

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE  
OF THE PHILIPPINES**

1. For the calendar year ended **December 31, 2017**
2. SEC Identification Number : **A1998-06865**
3. BIR Tax Identification No. **005-301-677-000**
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:  
**Philippines**
6. (SEC Use Only)  
 Industry Classification Code
7. Address of Principal Office:  
**Unit 1801-A East Tower Phil Stock Exchange Center Brgy. San Antonio, Ortigas Center,  
Pasig City**
8. Registrant's telephone number, including area code: **(632) 910-6420**
9. Former name, former address, and former fiscal year, if changed since last report
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	275,196,071,520

11. Are any or all of these securities listed on the Philippine Stock Exchange  
Yes ☒ No ☐
12. Check whether the registrant:
  - a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and SRC Rule 17 (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 ☒ No ☐
  - b) has been subject to such filing requirements for the past 90 days  
Yes ☒ No ☐
13. Aggregate market value of the voting stock held by non-affiliates as of 31 March 2018  
**P 1,362,194,139**

## **PART I – BUSINESS AND GENERAL INFORMATION**

### **Item 1. Business**

Yehey! Corporation (“Company”) was incorporated on June 10, 1998. It has an authorized capital stock of Two Hundred Eighty Million Pesos (P280,000,000.00) divided into Two Hundred Eighty Million (280,000,000) common shares with par value of P1.00 per share. Out of the authorized capital stock, Two Hundred Seventy Eight Million (278,000,000) shares are outstanding.

By the majority vote of the Board of Directors (BOD) held last November 16, 2006 Board meeting and by the vote and by written assent of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock, the Securities and Exchange Commission approved the increase in authorized capital stock from 300,000 shares at P100 to 1,000,000,000 shares at P1 a share on the 8th day of March, 2007. The parent company subscribed for additional 250,000,000 shares equivalent to P250,000,000. Likewise, the parent company has given a commitment to support the Company through additional cash infusion.

As of December 31, 2014, the Company is 66.95% owned by Vantage Equities, Inc. (Vantage).

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.

On December 7, 2015, the BOD approved the change of the 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.

On February 17, 2017, the 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 Company now owns 82.67% of JDVC.

### **Purpose**

The Company was originally organized with the primary purpose to engage in the business of internet online related products relating to database research engine, such as, but not limited to, conceptualizing, designing, illustrating, processing and editing web sites; and to engage in other pre-production and post-production work on web sites in internet; and to sell and market said products in the form of advertising of finished products in the domestic or export market.

Yehey! was known to be a digital marketing company that delivers effective marketing solutions in the digital space. Yehey!, under the Yehey Marketing Solutions, offers its clients digital marketing services to include Web Design and Development, Web Management, Media Buying & Planning, Digital PR and Reputation Management, Digital Strategy, Social Media Marketing, Digital Research and Digital

Strategy. The wide variety of its digital marketing services enables the Company to capture new business from its existing customers and even attract new customers.

In most cases, Yehey! builds the websites and social media pages of customers. These sites are then used as the platform to engage the respective target market of its existing customers. Yehey! strategizes and develops marketing tools such as promotions, games, events, blogs, etc.

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.

### **Investment**

On February 17, 2017, the Board of Directors approved the subscription of various individuals to the 247,396,071,520 shares of the Company at P0.01 par value per share in exchange for JDVC Resources Corporation (JDVC) 4,133,740 shares.

For and in consideration of the issuance of the shares of the Company and in full payment of the subscription price, each of the subscribers agreed to assign to the Company their respective rights, title and interests in JDVC. The transfer value of the JDVC shares is P598.48 per share or an aggregate transfer value of P2,473,960,715. The transfer value is based on the appraised value of JDVC's assets.

JDVC is primarily established to engage in business mining.

### **Competition**

Yehey! considered the following as competitors:

- Digital agencies
- Advertising agencies

The Company considered the digital agencies as their direct competitors while the advertising agencies and media agencies are considered indirect competitors.

Digital Agencies are agencies that deliver services for the creative and technical developments of internet based products. These services range from the more Common services such as web design, e-mail marketing and microsites etc. to the more specialist such as viral campaigns, banner advertising, search engine optimization, podcasting or widget development and more. Digital agencies in the country include the following:

#### *NUWORKS Interactive*

A digital agency which builds brand content environments and develop brand equity. This company executes campaigns across online, mobile and tablet-based platforms and provides an End-to-End digital solution to its clients. Its services include creative technologies, social app development, game design and development, mobile app development, website solutions, social media management, digital strategy and online media services.

#### *SNAPWORX Digital Interactive*

A performance-based digital marketing agency with a mission to provide tools driving growth to difference types of business with the essence of digital marketing – engine marketing, mobile marketing and social media marketing solutions.

#### *iProspect Philippines*

iProspect is a search engine marketing company offering SEO, PPC and online marketing solutions.

#### *Hashtag Digital Inc.*

Founded in 2013 by a team with a collective experience of 20 years in the digital terrain, Hashtag Digital Inc aims to build lasting relationships with its clients while providing full-assault digital marketing strategies in display advertising, social media marketing, search engine marketing, email marketing, e-commerce implementation, retargeting, analytics, social activation events and blogger relations.

#### *Movent*

Movent offers an integrated marketing suite composed of strategy, creative, media and production services.

#### *Havoc*

Havoc is a premier digital marketing company in the country with over 10 years of experience in creating digital properties, it helps its clients strategize and develop campaigns that will maximize their brand in the online space. They specialize on advertising sales presentations, digital media planning and buying, web development, online communities, blog marketing and e-commerce.

Advertising Agencies (Association of Accredited Advertising Agency): These agencies are service businesses dedicated to create, plan and handle advertising for its clients. They also provide an outside point of view to the effort of selling the clients products or services. They also produce works for many types of media, creating integrated marketing communications. The top advertising agencies in the country are McCann-Erickson Philippines, Ogilvy & Mather, TBWA Santiago-Manganda-Puno, BBDO-Guerrero, Ace Saatchi & Saatchi, Jimenez Basic and J. Walter Thompson.

