

# COVER SHEET

for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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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	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	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											

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A	A	S	F	S					
CRMD									
N/A									

COMPANY INFORMATION		
Company's Email Address <div style="border: 1px solid black; padding: 2px; text-align: center;">www.apolloglobalcapital.com</div>	Company's Telephone Number/s <div style="border: 1px solid black; padding: 2px; text-align: center;">238-8100</div>	Mobile Number <div style="border: 1px solid black; padding: 2px; text-align: center;">N/A</div>
No. of Stockholders <div style="border: 1px solid black; padding: 2px; text-align: center;">797</div>	Annual Meeting (Month / Day) <div style="border: 1px solid black; padding: 2px; text-align: center;">December 14</div>	Fiscal Year (Month / Day) <div style="border: 1px solid black; padding: 2px; text-align: center;">December 31</div>

CONTACT PERSON INFORMATION			
The designated contact person <b><u>MUST</u></b> be an Officer of the Corporation			
Name of Contact Person <div style="border: 1px solid black; padding: 2px;">Kristina Joyce Caro-Gangan</div>	Email Address <div style="border: 1px solid black; padding: 2px;">main@picazolaw.com</div>	Telephone Number/s <div style="border: 1px solid black; padding: 2px;">888-0999</div>	Mobile Number <div style="border: 1px solid black; padding: 2px; text-align: center;">-</div>

CONTACT PERSON'S ADDRESS
Unit 504 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 with 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 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 Audited Consolidated Financial Statements DECEMBER 31, 2018

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### Consolidated Financial Statements

Statement of Management's Responsibility for the Consolidated Financial Statements for the years ended December 31, 2018 and 2017

Independent Auditor's Report dated April 29, 2019

Consolidated Statements of Financial Position as at December 31, 2018 and 2017

Consolidated Statements of Comprehensive Income (loss) for each of the three years ended December 31, 2018, 2017 and 2016.

Consolidated Statements of Changes in Equity for each of the three years ended December 31, 2018, 2017 and 2016

Consolidated Statements of Cash Flows for each of the three years ended December 31, 2018, 2017 and 2016

Notes to the Consolidated Financial Statements as at December 31, 2018 and 2017 and for each of the three years ended December 31, 2018, 2017 and 2016.

### Supplementary Schedules

Independent Auditor's Report on Supplementary Schedules dated  
April 29, 2019

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)	None to report
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	None to report
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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS

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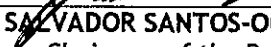
The management of APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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 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 consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

Roxas Cruz Tagle and Co., the independent auditor appointed by the stockholders, has audited the consolidated 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

  
EDWIN LIM  
Treasurer

Signed this 29th day of April 2019

**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES ) S.S.  
MAKATI CITY, METRO MANILA )


**SUBSCRIBED AND SWORN** to before me this APR 26 2019 in Makati City, Metro Manila, affiants exhibiting to me the following:

<u>Name</u>	<u>Government ID</u>	<u>Date &amp; Place Issued</u>
Salvador Santos-Ocampo	SSS No. 33-6881735-6	
Vittorio P. Lim	Driver's License No. N02-02-001052	Valid until 01/08/2022
Edwin Llm	Passport No. EC3652821	12 March 2015 / DFA Manila

all known to me and to me known to be the same persons who executed the foregoing Certificate of Increase of Authorized Capital Stock and they acknowledged to me that the same is their free and voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and in the place first above written.

Doc. No. 322 :  
Book No. 11 :  
Page No. 67 :  
Series of 2019.

  
**KIRSTEN ERIKA A. CASAS**  
Appointment No. M-143  
Notary Public for Makati City  
Until December 31, 2019  
Liberty Center-Picazo Law  
104 H.V. dela Costa Street, Makati City  
Roll No. 63265  
PTR No. 7339305/Makati City/01-06-2019  
IBP No. LRN-002560/RSM/5-11-2017  
MCE Compliance No. VI-0021457/7-26-2019

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders  
APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY  
Unit 504 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 statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years then ended December 31, 2018, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2018 and 2017, and its financial performance and its cash flows for each of the three years then ended December 31, 2018, 2017 and 2016 in accordance with Philippine Financial Reporting Standards (PFRS).

