial recognition when any of the following criteria are met and designation is determined on an instrument by instrument basis:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Subsequent changes in fair value are recognized in 'Trading gains' in the profit or loss in the statement of comprehensive income. Interest earned or incurred is recorded in 'Interest income' or 'Interest expense' in the profit or loss in the statement of comprehensive income, respectively, while dividend income is recorded in 'Dividend income' in the profit or loss in the statement of comprehensive income when the right to receive payment has been established.

#### *Derivatives classified as FVPL*

Derivative financial instruments are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as cash flow hedges) are taken directly in the profit or loss in the statement of comprehensive income under 'Trading Gains'. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative is separated from the host contract and accounted for as derivative if all the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of the derivative; and
- the hybrid or combined instrument is not measured at fair value with fair value changes charged through profit or loss.

The Company assesses whether embedded derivatives are required to be separated from host contracts when the Company first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contracts that significantly modifies the cash flows that would otherwise be required.

#### *Loans and receivables*

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets at FVPL or designated as AFS investments.



After initial measurement, loans and receivables are subsequently measured at cost or amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate (EIR). The amortization is included in 'Interest income' in the profit or loss in the statement of comprehensive income. The losses arising from impairment are recognized in Provision for credit and impairment losses in 'General and administrative expenses' in the statement of comprehensive income.

#### *AFS investments*

AFS investments are non-derivative financial assets which are designated as such or do not qualify to be classified as designated at FVPL, HTM investments or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market instruments and other debt securities.

After initial measurement, AFS investments are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the statement of comprehensive income. The unrealized gains and losses arising from the fair valuation of AFS investments are excluded, net of tax, from the reported income and are included in OCI in the statement of comprehensive income as 'Net unrealized gain (loss) on change in fair value of AFS investments'.

When the security is disposed of, the cumulative gain or loss previously recognized in the equity section of the statement of financial position is recognized in 'Gain on sale of investment in available-for-sale securities' in the statement of comprehensive income. Where the Company holds more than one investment in the same security, these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding AFS debt investments are reported in the profit or loss in the statement of comprehensive income as 'Interest income' using the EIR. Dividends earned on holding AFS equity investments are recognized in the profit or loss in the statement of comprehensive income as 'Dividend income' when the right to receive payment has been established. The losses arising from impairment of such investment are recognized as 'Provision for credit and impairment losses' in 'General and administrative expenses' in the statement of comprehensive income and removed from 'Net unrealized gain (loss) on change in fair value of AFS investments' in OCI.

#### *Other financial liabilities*

Issued financial instruments or their components, which are not designated at FVPL, are classified as liabilities under accounts payable and other current liabilities or other appropriate financial liability accounts, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, financial liabilities not qualified as and not designated as FVPL, are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

#### Reclassification of Financial Assets

A financial asset is reclassified out of the FVPL category when the following conditions are met:

- the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and
- there is a rare circumstance.

Any gain or loss already recognized in the profit or loss in the statement of comprehensive income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new amortized cost, as applicable.

A financial asset reclassified out of the AFS category is reclassified at its fair value on the date of reclassification. Any previous gain or loss on that asset that has been recognized in OCI is amortized to profit or loss in the statement of comprehensive income over the remaining life of the investment using the

effective interest method. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in OCI is recycled to profit or loss in the statement of comprehensive income.

Reclassification is at the election of management, and is determined on an instrument-by-instrument basis.

#### Derecognition of Financial Assets and Liabilities

##### *Financial asset*

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

- the rights to receive cash flows from the asset have expired; or
- the Company 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 Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risk and rewards of the asset but has transferred the control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’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 original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### Financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has 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 profit or loss in the statement of comprehensive income.

##### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, 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 where the related assets and liabilities are presented gross in the statement of financial position.

##### Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### *Financial assets carried at amortized cost*

For financial assets carried at cost, which includes Cash and cash equivalents, Trade receivables and Other receivables, the Company first 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.