### **Intellectual Property**

The Company's registered two (2) trademarks expired as follows:

1. YEHEY! - was registered with the Intellectual Property Office of the Philippines. The trademark was registered on January 16, 2006 and expired on January 16, 2016.
2. YEHEY - is currently registered with the Intellectual Property Office of the Philippines. The trademark was registered on September 25, 2006 and expired on September 25, 2016.

### **Financial Performance**

The Company derived its revenues from internet services.

	2017	2016	2015
Advertising/Media Sales/Web Development (Gross)	NIL	NIL	16,034,162
<b>Totals</b>	<b>NIL</b>	<b>NIL</b>	<b>16,034,162</b>

The Company has no revenues and net income derived from foreign sales.

In 2015, the Company has three significant customers which have contributed more than 10% of the total revenues of the Company. Customer A contributed ₱8.04 million or 43% of total revenues for web development, media sales and digital PR. Customer B contributed ₱4.15 million or 22% of total

revenues arising from web development and digital PR. Customer C contributed ₱3.96 million or 21% of total revenues for media sales services and digital PR.

On October 30, 2015 the BOD approved the winding down of the Digital Marketing operations of the Company.

### **Financial Risk Management**

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, and market risk. The BOD is responsible for the overall risk management approach and for approving the risk strategies and principles. The BOD reviews and approves policies for managing each risk and they are summarized below:

Liquidity Risk is the risk that the Company will be unable to meet its obligations when they fall due under normal and stress circumstances. To limit the 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 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 arrangement, the Company requires the approval from the BOD. In addition, aging of receivables is reviewed on a monthly basis with the result that the Company's exposure to bad debts is not significant.

As of December 31, 2017 and 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.

Market risk is the risk of change in fair value of financial instruments from fluctuation in market prices (price risk), foreign exchange rates (currency risk) and market interest rates (interest rate risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

#### *Foreign Currency Risk*

Foreign currency risk arises when transactions are denominated in foreign currencies.

The Company is not exposed to foreign currency risk since the Company does not have any transactions denominated in foreign currency.

#### *Equity price risk*

Equity price risk is the risk that the fair value of quoted AFS investments will fluctuate as the result of changes in the value of individual stocks. The Company's exposure to equity price risk relates primarily to the Company's quoted AFS investments. As of December 31, 2017, the Company does not have quoted AFS investments.

### **Other Items**

The Company does not need any government approval for its principal products or services and is not required to comply with specific environmental laws. It does not have any publicly announced new product or service. Since the company is engaged in the business of internet online related products relating to database search engine, there is no need for raw materials and suppliers.

On October 30, 2015 the BOD approved the winding down of the Information Technology and Digital Marketing operations of the Company which encompasses Digital Public Relations, Media Sales, and Web Development.

As of December 31, 2017, the Company has no employees.

## **Item 2. Properties**

### **Apollo Global Capital, Inc. – Parent**

On October 30, 2015, the Company assigned its non-cash assets and liabilities to Vantage Equities, Inc. The non-cash assets assigned include equipment, furniture and fixtures, leasehold improvements and software licenses.

### **JDVC**

*Office Furniture and Equipment* - This furniture and equipment are used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 3 years.

## **Item 3. Legal Proceedings**

None to report.

## **Item 4. Submission of Matters to a Vote of Security Holders**

No matter was submitted to a vote of the security holders during the fourth quarter of 2017.

## **PART II – OPERATIONAL AND FINANCIAL INFORMATION**

## **Item 5. Market for Registrant’s Common Equity and Related Stockholder Matters**

	2017		2016	
	High	Low	High	Low
1st Quarter	0.079	0.040	0.0496	0.0321
2nd Quarter	0.049	0.042	0.0735	0.0482
3rd Quarter	0.046	0.037	0.0680	0.0525
4th Quarter	0.059	0.041	0.060	0.040

On August 9, 2012, the Securities and Exchange Commission (SEC) approved the Company’s application to list 278.00 million common share 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 Company was listed in the PSE.

As of 31 March 2018, there were 797 shareholders of the 275,196,071,520 common shares issued and outstanding. As of the close of trading on 28 March 2018, the Registrant’s shares were traded at the price of P0.049 per share in Philippine Stock Exchange.

There is no sale of unregistered securities for the past three (3) years.

**Top 20 shareholders as of December 31, 2017**

STOCKHOLDER'S NAME	NO. OF SHARES	% TO TOTAL
HYUNG RAE DOO	109,065,080,064	39.63
LLOYD REAGAN C. TABOSO	46,471,972,000	16.88
NAPOLEON M. DE LEON, JR.	46,224,979,304	16.80
DANIEL CHUA GO	45,634,040,152	16.58
PCD NOMINEE CORP.	26,970,682,028	9.80
SYSMART CORPORATION	270,000,000	0.10
JUAN G. CHUA	94,040,000	0.03
PCD NOMINEE CORPORATION (NON-FILIPINO)	84,337,572	0.03
EAST PACIFIC INVESTORS CORPORATION	49,095,000	0.02
CYGNET DEVELOPMENT CORPORATION	43,125,000	0.02
ALISTAIR E.A. ISRAEL	27,720,000	0.01
DAVID Q. QUITORIANO	24,200,000	0.01
SYSMART CORP.	13,713,500	0.00
CHRISTOPHER CHONGSON	6,468,700	0.00
CENTURY SECURITIES CORP.	6,025,000	0.00
RICARDO L. NG	5,847,700	0.00
CAMPOS, LANUZA & CO., INC.	5,807,500	0.00
SUZANNE LIM	5,175,000	0.00
HARLEY SY	5,175,000	0.00
JERRY TIU	4,916,200	0.00

**Dividends**

The Company did not declare any dividends during the past three (3) fiscal years due to retained earnings deficit.