#### *Basis for Opinion*

We conducted our audits 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 (KAM)*

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.

### Carrying value of mine properties

The Company is required to assess relevant facts and circumstances that may affected the carrying value of mine properties. This is significant to our audit because the amounted to ₱3.3 billion and assessment involves significant judgment. We have reviewed the reasonableness of assumptions and circumstances considered by the management.

### *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-A and Annual Report for the year ended December 31, 2018, 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, 2018 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 audits 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 audits or otherwise appears to be materially misstated.

### *Responsibilities of Management and Those Charged with Governance for the 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Maria Carmina A. Ussher.

**ROXAS CRUZ TAGLE AND CO.**



Maria Carmina A. Ussher  
Partner

CPA Certificate No. 0068006

Tax Identification No. 123-046-738

PTR No. 7348362, issued on January 10, 2019, Makati City

PRC/BOA Accreditation No. 0005 (Firm), issued on December 13, 2018  
effective until July 20, 2021

SEC Accreditation No. 0007-FR-5 (Firm), Group A  
issued on July 5, 2018, effective until July 4, 2021

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

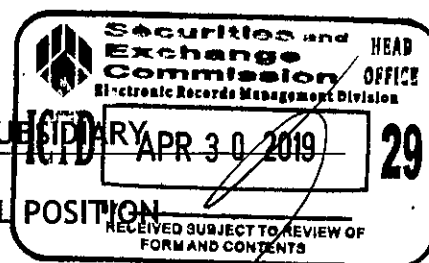
BIR Accreditation No. 08-001682-14-2018 issued on January 26, 2018  
effective until January 26, 2021

April 29, 2019  
Makati City, Philippines



APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018 AND 2017



	Note	2018	2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	6	₱1,545,052	₱1,087,826
Other current assets	7	2,754,536	2,628,482
<b>Total Current Assets</b>		<b>4,299,588</b>	<b>3,716,308</b>
<b>Noncurrent Assets</b>			
Loan receivable	8	254,500,000	254,500,000
Accrued interest receivable	8	10,561,750	8,016,750
Advances to suppliers	9	40,577,963	25,197,105
Advances to related parties	16	2,595,022	2,595,022
Property and equipment, net	10	75,618	58,947
Mine properties	11	3,254,424,051	3,227,427,393
Deferred tax asset	17	4,204,257	2,129,954
Other non-current assets		326,100	479,252
<b>Total Noncurrent Assets</b>		<b>3,569,994,761</b>	<b>3,520,404,423</b>
		<b>₱3,574,294,349</b>	<b>₱3,524,120,731</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts and other payables	12	₱41,296,821	₱46,041,306
Loan payable	16	10,000,000	10,000,000
Advances from a supplier		51,500,000	-
Advances for future royalties	13	-	45,982,143
<b>Total Current Liabilities</b>		<b>102,796,821</b>	<b>102,023,449</b>
<b>Noncurrent liabilities</b>			
Due to a related party	16	1,862,964	1,644,365
Deposit for future stock subscriptions	16	254,227,307	192,712,307
<b>Total Noncurrent Liabilities</b>		<b>256,090,271</b>	<b>194,356,672</b>
<b>Total Liabilities</b>		<b>358,887,092</b>	<b>296,380,121</b>
<b>EQUITY</b>			
Share capital	14	2,751,960,715	2,751,960,715
Share premium		17,586,961	17,586,961
Deficit		(70,176,862)	(59,980,879)
Non-controlling interest		516,036,443	518,173,813
<b>Total Equity</b>		<b>3,215,407,257</b>	<b>3,227,740,610</b>
		<b>₱3,574,294,349</b>	<b>₱3,524,120,731</b>

See Notes to the Financial Statements.