For individually-assessed financial assets, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

If the Company determines that no objective evidence of impairment exists for individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of credit risk characteristics such as industry, collateral type, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such changes in property prices, payment status, or other factors that are indicative of incurred losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment for impairment. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged against profit or loss in the statement of comprehensive income. Interest income continues to be recognized based on the original EIR of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to the 'Recovery of credit and impairment losses' in the profit or loss in the statement of comprehensive income.

#### *AFS investments*

For AFS investments, the Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In case of equity investments classified as AFS investments, this would include a significant or prolonged decline in the fair value of the investments below its cost.

Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit or loss in the statement of comprehensive income - is removed from OCI and charged to current operations. Impairment losses on equity investments are not reversed through the profit or loss in the statement of comprehensive income. Increases in fair value after impairment are recognized directly under OCI.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss in the statement of comprehensive income. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of 'Interest income' in the profit or loss in the statement of comprehensive income. If, in subsequent year, the fair value of a debt instrument increases and the increase

can be objectively related to an event occurring after the impairment loss was recognized in the profit or loss in the statement of comprehensive income, the impairment loss is reversed through profit or loss in the statement of comprehensive income.

#### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company 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:

#### *Web Development and Production*

Revenue is recognized based on percentage completion method. The stage of completion is assessed by reference to stage of completion of the development, including completion of services provided for post-delivery service support.

#### *Media Sales, Portal and E-Commerce*

Revenue is recognized at the time that services are rendered.

#### *Digital Public Relations (PR) and Strategy*

Revenue is recognized based on tenor of project.

#### *Interest*

Interest income on interest-bearing placements 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.

#### Expense Recognition

Expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

#### *Cost of services*

Cost of services includes salaries and wages of personnel performing tasks relevant to the completion of a project. This also includes costs incurred as to the representation, meal and transportation allowances, communication, and professional fees that are incidental to the Company's primary services.

#### *General and Administrative Expenses*

General and administrative expenses, which include the cost of administering the business and are not directly associated with the generation of revenue, are expensed as incurred.

#### Capital Stock

Capital stock is measured at par value for all shares issued. When the shares are sold at premium, the difference between the proceeds and the par value credited to the 'Additional paid-in capital' 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 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 'Additional paid-in capital' account.

If the 'Additional paid-in capital' is not sufficient, the excess is charged against the 'Retained earnings'.

#### Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD and shareholders of the Company. Dividends for the year that are approved after the reporting date are dealt with as subsequent events.

#### Foreign Currency-denominated Transactions

Foreign currency-denominated transactions are recorded in Philippine peso by applying to the foreign currency amount the exchange rate between the Philippine peso and the foreign currency at the date of the

transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the PDS closing exchange rate at reporting date. Exchange rate differences arising from the settlement and translation of monetary items at rates different from those at which they were initially recorded are recognized under 'Foreign exchange gain (loss)' in the profit or loss in the statement of comprehensive income in the year such differences arises. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

#### Income Taxes

Income tax on profit or loss for the year comprises of current and deferred tax. Income tax is determined in accordance with tax laws. Income tax is recognized in the profit or loss in the statement of comprehensive income, except to the extent that it relates to items directly recognized in the OCI.

#### *Current Tax*

Current tax assets and liabilities for the current period are measured at the amounts expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

#### *Deferred Tax*

Deferred tax is provided, using the liability method, on all temporary differences and carryforward benefits of minimum corporate income tax (MCIT) and unused net operating loss carryover (NOLCO) at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of MCIT and NOLCO to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carry forward benefits of MCIT and NOLCO can be utilized.

Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods 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 reporting date. Movements in deferred tax assets and liabilities arising from changes in tax rate are charged or credited to income for the year.

Deferred taxes relating to items recognized directly in OCI are also recognized in OCI.

#### Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is determined by dividing net income (loss) by the weighted average number of shares outstanding during the year with retroactive adjustments for any stock split and stock dividends declared.

The Company has no dilutive potential common shares. Furthermore, the Company has not declared any stock split or stock dividends in June 30, 2017 and 2016.

#### Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain that the expense relating to any provision is presented in the profit or loss in the statement of comprehensive income, net of any reimbursement.

#### Contingent Liabilities and Contingent Assets

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

#### Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events), if any, are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

#### Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting will commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d), and at the date of renewal or extension period for scenario (b).

#### *Company as a lessee*

Leases where the lessor retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as an expense in the profit or loss in the statement of comprehensive income on a straight-line basis over the lease term.

#### Segment Reporting

The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 2 to the financial statements. The Company's assets producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

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#### **4. Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, as well as disclosures of contingent assets and liabilities, if any. Future events may occur which will cause the judgments and estimates used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Judgments

In the process of applying the Company's accounting policies, management has made judgments, apart from those involving estimations, which have significant effect on the amounts recognized in the financial statements and accompanying notes.

On October 30, 2015 the BOD approved the winding down of the Digital Marketing operations of the Company. On December 11, 2015 majority of the stockholders approved to change its primary purpose to that of a holding Company. The amendment was filed with the SEC and was approved on October 7, 2016.

The following judgments are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements.

(a) *Revenue recognition*

The Company assesses its position in the revenue recognition process whether the Company is acting as a principal or an agent. This assessment affects the presentation of the related receivables and revenue.

(b) *Embedded derivatives*

Where a hybrid instrument is not classified as financial assets at FVPL, the Company evaluates whether the embedded derivatives should be bifurcated and accounted for separately. This includes assessing whether the embedded derivative has a close economic relationship to the host contract.

(c) *Determination of functional currency*

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the Company's operating activities.

(d) *Fair values of financial instruments*

PFRS requires that certain financial assets and liabilities be carried and disclosed at fair value, which requires the use of accounting estimates and judgments. While significant components of fair value measurement are determined using verifiable objective evidence (i.e. foreign exchange rates, interest rates, volatility rate), there are certain financial instruments such as unquoted corporate bonds which don't have readily available information for valuation. Any change in the assumptions could affect the fair values of these financial assets and liabilities.

(e) *Financial assets not quoted in an active market*

The Company classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

(f) *Legal contingencies*

The estimate of probable costs for the resolution of possible claims is developed in consultation with outside legal counsel handling the Company's defense in these matters and is based upon thorough analysis of potential result. Based on management's assessment, there are no legal claims that require recognition in the financial statements as of June 30, 2017 and December 31, 2016.

### Estimates and Assumptions

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

(a) *Revenue recognition*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company's revenues are recognized based on the completion of the project or at the time that the services are rendered.

(b) *Allowance for credit losses*

The allowance for credit losses is maintained at a level considered adequate to provide for potentially uncollectible receivables. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on the aging of the accounts receivable, past collection experience and other factors that may affect collectability and actual results may differ, resulting in the future changes to the allowance. The Company provides an allowance for receivables which it deems to be uncollectible despite continuous effort to collect.

*(c) Deferred tax assets*

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which the differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets to be recognized, based upon likely timing and level of future taxable income. No deferred tax asset is recognized in the statement of financial position because management believes that future taxable income may not be available against which the deferred tax asset can be utilized.

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## **5. Financial Risk Management Objectives and Policies**

The Company's principal financial instrument is cash and cash equivalents. The Company has other financial assets and liabilities such as trade receivables, other receivables, accounts payable and other current liabilities, which arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk and market risk. The BOD reviews and approves the policies for managing each risk and these are summarized below:

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, the Company closely monitors its cash flows and ensures that credit facilities are available to meet its obligations as and when they fall due. The Company also has a committed line of credit that it can access to meet liquidity needs.

Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Company'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 Company requires approval of the BOD. In addition, aging of receivables are reviewed on a monthly basis with the result that the Company's exposure to bad debts is not significant.