**Item 6. Management's Discussion and Analysis or Plan of Operations**

**Plan of Operation**

As of December 31, 2017, the Corporation has wind down its 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. Since the company is currently in a transition phase and has no operations, the corporation's stockholders have willingly advanced and shall continue to advance any monies needed for the corporation.

## Corporate Plans for the Ensuing 12 Months

The Company, at present, does not have existing loans or credit obligations from financial institutions. The Company has no plans of borrowing in the near future and does not have any plans to purchase any significant equipment.

There are no events that will trigger direct or contingent financial obligation that is material to the company and no material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

## Financial Highlights

(In Million Pesos)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Balance Sheet</u></b>			
Total Assets	3,5324	262.5	260.0
Total Liabilities	296	2.6	1.3
Total Stockholders' Equity	3,228	259.9	258.7
<b><u>Income Statement</u></b>			
Total Revenues	0.0	0.0	16.0
Total Cost and Expenses	27.5	1.0	19.8
Total Other Income (Charges)	1.9	2.2	9.9
Provision for Income Tax	(0.9)	0.0	0.9
Net Income (Loss)	(24.7)	1.2	5.2
<b><u>Top Key Performance Indicators:</u></b>			
Current ratio	0.04	99.26	198.6
Debt to equity	0.03	1.00	1.00
Asset to equity	1.09	99.26	99.26
Debt to asset	0.08	0.99	0.99
Return on assets	(0.01)	0.00	0.02
Return on equity	(0.02)	0.00	0.02

## Results of Operations for the Year Ended 2017 (Y2017 vs Y2016)

The Company wind down the Digital Marketing operations of the Company on October 30, 2015 hence there was no revenue and cost in 2017 and 2016. Surge in general and administrative expenses was due to filing fees and documentary stamp tax on issuance of capital stocks resulting from the Deed of Exchange of Stocks.

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

### Income Statements items - Y2017 versus Y2016

*2460% increase in general and administrative expenses*

Due to filing fees and documentary stamp tax on issuance of capital stocks resulting from the Deed of Exchange of Stocks

*17% decrease in other income-net*

Interest expense incurred by the subsidiary



### **Balance Sheet items – Y2017 versus Y2016**

Movements in balance sheet accounts are due to acquisition of JDVC, the subsidiary of the Company, as a result of the Deed of Exchange of Shares.

### **Results of Operations for the Year Ended 2016 (Y2016 vs Y2015)**

The Company wind down the Digital Marketing operations of the Company on October 30, 2015 hence there was no revenue and cost in 2016 as well as the decline in general and administrative expenses. Dropped in other income is caused by absence of investments in short term placements.

### **Results of Operations for the Year Ended 2015 (Y2015 vs Y2014)**

The Company experienced a 17% drop in revenues from P19.4 million in 2014 to P16.0 million this year while cost and expenses were lower by 9%. The decrease is due to winding down of the Digital Marketing operations of the Company on October 30, 2015.

The Company managed to exceed its net income last year by 136% despite cessation of its operations. This is due to accrued interest income earned from advances to shareholders and miscellaneous income as a result of assignment of the non-cash assets and liabilities of the Company to Vantage.

## **Item 7. Financial Statements**

The audited financial statements and schedules listed in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

### **Information on Independent Accountant**

Alba Romeo & Co., CPAs and SGV & Co. are the external accountant of the Company for the years 2016 and 2015, respectively. The aggregate fees billed for each of the last two years for professional services rendered by the Company's external auditors in connection with annual audit of the Company's Financial Statements for statutory and regulatory filings are summarized below:

	2017	2016
Audit fee	465,000	172,500
Tax Services	-	-
Other Fees	-	-
TOTAL	465,000	172,500

The Independent Accountant does not render tax accounting compliance, advice, planning and other forms of tax services for the Corporation. The Independent Accountant also does not render other services for the Corporation.

## **Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There are no changes and matters of disagreement with accountants on any accounting & financial disclosures for the last two (2) most recent fiscal years.

## PART III – CONTROL AND COMPENSATION INFORMATION

### Item 9. Directors and Executive Officers of the Registrant

Period Served	Name	Citizenship	Age
October 19, 2015 to present	Salvador Araneta Santos-Ocampo	Filipino	47
December 11, 2015 to present	Vittorio P. Lim	Filipino	32
February 16, 2017 to present	Julio Cesar R. Villanueva	Filipino	
February 16, 2017 to present	David M. De La Cruz	Filipino	
October 20, 2015 to present	Edwin Lim	Filipino	47
October 20, 2015 to present	Klarence Dy	Filipino	49
October 20, 2015 to present	Raymond Ricafort	Filipino	52
October 21, 2015 to present	Jocelyn Tiu Tan	Filipino	45
May 31, 2017 to present	Lucky Uy	Filipino	
October 30, 2015 to present	Kristina Joyce C. Caro-Gañgan	Filipino	35

The following is a brief write-up of the Board of Directors and Executive Officers.

**Mr. Salvador Araneta Santos-Ocampo (Chairman of the Board)** has been the President of Victoneta Rentals Corporation since 2014. He is also the President of SAMI Food and Beverage Specialist Corporation since 20013 and the Treasurer of Salvador Araneta Memorial Institute since 2001.

**Mr. Vittorio Paulo P. Lim (Director/President)** is the President of V2S Property Developer Co., Inc. He is also the Corporate Secretary of B and P Realty, Inc., Champaca Development Corporation, PX2 Enterprises Co., Inc., VNP Properties Development Inc., Zelle Dev't Corporation, Tarlac Centerpoint, Panlilio Centerpoint. Likewise he is the Treasurer of Vini Agro Products, Inc. He holds a degree in Interdisciplinary Studies from the Ateneo de Manila.

**Mr. Julio Cesar R. Villanueva (Director/Treasurer)** is Associate Fund Manager at Wealth Private Advisory Ltd. since 2014. He is also a Board Observer at Sacred Heart Hospital of Malolos, Inc. He obtained his degree in Management from the Ateneo de Manila University in 2013.