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR EACH OF THE THREE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016**

	<i>Note</i>	2018	2017	2016
<b>General and Administrative Expenses</b>				
Professional fees		P3,958,726	P2,237,563	P292,500
Taxes and licenses		3,837,948	22,578,634	P227,853
Management fees		2,706,987	-	-
Mobilization cost		1,601,195	206,473	-
Rent	19	762,941	842,334	-
Legal fees		433,875	-	-
Representation		397,529	70,000	-
Travel and transportation		315,524	185,069	-
Office supplies		290,373	124,666	-
Registration and license fees		250,000	275,220	525,220
Association dues		112,131	165,953	-
Meals and entertainment		92,243	-	-
Postage and courier		56,272	-	-
Depreciation	10	45,552	46,960	-
Training and seminars		30,500	-	-
Repairs and maintenance		2,500	-	-
Fines and penalties		1,517	-	-
Gasoline and oil		-	33,399	-
Miscellaneous		1,143,707	758,470	29,810
<b>Operating Loss</b>		<b>16,039,520</b>	<b>27,524,741</b>	<b>1,075,383</b>
<b>Other Income, net</b>				
Interest income	15	2,275,959	2,279,638	2,275,527
Foreign exchange gain		1,351	-	-
Miscellaneous income		-	-	50,000
Bank charges		-	(6,096)	-
Interest expense	16	(600,000)	(350,000)	-
		<b>1,677,310</b>	<b>1,923,542</b>	<b>2,325,527</b>
<b>Profit (Loss) Before Income Tax</b>		<b>(14,362,210)</b>	<b>(25,601,199)</b>	<b>1,250,144</b>
<b>Provision For (Benefit from) Income Tax</b>				
Current	17	45,446	45,466	46,446
Deferred		(2,074,303)	(895,550)	-
		<b>(2,028,857)</b>	<b>(850,084)</b>	<b>46,446</b>
<b>Net Income (Loss)</b>		<b>(12,333,353)</b>	<b>(24,751,115)</b>	<b>1,203,698</b>
Other comprehensive income		-	-	-
<b>Total Comprehensive Income (Loss)</b>		<b>(P12,333,353)</b>	<b>(P24,751,115)</b>	<b>P1,203,698</b>

*See Notes to the Consolidated Financial Statements.*

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR EACH OF THE THREE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

	Note	2018	2017	2016
<b>Net Loss For The Year Attributable To:</b>				
Owners of the Parent		(P10,195,983)	(P20,461,747)	
Non-controlling interest		(2,137,370)	(4,289,368)	
		(P12,333,353)	(P24,751,115)	
<b>Basic and Dilutive Earnings Per Share</b>	18	(P0.00004)	(P0.00007)	P0.00004

*See Notes to the Consolidated Financial Statements.*

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR EACH OF THE THREE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016**

	<i>Note</i>	2018	2017	2016
<b>Share capital</b>	14			
At January 1		P2,751,960,715	P278,000,000	P278,000,000
Issuance of shares of stock		-	2,473,960,715	-
At December 31		2,751,960,715	2,751,960,715	278,000,000
<b>Share premium</b>		17,586,961	17,586,961	17,586,961
<b>Deficit</b>				
At January 1		(59,980,879)	(35,668,981)	(36,872,679)
Net profit (loss) for the year attributable to Parent Company		(10,195,983)	(24,311,898)	1,203,698
At December 31		(70,176,862)	(59,980,879)	(35,668,981)
<b>Non-controlling interest</b>				
At January 1		518,173,813	518,613,030	-
Net loss for the year attributable to the non-controlling interest		(2,137,370)	(439,217)	-
At December 31		516,036,443	518,173,813	-
<b>TOTAL EQUITY</b>		<b>P3,215,407,257</b>	<b>P3,227,740,610</b>	<b>P295,586,961</b>

*See Notes to the Consolidated Financial Statements.*

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR EACH OF THE THREE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016**