As of June 30, 2017 and December 31, 2016, the Company's maximum exposure to credit risk is equal to the carrying values of its financial assets since it does not hold any collateral or other credit enhancements. There are no significant concentrations of credit risk on the Company's financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The methods and assumptions used by the Company in estimating the fair value of its financial instruments follow:

*Cash and cash equivalents*

The fair value approximates its carrying value because of the short-term nature of its related transactions.

*Trade receivables and accrued interest receivables*

Fair values approximate carrying values since these instruments are liquid and have short-term maturities (less than three months).

*Accrued expenses and other liabilities*

The carrying amount approximates its fair value since these are liquid and have short-term maturities.



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**6. Receivables**

On October 21, 2015, the BOD approved the advances to a shareholder amounting to ₱254.50 million collectible within 12 months, which was extended for payment until December 31, 2017. Total receivables include ₱5.5 million accrued interest on the advances.

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**7. Prepaid expenses and other current assets**

	June 30, 2017	December 31, 2016
Creditable Withholding Tax	₱1,373,847	₱1,373,847
Excess Input VAT	65,317	65,317
	₱1,439,164	₱1,439,164

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**8. Accounts Payable and Other Current Liabilities**

This account consists of:

	June 30, 2017	December 31, 2016
Accrued expenses	₱ 589,542	₱ 529,542
Others	600,673	600,673
	₱1,190,215	₱1,130,215

Trade payable pertains to collections from customers that will be transferred to Vantage Equities, Inc. the assignee of the Company's receivables.

Other payables consist of deferred output VAT from accrual of interest income and advances from a shareholder.

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**9. Due to a Related Party**

The Company owes this to one of its shareholder for the payments made by the latter for the expenses incurred by the former.

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**10. Equity****Capital Stock**

The details of this account are shown below:

	June 30, 2017		December 31, 2016	
	Number of shares	Amount	Number of shares	Amount
Authorized - par value of 0.01 share	278,000,000	₱278,000,000	27,800,000,000	₱278,000,000
Issued:				
Balance at beginning of year	278,000,000	₱278,000,000	27,800,000,000	₱278,000,000
Issuance during the year	-	-	-	-
Balance at end of year	278,000,000	₱278,000,000	27,800,000,000	₱278,000,000

The track record of the Company's registration of securities in compliance with the Securities Regulation Code Rule 68 Annex 68-D follows:

- a. The authorized number of shares registered with the SEC on June 10, 1998 amounts to one billion shares with a par value of ₱1.00 per share.
- b. On July 7, 2015, Vantage (majority owner of the 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 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 Company. The quasi-reorganization will reduce the par value of the 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 Company, representing at least 2/3 of the outstanding capital stock, ratified the said resolutions.

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

- d. In 2016, the Company submitted an application with the SEC for the change of the Company's name from YEHEY! CORPORATION to APOLLO GLOBAL CAPITAL, INC. Along with the change in the corporate name, the 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 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 Company's acting corporate secretary on April 6, 2016 as a support for the 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 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 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 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 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 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 Company to new investors and/or existing stockholders, and the listing thereof, on terms beneficial to the Company.
- h. As of June 30, 2017 and December 31, 2016, the total number of stockholders of the Company is

795 and 797, respectively.

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#### 11. General and Administrative Expenses

This account consists of:

	June 30, 2017	June 30, 2016
Legal and professional fees	60,000	22,000
Other expenses	70,421	729,721
	130,421	751,721

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#### 12. Basic/Diluted Earnings (Loss) Per Share Computation

	June 30, 2017	June 30, 2016
(a) Net income/(loss)	(130,421)	(750,295)
(b) Weighted average common share	27,800,000,000	278,000,000
(a)/(b) Weighted earnings per share	(0.0000)	(0.0027)

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#### 13. Commitments and Contingencies

The Company has commitments and contingencies arising from the normal course of the business. In the opinion of the management, the eventual liability under these transactions will not have a material effect on the Company's financial statements.

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#### 14. Other Items

There were no dividends paid (aggregate or per share) separately for ordinary and other shares during the interim period.

No effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long term investments, restructurings and discontinued operations.