**Mr. David De La Cruz (Director)** is a director of the Company since February 2017.

**Mr. Edwin Lim (Director)** has been the General Manager of BLIM's Textile Manufacturing Industries, Inc. since 2000. He obtained his Bachelor of Science in Civil Engineering from the Mapua Institute of Technology in 1997.

**Mr. Klarence Dy (Independent Director)** is a Trader in Tower Securities, Inc. Prior to his current position, he was the Vice President for Sales in Tower Securities, inc. from 2000 to June 2004. Mr. Dy was previously a trader and Corporate Secretary in Cathay Securities, Co., Inc. from 1990 to 1998. In 1989, Mr. Dy graduated from the University of Southern California, where he obtained his Bachelor of Science Degree in Accountancy.

**Mr. Raymond Ricafort (Independent Director)** is the Co-Founder and Managing Director of Wealth Private Advisory Limited and Vice President of PhilEquity Management, Inc. He has been the

Chairman and Director of Net Voice, Inc. since 2003. He was a Director and Finance Committee Head of the Nationwide Development Corporation from 1995 to 2010.

**Ms. Jocelyn Tiu Tan (Director)** is the Vice President for Marketing and Corporate Secretary of Coventry-Intrasete Manpower and Management, Inc. She is also the owner and Vice President for Finance of VFC Phllfiber Contractor Co. Ms. Tan is a licensed real estate broker.

**Mr. Lucky Uy (Compliance Officer)** is a stock broker at Venture Securities since 2013. He obtained his Bachelor of Science in Chemical Engineering from the Dela Salle Univeristy in 2005.

**Atty. Kristina Joyce C. Caro-Gañgan (Corporate Secretary)** is a Partner at Picazo Buyco Tan Fider & Santos Law Offices. She graduated cum laude with the degree of Bachelor of Arts, Major in Political Science, from the University of the Philippines in 2002, and with the degree of Bachelor of Laws also from the University of the Philippines in 2006.

#### **Family relationships among Directors:**

There is no family relationship among directors.

#### **Independent Directors**

Mr. Klarence Dy and Mr. Raymond Ricafort were elected as Independent Directors of the Company in compliance with the requirements of Rule 38 of the Securities Regulation Code.

#### **Involvement in Certain Legal Proceedings**

The Company is not aware of: (i) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time; (ii) any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (iii) any of the directors and executive officers being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (iv) any of the directors and executive officers being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated, occurring during the past five (5) years up to the latest date that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the Company.

#### **Significant Employees**

No employee is expected by the Company to make significant contribution to the business.

### **Item 10. Executive Compensation**

All of the Company's directors and officers have not received any form of compensation from 2016 up to present. There is no employment contract between the Company and the current executive officers. In addition, except as provided below, there are no compensatory plans or arrangements with respect to named executive officers that resulted in or will result from the resignation, retirement or termination of such executive director or from a change-in-control in the Company.

The Company has no price or stock warrants.

**Summary Compensation Table (Annual Compensation)**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Annual Compensation</b>
All other key personnel and directors as a group unnamed	2018 (Estimate)	None
	2017 Actual	None
	2017 Actual	None

**Item 11. Security Ownership of Certain Beneficial Owners and Management**

1. Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2017, the Company knows no one who beneficially owns in excess of 5% of the Company's common stock except as set forth in the table below.

<b>Title of Class</b>	<b>Name and Address of Record/Beneficial Owner</b>	<b>Relationship with the Company</b>	<b>Record (r) Beneficial (b) Owner</b>	<b>Citizenship</b>	<b>Number of Shares</b>	<b>Percent of Class</b>
Common	Hyung Rae Doo 602 FS Bldg., Scout Tuazon Quezon City	Stockholder	B	Korean	109,065,080,064	39.63%
Common	Lloyd Reagan Taboso 17 Kanlaon St. Sta. Teresita Quezon City	Stockholder	B	Filipino	46,471,972,000	16.88%
Common	Napoleon De Leon Jr. 81 Sampaloc St., Mapayapa Village 1, Quezon City	Stockholder	B	Filipino	46,224,979,304	16.80%
Common	Daniel Chua 402 Renaissance, 2000 Meralco Avenue, Ortigas	Stockholder	B	Filipino	45,634,040,152	16.58%
Common	PCD Nominee Corp. (*) 37/F The Enterprise Center, Ayala Avenue, Makati City	Stockholder	R	Filipino	26,970,682,028	9.8%

(\*)PCD Nominee Corporation (PCDNC) is a wholly-owned subsidiary of Philippine Central Depository, Inc. (PCD). The beneficial owners of the shares under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their respective clients. No single PCD participant currently owns more than 5% of the Corporation's shares forming part of the PCDNC account except as follows:

<b>Title of Class</b>	<b>Name and Address of Record/Beneficial Owner</b>	<b>Relationship with Company</b>	<b>Shares and Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Common	Wealth Securities, Inc. 21/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City Ms. Ruby Tan – Finance Manager	Stockholder	14,955,178,901 r	Filipino	5.43%

## 2. Security Ownership of Management

The following table shows the share beneficially owned by the directors and executive officers of the Company as of 31 December 2017:

Type of Class	Name and address of owner	Number and nature of ownership	Citizenship	Percentage
Common	<b>Vittorio P. Lim</b> 82 Sanso Street, Quezon City	9,100 <i>Direct</i>	Filipino	Nil
Common	<b>Salvador Santos-Ocampo</b> 2/F PGMCM Bldg., 76 Calbayog Street, Mandaluyong City	100 (direct)	Filipino	Nil
Common	<b>Julius Cesar Villanueva</b> Unit 1016 Malayan Plaza, ABD Avenue, Ortigas Center, Pasig City	1 <i>Direct</i>	Filipino	Nil
Common	<b>Edwin Lim</b> Phinma Properties Center. 29 EDSA , Mandaluyong	100 (direct)	Filipino	Nil
Common	<b>Klarence Dy</b> Block 2, Lot 26, Park Vista Townhouses, Apas, Cebu	100 (direct)	Filipino	Nil
Common	<b>Raymond Ricafort</b> 12th Floor Equitable Tower, Paseo de Roxas Street, Makati City	100 (direct)	Filipino	Nil
Common	<b>Jocelyn Tiu Tan</b> 25A Gilmore Townhomes, Jose O. Vera Street, New Manila, Quezon City	100 (direct)	Filipino	Nil
Common	<b>David De La Cruz</b> 31 La Naval St., Remmanville Subdivision Better Living, Parañaque	100,000 (direct)	Filipino	Nil
Common	<b>Lucky Uy</b> 8 <sup>th</sup> Floor, STI Holdings Bldg., 6764 Ayala Avenue, Makati City	10,000 (direct)	Filipino	Nil
Common	<b>Kristina Joyce C. Caro-Gaňan</b> Penthouse, Liberty Center, 104 H.V. dela Costa Street, Salcedo Village, Makati City	None	Filipino	N.A.

### Voting Trust Holders of 5% or More

There is no party which holds any voting trust or any similar agreement for 5% or more of the Company's voting securities.

### Changes in Control

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

On July 7, 2015, the Parent Company entered into a Sale and Purchase Agreement (SPA) with Alfonso Yap Go and his nominees, Nathaniel C. Go, and Socorro P. Lim (the buyers) for the sale of the entire shares owned by the Parent Company. 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.

On February 17, 2017, the 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 Company now owns 82.67% of JDVC.

## **Item 12. Certain Relationships and Related Transactions**

The following are the transactions presented in the Notes to Audited Financial as Related Party Transactions:

12.1 Accrued interest on advances to a stockholder during the year amounted to PHP2.2 million.

12.2 The Company has non-interest-bearing advances from a stockholder amounting to PHP1.6 million intended for administrative expenses of the Company.

12.3 In 2017, the Company's subsidiary had advanced the payment of the filing fees and documentary stamp tax incurred by the Company amounting to P23.3 million.

## **PART IV – CORPORATE GOVERNANCE**

The Company remains focused on insuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders.

In compliance with the initiative of the Securities and Exchange Commission ("SEC"), the Company submitted its Corporate Governance Manual ("the Manual") to the SEC. Even prior to the submission of its Manual, however, the company already created various Board level committees. These committees were comprised of an Executive Committee, a Nomination Committee for the selection and evaluation of qualifications of directors and officers, a Compensation and Remuneration Committee to look into an appropriate remuneration system, and an Audit Committee to review financial and accounting matters. A Compliance Officer was also appointed on that date.

The Board establishes the major goals, policies, and objectives of the Company, as well as the means to monitor and evaluate the performance of Management. The Board also ensures that adequate internal control mechanisms are implemented and properly complied in all levels.

The Company is not aware of any non-compliance with its Manual of Corporate Governance, by any of its officers or employees.

Please refer to the attached ACGR.

## **PART V – EXHIBITS AND SCHEDULES**

### **Item 14. Exhibits and Reports on SEC Form 17-C**

1. Exhibits – See accompanying index to exhibits.

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

2. Reports on SEC Form 17 – C

- **Filed 22 December 2017**

Letter to PSEI Re: Resignation of Director.

- **Filed 31 May 2017**

Letter to PSEI Re: Appointment of Officer.

- **Filed 20 February 2017**

Letter to PSEI Re: Amendment of shareholdings of David De la Cruz and Victor Lee.

- **Filed 17 February 2017**

Letter to PSEI Re: Issuance of 247,396,071,520 shares out of the increase in the authorized capital stock.

- **Filed 16 February 2017**

Letter to PSEI Re: Election of directors/officers of the Company.

- **Filed 13 February 2017**

Letter to PSEI Re: Resignation of directors/officers of the Company.

## SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation 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:

**APOLLO GLOBAL CAPITAL, INC. (Formerly: YEHEY! CORPORATION)**

By:

  
**SALVADOR ARANETA SANTOS-OCAMPO**  
Chairman

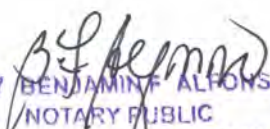
  
**VITTORIO P. LIM**  
President

  
**JULIO CESAR R. VILLANUEVA**  
Treasurer

SUBSCRIBED AND SWORN to before me this MAY 02 2018 at QUEZON CITY  
exhibiting to me their respective competent evidence

Name	TIN	Issuing Government Agency
Salvador Araneta Santos-Ocampo		Bureau of Internal Revenue
Vittorio P. Lim	239-269-242	Bureau of Internal Revenue
Julio Cesar R. Villanueva	280-529-451	Bureau of Internal Revenue

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Page No. 77  
Book No. 974  
Series of 2018

  
**ATTY. BENJAMIN F. ALFONSO**  
NOTARY PUBLIC  
UNTIL December 31, 2018  
TIN NO. 5520234, January 8, 2018, QUEZON CITY  
BP NO. 019073 12-20-2017 - QUEZON CITY  
ROLL NO. 13296  
ADM. MATTER NO. NP-046-(2017-2018)  
TIN NO. 177-967-619-000  
MILE 18-023475 December 12, 2017  
# 36 Reyes St. GSIS Village  
Pasig City



**YEHEY! CORPORATION**  
**INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES**

**FORM 17 – A, Item 7**

Page No.