	<i>Note</i>	2018	2017	2016
<b>Cash flows from operating activities</b>				
Profit (Loss) before income tax		(P17,092,210)	(P26,238,040)	P1,250,144
Adjustments for:				
Depreciation	10	45,552	46,960	-
Unrealized foreign exchange gains		(1,351)	-	-
Interest income	15	(2,275,959)	(2,279,668)	(2,275,527)
Interest expense	16	600,000	350,000	-
Operating loss before working capital changes		(18,723,968)	(28,120,748)	(1,025,383)
Changes in working capital accounts				
Increase in				
Other receivables		-	-	(272,679)
Input VAT		(69,995)	-	-
Other current assets		(56,059)	(33,682)	(18,870)
Decrease in accounts and other payables		(99,349)	(50,720,917)	(179,086)
<b>Net cash used for operations</b>		<b>(18,949,371)</b>	<b>(78,875,347)</b>	<b>(1,496,018)</b>
Interest received		3,680	7,347	3,206
Income tax paid		(45,446)	(45,466)	(46,446)
<b>Net cash used in operating activities</b>		<b>(18,991,137)</b>	<b>(78,913,466)</b>	<b>(1,539,258)</b>
<b>Cash flows from investing activities</b>				
Acquisition of property and equipment	10	(62,223)	(56,525)	-
Increase in website cost		-	(13,600)	-
Increase in mine properties		(26,996,659)	(14,281,724)	-
Decrease in other non-current assets		153,152	-	-
<b>Net cash used in investing activities</b>		<b>(26,905,730)</b>	<b>(14,351,849)</b>	<b>-</b>
<b>Cash flows from financing activities</b>				
Additional advances to related parties	16	(7,192,257)	(23,378,696)	-
Additional advances to suppliers	7	(15,380,857)	(22,479,505)	-
Additional due to related parties	16	7,410,856	23,477,938	1,515,123
Receipt payment for advances for future royalties	13	-	51,500,000	-
Proceeds from deposits for future stock subscription	16	61,515,000	53,900,000	-
Proceeds from loan availment	16	-	10,000,000	-
<b>Net cash provided by financing activities</b>		<b>46,352,742</b>	<b>93,019,737</b>	<b>1,515,123</b>
<b>Effect of exchange rate changes on cash</b>		<b>1,351</b>	<b>-</b>	<b>-</b>

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR EACH OF THE THREE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

	2018	2017	2016
Net increase (decrease) in cash	457,226	(245,578)	(24,135)
Cash			
January 1	1,087,826	1,333,404	1,176,539
December 31	<b>₱1,545,052</b>	<b>₱1,087,826</b>	<b>₱1,152,404</b>

*See Notes to the Consolidated Financial Statements.*

## APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

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### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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#### 1. Reporting Entity

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) 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.

The Parent Company's primary purpose was amended to that of a holding company which is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer or otherwise dispose of real or personal property of every kind and description.

On August 9, 2012, the SEC approved the Parent Company's application to list ₱278 million common shares by way of introduction in the second board of the Philippine Stock Exchange (PSE) at an initial price of ₱1 per share. On October 18, 2012, the Parent Company was listed in the PSE.

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.

Effective June 22, 2018, the Parent Company has changed its principal business address to Unit 504, 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 primarily to carry on the business of exploring, prospecting and operating mines and quarries of all kind of ores and minerals.

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 Parent Company and its subsidiary are collectively referred as the "Group".

On February 17, 2017, the Parent Company and JDVC's shareholders entered into a share swap agreement 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 ₱100 per share) at an exchange price of ₱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. Basis of Preparation

### Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on April 29, 2019.

### Basis of Measurement

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

The Parent Company's financial position as at December 31, 2018 and its financial performance and its cash flows for each of the three years ended December 31, 2018, 2017 and 2016 were used as the comparative figures in this consolidated financial statements.

### Functional and Presentation Currency

The consolidated financial statements are presented in Philippine Peso (₱), which is also the Group's functional and presentation currency, and all values represent absolute amounts, except when otherwise indicated.

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## 3. Significant Accounting Policies

### Adoption of New and Amended PFRS

The accounting policies applied are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual period beginning on or after January 1, 2018:

- PFRS 9, Financial Instruments - This standard replaces PAS 39, Financial Instruments: Recognition and Measurement (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and liabilities, impairment, hedge accounting, recognition, and derecognition.
  - PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which these are held and its contractual cash flow characteristics.
  - For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.
  - For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.
  - For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.



- o The derecognition provisions are carried over almost unchanged from PAS 39.

Based on the Group's analysis of its business model and the contractual cash flow characteristics of its financial assets and liabilities as at December 31, 2018, the Group has concluded that all of its financial assets and liabilities shall continue to be measured on the same basis as under PAS 39.

The following table shows the original classification categories under PAS 39 and the new classification categories under PFRS 9 for each class of the Group's financial assets as at January 1, 2018:

	Classification under PAS 39	Classification under PFRS 9	Carrying Amount under PAS 39	Carrying Amount under PFRS 9
Cash	Loans and receivables	Financial assets at amortized cost	P1,087,826	P1,087,826
Loan receivable	Loans and receivables	Financial assets at amortized cost	254,500,000	254,500,000
Accrued interest receivable	Loans and receivables	Financial assets at amortized cost	8,016,750	8,016,750
Advances to related parties	Loans and receivables	Financial assets at amortized cost	2,595,022	2,595,022
Advances to suppliers	Loans and receivables	Financial assets at amortized cost	25,197,105	25,197,105
Security deposits	Loans and receivables	Financial assets at amortized cost	479,252	479,252

The Group assessed that the adoption of PFRS 9, specifically on determining impairment loss using simplified approach (or general approach, as applicable), has no impact on the carrying amounts of the Group's financial assets carried at amortized cost.

- PFRS 15, Revenue from Contracts with Customers - The new standard replaces PAS 11, Construction Contracts, PAS 18, Revenue, and their related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g. the point at which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract, etc.).

The Group has no revenue for the year ended December 31, 2018, thus, the adaption of this new standard has no impact to the Group.

- Amendments to PFRS 15, Revenue from Contract with Customers - Clarification to PFRS 15 - The amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

The adoption of the foregoing new and amended PFRS did not have any material effect on the consolidated financial statements. Additional disclosures have been included in the consolidated notes to the financial statements, as applicable.

### New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2018 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2019:

- PFRS 16, Leases - This standard will replace PAS 17, Leases and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees' statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.
- Amendments to PFRS 9, Financial Instruments - Prepayment Features with Negative Compensation - The amendments allow entities to measure particular prepayable financial assets with negative compensation at amortized cost or at fair value through other comprehensive income (instead of at fair value through profit or loss) if a specified condition is met. It also clarifies the requirements in PFRS 9, Financial Instruments for adjusting the amortized cost of a financial liability when a modification or exchange does not result in its derecognition (as opposed to adjusting the effective interest rate).

Effective for annual periods beginning on or after January 1, 2021:

- Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture - The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group.

### Current versus Noncurrent Classification

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

- (a) expected to be realized or intended to be sold or consumed in the normal operating cycle;
- (b) held primarily for the purpose of trading;
- (c) expected to be realized within 12 months after the reporting period; or
- (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when it is:

- (a) expected to be settled in the normal operating cycle;
- (b) held primarily for trading;
- (c) due to be settled within 12 months after the reporting period; or
- (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

#### Financial Assets and Financial Liabilities

*Date of Recognition.* The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial 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.

*Initial Recognition and Measurement.* 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 initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

*Classification.* The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

*Financial Assets at Amortized Cost.* Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. 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 profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2018 and 2017, the Group's cash, loan receivable, accrued interest receivable, advances to suppliers, and advances to related parties are included under this category (see Notes 6, 8, 9 and 17).

*Financial Liabilities at Amortized Cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2018 and 2017, the Group's liabilities arising from its accounts and other payables, excluding government dues, loan payable, advances from a supplier and due to a related party are included under this category (see Notes 12, and 17).

#### **Reclassification**

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

#### **Impairment of Financial Assets at Amortized Cost and FVOCI**

The Group records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since the initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

## **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 right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial 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 right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial 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, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

## **Offsetting of Financial Assets and Liabilities**

Financial assets and financial liabilities are offset and the net amount 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.

## Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- 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 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.

### Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its 82.67%-owned Subsidiary. Subsidiary is an entity 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 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 interest, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiary to bring its 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 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 in retained earnings, as appropriate.

#### 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.

#### Cash

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

#### 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.

#### 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>
Furniture, fixtures and equipment	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 these 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.

#### 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.

#### 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 exploration and evaluation asset (that does not represent a business) are also capitalized.

These 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.

#### 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 amount 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.

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.

### 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 notes to the consolidated 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.

### 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 noncurrent liabilities.

### 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 noncurrent liability.

### 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.

#### Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

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.

#### 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.

#### 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.

#### Related parties

Related-party transactions are transfers of resources, services or obligations between the Branch and its related parties, regardless whether a price is charged.