Financial Statements

Statement of Management's Responsibility for Financial Statements  
Report of Independent Public Accountant  
Balance Sheets as of December 31, 2017 and 2016  
Statements of Income and Retained Earnings for the  
Years Ended December 31, 2017, 2016 and 2015  
Statements of Cash Flows for the Years Ended  
December 31, 2017, 2016 and 2015  
Notes to Financial Statements

Supplementary Schedules

Report of Independent Public Accountants on Supplementary Schedules

**Part 1**

- I Schedule of Retained Earnings Available for Dividend Declaration  
(*Part 1 4C, Annex 68-C*)
- II Schedule of all effective standards and interpretations under PFRS  
(*Part 1 4J*)

**Part 2**

- A Financial Assets (*Part II 6D, Annex 68-E, A*)
- B Amounts Receivable from Directors, Officers, Employees, Related Parties and  
Principal Stockholders (Other than Affiliates)  
(*Part II 6D, Annex 68-E, B*)
- C Amounts Receivable from Related Parties which are eliminated during the  
consolidation of financial statements (*Part II 6D, Annex 68-E, C*)
- D Intangible Assets - Other Assets (*Part II 6D, Annex 68-E, D*)
- E Long-Term Debt (*Part II 6D, Annex 68-E, E*)
- F Indebtedness to Related Parties (included in the consolidated statement of  
financial position) (*Part II 6D, Annex 68-E, F*)
- G Guarantees of Securities of Other Issuers (*Part II 6D, Annex 68-E, G*)
- H Capital Stock (*Part II 6D, Annex 68-E, H*)

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These schedules, which are required by Part IV (a) of RSA Rule 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or the notes to consolidated financial statements.

## INDEX TO EXHIBITS

### Form 17-A

<b><u>No.</u></b>		<b><u>Page No.</u></b>
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	*
(13)	Letter re: Change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	*
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(29)	Additional Exhibits	*

- 
- These exhibits are either or not applicable to the Company or require no answer.

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# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

	A	1	9	9	8	0	6	8	6	5
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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	.			
A	N	D		I	T	S		S	U	B	S	I	D	I	A	R	Y												

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

U	N	I	T		1	2	0	4		G	A	L	L	E	R	I	A		C	O	R	P	O	R	A	T	E		
C	E	N	T	E	R	,		E	D	S	A		C	O	R	N	E	R		O	R	T	I	G	A	S			
A	V	E	N	U	E	,		B	R	G	Y	.		U	G	O	N	G		N	O	R	T	E					
Q	U	E	Z	O	N			C	I	T	Y																		

Form Type

F	S	1	7
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Department requiring the report

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Secondary License Type, If Applicable

N	/	A
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## COMPANY INFORMATION

Company's Email Address

[main@picazolaw.com](mailto: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](mailto: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

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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**

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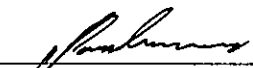
The management of APOLLO GLOBAL CAPITAL, INC. AND SUBSIDIARY is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2017, in accordance with the prescribed financial reporting framework indicated therein, 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

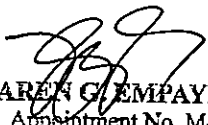
BEFORE ME, a Notary Public in and for the above jurisdiction, personally appeared on APR 23 2018, the following persons with their respective competent evidence of identity, to wit:

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
<b>ASSETS</b>			
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
<b>Total current assets</b>		<b>3,716,308</b>	<b>262,563,318</b>
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	-
<b>Total non-current assets</b>		<b>3,520,404,423</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>P3,524,120,731</b>	<b>P262,563,318</b>
<b>LIABILITIES AND EQUITY</b>			
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
<b>Total current liabilities</b>		<b>103,667,814</b>	<b>2,645,338</b>
Non-current liability			
Deposit for future stock subscriptions	22	192,712,307	-
<b>TOTAL LIABILITIES</b>		<b>296,380,121</b>	<b>2,645,338</b>
<b>EQUITY</b>			
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	-
<b>Total equity</b>		<b>3,227,740,610</b>	<b>259,917,980</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P3,524,120,731</b>	<b>P262,563,318</b>

(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 2<sup>nd</sup> 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	1,300,101	65,317
	<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	21,478,591	-
	<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

	2017
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-
	(P77,082,996)	P-	Deposit for future stock subscription	Non-interest bearing; to be applied in stock subscription	Unsecured	Cash	None	P-	P-	P-	P-	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-
	(P29,388,627)	P-	Deposit for future stock subscription	Non-interest bearing; to be applied in stock subscription	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
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:

	2017	2016	2015
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  
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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)
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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

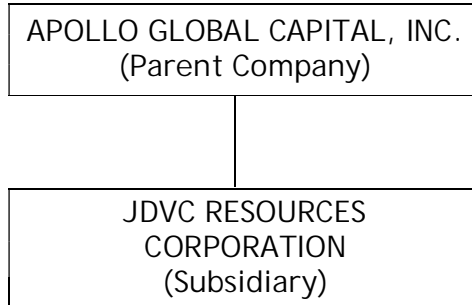
Title of issue (i)	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Related parties (ii)	Number of shares held by  Directors, officers and employees	Others (iii)
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

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APOLLO GLOBAL CAPITAL, INC. AND SUBSIDIARY

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

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NOT APPLICABLE
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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	✓		



111072018000434

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Information

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Company Name APOLLO GLOBAL CAPITAL, INC.  
Industry Classification  
Company Type Stock Corporation

**Document Information**

Document ID 111072018000434  
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)  
Document Code 17-Q  
Period Covered September 30, 2018  
No. of Days Late 0  
Department CFD  
Remarks

# COVER SHEET

A 1 9 9 8 0 6 8 6 5

S.E.C. Registration Number

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 !  
C O R P O R A T I O N )

(Company's Full Name)

U N I T 5 0 4 G A L L E R I A  
C O R P O R A T E C E N T E R , E D S A  
C O R N E R O R T I G A S , B R G Y . U G O N G  
N O R T E , Q U E Z O N C I T Y 1 1 0 0

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

ATTY. KAREN G. EMPAYNADO

Contact Person

8880999

Company Telephone Number

1 2 3 1  
Month Day  
Fiscal Year

SEC Form 17-Q

FORM TYPE

Month Day  
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

**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 September 30, 2018
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:  
Unit 504 Galleria Corporate Center, Edsa Corner Ortigas Avenue,  
Brgy. Ugong Norte, Quezon City 1100
8. Registrant's telephone number, including area code:  
(632) 5328654
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	275,196,071,520
11. Are any or all of these securities listed on the Philippine Stock Exchange?  
Yes ☒ 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 ☒ No ☐
  - b) has been subject to such filing requirements for the past 90 days.  
  