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.

### 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.

### 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.

### Events after the financial reporting date

Post year-end events up to the date of the auditor's 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 notes to the consolidated financial statements, when material.

#### 4. 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 P 2,473,960,715 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%)	<u>P2,473,960,715</u>	
Consideration received	<u>2,473,960,715</u>	
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:

<u>Revenues</u>	<u>P-</u>
<b>Expenses</b>	
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
	<hr/> <b>P636,871</b> <hr/>
<b>Other income</b>	<b>P30</b>

#### 5. Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

##### Judgments

In the process of applying the accounting policies, the Group has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the financial statements:

*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.

*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 P762,941 in 2018, P842,334 in 2017 and nil in 2016, as shown in the consolidated statements of comprehensive income (loss).

#### Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

*Estimation of allowance for credit losses.* A credit loss is recognized 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.

The amount and timing of the recorded expenses for any period would differ if the Group made different judgments or utilized different methodologies. An increase in the allowance for impairment losses would increase the recorded costs and expenses and decrease current assets.

As at December 31, 2018 and 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, 2018 and 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 noncurrent assets.

The estimated useful lives of items of property and equipment are set out in Note 3.

Property and equipment, net, amounted to P75,618 and P58,947 as at December 31, 2018 and 2017, respectively (see Note 10).

*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 2018, 2017 and 2016.

*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, 2018 and 2017 amounted to ₱3,257,154,051 and ₱3,227,427,393, respectively (see Note 11).

*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, 2018 and 2017 are as follow:

	<i>Note</i>	2018	2017
Property and equipment, net	10	P75,618	P58,947
Other noncurrent assets		326,100	326,100
Deferred tax asset	17	4,204,257	2,129,954
		<b>P4,605,975</b>	<b>P2,515,001</b>

Based on management's review of its non-financial assets, no impairment has occurred for the years ended December 31, 2018, 2017 and 2016.

*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, 2018 and 2017 amounted to P4,204,257 and P2,129,954, respectively, as shown in the consolidated statements of financial position.

## 6. Cash

The account consists of:

	2018	2017
Cash on hand	P50,000	P50,000
Cash in banks	1,495,052	1,037,826
	<b>P1,545,052</b>	<b>P1,087,826</b>

Cash in banks earn interest at the prevailing bank deposit rates.

Interest income earned from these deposits amounted to P3,638 in 2018, P7,317 in 2017 and P3,206 in 2016 (see Note 16).

## 7. Other Current Assets

This account consists of:

	2018	2017
Creditable withholding taxes	P1,282,935	P1,328,381
Input VAT	1,471,601	1,300,101
	<b>P2,754,536</b>	<b>P2,628,482</b>

## 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. Interest income earned from the advances amounted to P2,272,321 in 2016 (see Note 16).

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.

Interest earned amounted to P2,272,321 in 2018, 2017 and 2016 (see Note 16).

## 9. Advances to Suppliers

This account consists of:

	2018	2017
Advances to:		
Agbiag Mining Development Corporation	P8,210,274	P3,718,514
Advance Tech Resources Mining & BPT	30,328,563	21,478,591
Others	2,039,126	-
	<b>P40,577,963</b>	<b>P25,197,105</b>

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 noncurrent asset in the consolidated statements of financial position.

## 10. Property and Equipment, Net

This account consists of office furniture, fixtures and equipment, which balances are as follow:

	2018	2017
<b>Cost</b>		
At January 1	P105,907	P-
Acquisition of JDVC	-	49,382
Acquisitions during the year	62,223	56,525
At December 31	168,130	105,907
<b>Accumulated depreciation</b>		
At January 1	46,960	-
Provision	45,552	46,960
At December 31	92,512	46,960
<b>Net book value</b>		
At December 31	P75,618	P58,947

The Group recognized depreciation on its property and equipment amounting to P45,552 in 2018 and P46,960 in 2017, as shown in the consolidated statements of comprehensive income (loss).

## 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, covering 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.

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 (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 Catagayan 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 Catagayan 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 Catagayan Mining Resources (Phils.) Inc. were all registered with DENR on April 2, 2018.

In 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 of the vessels. With the yearly production schedule of 6.91 million tons of raw sand with an average  $M_f$  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, 2018 and 2017, the Group does not have any contractual commitments for additional exploration.

### Reconciliation of exploration and evaluation assets

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

	2018	2017
<b>Cost</b>		
At January 1	P3,227,427,393	P-
Additions during the year	26,996,658	
Transfers from exploration and evaluation assets during the year	-	3,227,427,393
At December 31	P3,254,424,051	P3,227,427,393

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 of impairment in 2018 and 2017, since the carrying amount of the asset is likely to be recovered.

## **12. Accounts and Other Payables**

The account consists of:

	2018	2017
Accounts payable	P37,965,637	P37,866,216
Accrued expenses	2,023,682	1,700,206
Government dues	1,193,677	6,429,259
Others	113,825	45,625
	P41,296,821	P46,041,306

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. 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, 2018 and 2017 amounted to ₱37,500,000.

Other composition of the accounts payable as at December 31, 2018 and 2017, in the amount of ₱465,637 and ₱366,126, respectively, pertain to outstanding obligations to 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, which are remitted on the subsequent month.

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### 13. Advances for Future Royalties

On September 1, 2014, the Group entered in a royalty agreement with Agbiag Mining and Development Corporation, operating contractor of the Group, by granting the latter irrevocable 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 Group shall earn royalty income of US\$4.00 up to US\$9.33 per ton or specifically in accordance with the proposed slide-up-slide-down net joint venture share remittance, or six percent (6%) of the FOB cost, whichever is higher.

In 2017, the Subsidiary received advance royalty payment from Agbiag Mining and Development Corporation in the amount of ₱45,982,143, as shown in the statements of financial position.

On a special meeting held by the BOD on October 10, 2018, it was resolved that the occupational fees, as stated in the agreement, will be waived indefinitely starting 2018 and subsequent years due to the failure of both parties to conduct full extraction operation during the year. Further, on the same date, the BOD resolved that the advances for future royalties received from Agbiag Mining and Development Corporation in 2017 amounting to ₱51,500,000 will be refunded by the Subsidiary. Accordingly, this has been reclassified to advances from a supplier, as shown in the consolidated statements of financial position.



#### 14. Share Capital

The pertinent information on this account as of December 31, 2018 and 2017 is presented hereunder:

	<u>Number of shares</u>	<u>Amount</u>
Authorized - par value of ₱0.01 per share	<u>600,000,000,000</u>	<u>₱6,000,000,000</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 ₱1 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 Parent Company's BOD, in its special meeting, approved the quasi-reorganization and increase in its authorized capital stock. The quasi-reorganization will reduce the par value of the Parent Company's one billion authorized common shares from ₱1 to ₱0.01. Further, the authorized capital stock will be increased to ₱3,000,000,000 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:

	<u>Shares</u>	<u>Amount</u>
Authorized capital stock	100,000,000,000	₱1,000,000,000
Par value per share		₱0.01
Issued and outstanding	27,800,000,000	₱278,000,000

Instead of the ₱3,000,000,000 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 (P 1,000,000,000) 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 P 3,000,000,000 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 the 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, 2018, the total number of stockholders of the Parent Company is 797.

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## 15. Interest Income

This account consists of interest income from the following:

	<i>Note</i>	2018	2017	2016
Cash	6	P3,638	P7,317	P3,206
Loan receivable	8	2,272,321	2,272,321	2,272,321
		<b>P2,275,959</b>	<b>P2,279,638</b>	<b>P2,275,527</b>

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## 16. Related-Party Transactions and Balances

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

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

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		Note	Nature of transaction	Terms and conditions	Security	Nature of consideration to be provided in settlement	Guarantees received		Allowance for impairment loss		Impairment loss	
	2018	2017						2018	2017	2018	2017	2018	2017
<b>Entity with common shareholders</b>													
a) Cagayan Ore Metal Mining Exploration Corporation	P865,008	P865,008		Advance payments made by the Subsidiary 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	P865,007		Advance payments made by the Subsidiary 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	P865,007		Advance payments made by the Subsidiary 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>Key management personnel</b>													
Individual 1	(P1,862,964)	(P1,644,365)		Advance payments made by the related party for the Parent Company's operational expenses	Non-interest bearing; to be settled beyond 12 months	Unsecured	Cash	None	P-	P-	P-	P-	P-