Yes ☒ 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 September 30, 2018	Audited December 31, 2017	Inc/(Dec)	Percent
Total assets	3,574,076,486	3,524,120,731	49,955,755	0.01
Total liabilities	352,399,815	296,380,121	56,019,694	0.19
Total Equity	3,221,676,671	3,227,740,610	(6,063,939)	0.00

Movement in the assets are coming from increase in mine properties and advances to suppliers. Movement in liabilities mainly from deposits for future stock subscription.

	Unaudited September 30, 2018	Audited September 30, 2017	Inc/(Dec)	Percent
Total income	1,813	-	1,813	100.00
Total expense	6,065,752	177,421	5,888,331	33.19
Net income (loss)	(6,063,939)	(177,421)	(5,886,518)	33.18

Movements in total expense due to acquisition of JDVC, the subsidiary of the Company, as a result of the Deed of Exchange of Shares.

#### Key Ratios:

	Unaudited September 30, 2018	Audited December 31, 2017
Current ratio	4.25%	3.58%
Debt-to-equity ratio	3.23%	3.21%
Asset-to-equity ratio	110.94%	109.18%
R return on assets	-0.17%	-1.31%
R return on equity	-0.19%	-1.53%

#### 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 – September 2018 versus September 2017**

Increase in total expense due to acquisition of JDVC, the subsidiary of the Company, as a result of the Deed of Exchange of Shares.

**Balance Statement Items – September 2018 versus December 2017**

Movement in the assets are coming from increase in mine properties and advances to suppliers. Movement in liabilities mainly from deposits for future stock subscription.

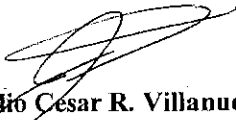
## SIGNATURES

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 Quezon.

**APOLLO GLOBAL CAPITAL, INC.**  
Issuer



**Vittorio P. Lim**  
President



**Julio Cesar R. Villanueva**  
Treasurer



APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
in PHP

		Interim	Audited
	Note	September 30, 2018	December 31, 2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	6	P1,728,902	P1,087,826
Other current assets	7	2,698,478	2,628,482
<b>Total current assets</b>		<b>4,427,380</b>	<b>3,716,308</b>
<b>Non-current assets</b>			
Loan receivable	8	254,500,000	254,500,000
Accrued interest receivable	8	8,016,750	8,016,750
Advances to suppliers	9	38,566,316	25,197,105
Advances to related parties	16	8,193,521	2,595,022
Property and equipment, net	10	87,646	58,947
Mine properties	11	3,257,828,819	3,227,427,393
Deferred tax asset		2,129,954	2,129,954
Other non-current assets		326,100	479,252
<b>Total non-current assets</b>		<b>3,569,649,106</b>	<b>3,520,404,423</b>
<b>TOTAL ASSETS</b>		<b>P3,574,076,486</b>	<b>P3,524,120,731</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts and other payables	12	P53,501,000	P46,041,306
Loan payable	16	2,995,000	10,000,000
Advances for future royalties	13	45,982,143	45,982,143
Due to a related party	16	1,644,365	1,644,365
<b>Total current liabilities</b>		<b>104,122,508</b>	<b>103,667,814</b>
<b>Non-current liability</b>			
Deposit for future stock subscriptions		248,277,307	192,712,307
<b>TOTAL LIABILITIES</b>		<b>352,399,815</b>	<b>296,380,121</b>
<b>EQUITY</b>			
Share capital	15	2,751,960,715	2,751,960,715
Share premium		17,586,961	17,586,961
Deficit		(65,009,534)	(59,980,879)
Non-controlling interest		517,138,529	518,173,813
<b>Total equity</b>		<b>3,221,676,671</b>	<b>3,227,740,610</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P3,574,076,486</b>	<b>P3,524,120,731</b>

See accompanying Notes to Financial Statements

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (INCOME)  
in PHP

	Note	For the Period Ended (Unaudited)		For the Quarter Ended (Unaudited)	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Service income		P-	P-	P-	P-
Cost of services		-	-	-	-
Gross profit		-	-	-	-
General and administrative expenses	15	5,799,086	177,421	1,392,281	47,000
Operating loss		(5,799,086)	(177,421)	(1,392,281)	(47,000)
Other expenses, net					
Interest income		1,813	-	126	-
Interest expense		(266,666)	-	-	-
		(264,853)	-	126	-
Profit (loss) before income tax		(6,063,939)	(177,421)	(1,392,155)	(47,000)
Provision for income tax		-	-	-	-
Total comprehensive loss		-P 6,063,939	-P 177,421	-P 1,392,155	-P 47,000
Net loss for the year attributable to:					
Owners of the Parent		(5,028,655)	-	(1,156,094)	(47,000)
Non-controlling interest		(1,035,284)	-	(236,062)	-
		(6,063,939)	-	(1,392,155)	(47,000)
Basic and dilutive earnings (loss) per share		(0.00002)	(0.00001)	(0.00002)	(0.00001)

See accompanying Notes to Financial Statements

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
in PHP

		For the period ended (Unaudited)	
	Notes	September 30, 2018	September 30, 2017
Share capital	14	P2,751,960,715	P278,000,000
Share premium		17,586,961	17,586,961
Retained earnings (deficit)			
At January 1		(59,980,879)	(35,668,981)
Net profit (loss) for the year attributable to Parent Company		(5,028,655)	(177,421)
At September 30		(65,009,534)	(35,846,402)
Non-controlling interest			
At January 1		518,173,813	-
Net profit (loss) for the year attributable to the non-controlling interest		(1,035,284)	-
At September 30		517,138,529	-
<b>TOTAL EQUITY</b>		<b>P3,221,676,671</b>	<b>P259,740,559</b>

See accompanying Notes to Financial Statements

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
in PHP

	For the period ended (Unaudited)	
	September 30, 2018	September 30, 2017
<b>Cash flows from operating activities</b>		
Loss before income tax	-P6,063,939	-P177,421
Adjustments for depreciation	33,525	-
Interest income	(1,813)	-
Interest expense	266,666	-
Operating loss before changes in working capital	(5,765,561)	(177,421)
Changes in working capital accounts		
Decrease (Increase) in		
Trade receivables	-	-
Other current assets	(69,996)	-
Other noncurrent assets	153,152	-
Increase (decrease) in accounts and other payables	7,459,694	127,421
Cash used for operations	1,777,289	(50,000)
Interest received	1,813	-
Income tax paid	-	-
Net cash used in operating activities	1,779,102	(50,000)
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(62,224)	-
Increase in deferred exploration costs	(30,401,426)	-
Net cash used in investing activities	(30,463,650)	-
<b>Cash flows from financing activities</b>		
Additional due to related parties	(5,598,499)	-
Additional advances to suppliers	(13,369,211)	-
Proceeds from deposits for future stock subscription	55,565,000	-
Payment of loan	(7,005,000)	-
Interest paid	(266,666)	-
Net cash provided by financing activities	29,325,624	-
Net decrease in cash	641,076	(50,000)
Cash, January 1	1,087,826	1,152,404
Cash, September 30	P1,728,902	P1,102,404

## **APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY**

### **CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

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

##### 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 postproduction 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 2<sup>nd</sup> 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 P 598.48 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.

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

### **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.

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, 2018*

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.

- **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.

- **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.

- **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.

- **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 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).

*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 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 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).

- **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***

PFERS 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 it's 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:

Property Classification	Estimated Useful Life
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.

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## **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.

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

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 September 30, 2018, 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 September 30, 2018 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 noncurrent assets.

###### *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. No impairment losses were recognized on the Group's property and equipment in 2017 and September 2018.

#### *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.

#### *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).

#### *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.

#### *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 asset*

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.

## 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.

### *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.

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## 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.

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.

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.

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.

### ***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.

There were no changes in the Group's and/or the Parent Company's approach to capital management in 2018 and 2017.

The Group is not subject to externally imposed capital requirements.

## 6. Cash

The account consists of:

	September 30, 2018	December 31, 2017
Cash on hand	P 50,000	P 50,000
Cash in banks	1,678,902	1,037,826
	<b>P1,728,902</b>	<b>P1,087,826</b>

## 7. Other Current Assets

This account consists of:

	September 30, 2018	December 31, 2017
Claims from the BIR	P 1,328,381	P1,328,381
Input VAT	1,370,097	1,300,101
	<b>P2,698,478</b>	<b>P2,628,482</b>

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.

## 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.

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.

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.

Total accrued interest receivable amounted to P8,016,750 as at September 30, 2018 and December 31, 2017, as shown in the consolidated statements of financial position.

#### 9. Advances to Suppliers

	September 30, 2018	December 31, 2017
Agbiag Mining Development Corporation	P6,256,503	P3,718,514
Advance to Tech Resources Mining & BPT	30,318,320	21,478,591
Others	1,991,493	-
	P38,566,316	P25,197,105

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.

#### 10. Property and Equipment, net

	September 30, 2018	December 31, 2017
<b>Cost</b>		
Beginning	P 105,907	P -
Acquisition of JDVC	-	49,382
Purchases during the year	62,223	56,525
Ending	168,130	105,907
<b>Accumulated depreciation</b>		
Beginning	46,960	-
Provision	33,524	46,960
Ending	80,484	-
<b>Net book value, Ending</b>	<b>P 87,646</b>	<b>P58,947</b>

The Parent Company's property and equipment, with a net book value of P1,594,875, was assigned to Vantage on October 30, 2015.

#### 11. 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, redenominated the MPSA covering the portion as No. 338-2010-II-OMR-Amended B and redenominated 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 (PDMPPF) 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 PDMPPF 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 PDMPPF.

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 September 30, 2018, the group does not have any contractual commitments for additional exploration.

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.

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

## **12. Accounts Payable and Other Current Liabilities**

This account consists of:

	September 30, 2018	December 31, 2017
Accounts payable	₱ 45,715,027	₱ 37,886,216
Accrued expenses	1,318,706	1,700,206
Government dues	6,461,032	6,429,259
Others	6,235	45,625
	₱53,501,000	₱46,041,3016



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.

Other composition of the accounts payable 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.

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

### **13. 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-IIOMR 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.

### **14. Equity**

#### Capital Stock

The details of this account are shown below:

	September 30, 2018		December 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Authorized - par value of 0.01 share	600,000,000,000	P6,000,000,000	600,000,000,000	P6,000,000,000
Issued and outstanding	275,196,071,520	P2,751,960,715	275,196,071,520	P2,751,960,715

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 quasireorganization 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 6,000,000,000 divided into 600,000,000,000 shares of the par value of P0.01.

#### 15. General and Administrative Expenses

This account consists of:

	September 30, 2018	September 30, 2017
Professional fees	₱ 1,481,500	₱ 60,000.00
Mobilization cost	₱ 1,833,584	-
Rent	₱ 160,809	-
Management fee	₱ 1,466,000	-
Representation	₱ 164,324	-
Miscellaneous	₱ 256,516	-
Association dues	₱ 52,335	-
Office supplies	₱ 102,270	-
Depreciation	₱ 33,524	-
Others	₱ 248,224	70,421
	₱ 5,799,086	₱ 130,421

#### 16. Related Party Transactions

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.

### 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.

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

	September 30, 2018	September 30, 2017
a) Net income attributable to the owners of the Parent	-P 5,028,655	-P 130,421.00
b) Weighted average common shares	275,196,071,520	27,800,000,000
(a/b) Weighted earnings per share	-P 0.00	-P 0.00

### 18. Commitments and Contingencies

#### Contingencies

There are no significant contingencies in relation to any legal action or claims involving the Group as at and for the period ended September 30, 2018.

### 19. 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.