Related party	Outstanding balance		Note	Nature of transaction	Terms and conditions	Security in settlement	Nature of consideration to be provided	Guarantees received	Allowance for impairment loss			Impairment loss		
	2018	2017							2018	2017	2018	2017	2018	2017
<b>Other related parties</b>														
Individual 1	(P10,000,000)	(P10,000,000)	(1)	Loan payable	Interest bearing; due and demandable Non-interest bearing; to be applied in stock subscription	Unsecured	Cash	None	P-	P-	P-	P-	P-	P-
	(30,467,816)	(30,467,816)		Deposit for future stock subscription		Unsecured	Cash	None	-	-	-	-	-	-
	(P40,467,816)	(P40,467,816)							P-	P-	P-	P-	P-	P-
Individual 2	(P8,672,054)	(P8,672,054)		Deposit for future stock subscription	Non-interest bearing; to be applied in stock subscription	Unsecured	Cash	None	P-	P-	P-	P-	P-	P-
	(P77,082,996)	(P77,082,996)		Deposit for future stock subscription	Non-interest bearing; to be applied in stock subscription	Unsecured	Cash	None	P-	P-	P-	P-	P-	P-
Individual 3	(P84,928,221)	(P84,928,221)		Deposit for future stock subscription	Non-interest bearing; to be applied in stock subscription	Unsecured	Cash	None	P-	P-	P-	P-	P-	P-
Individual 4	(P35,903,627)	(P29,388,627)		Deposit for future stock subscription	Non-interest bearing; to be applied in stock subscription	Unsecured	Cash	None	P-	P-	P-	P-	P-	P-
Individual 5				Deposit for future stock subscription	Non-interest bearing; to be applied in stock subscription	Unsecured	Cash	None	P-	P-	P-	P-	P-	P-

Related party	Outstanding balance		Note	Nature of transaction	Terms and conditions	Security	Nature of consideration to be provided in settlement	Guarantees received	Allowance for impairment loss		Impairment loss	
	2018	2017							2018	2017	2018	2017
Individual 6	<u>(P7,708,492)</u>	<u>(P7,708,492)</u>		Deposit for future stock subscription	Non-interest bearing; to be applied in stock subscription	Unsecured	Cash	None	P-	P-	P-	P-
Individual 7	<u>(P7,708,492)</u>	<u>(P7,708,492)</u>		Deposit for future stock subscription	Non-interest bearing; to be applied in stock subscription	Unsecured	Cash	None	P-	P-	P-	P-
Individual 8	<u>(P1,755,609)</u>	<u>(P1,755,609)</u>		Deposit for future stock subscription	Non-interest bearing; to be applied in stock subscription	Unsecured	Cash	None	P-	P-	P-	P-

(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 P600,000 in 2018 and 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 in 2017, 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.

## 17. Income Taxes

The income tax expense consists of:

	2018	2017	2016
Current tax	P45,446	P45,446	P46,446
Deferred tax	(2,074,303)	(895,550)	-
	<b>(P2,028,857)</b>	<b>(P850,084)</b>	<b>P45,446</b>

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:

	2018	2017	2016
Loss before income tax	<b>(P14,362,210)</b>	<b>(P25,601,199)</b>	<b>P1,250,144</b>
Income tax computed at statutory tax rate of 30%	<b>(P4,308,663)</b>	<b>(P7,680,360)</b>	<b>P375,043</b>
Tax effect of:			
Non-taxable income	(404)	-	-
Interest income subject to final tax	(1,091)	(2,203)	(962)
Non-deductible expenses	503,108	134,463	17
Tax arbitrage on interest	261	715	-
Unrecognized deferred tax asset of the Parent Company on NOLCO	1,484,313	6,651,835	(327,652)
Minimum corporate income tax	45,446	45,466	-
Expired portion of DTA - NOLCO	248,173	-	-
Income tax expense	<b>(P2,028,857)</b>	<b>(P850,084)</b>	<b>P46,446</b>

### Parent Company

Details of the unrecognized deferred tax assets are as follow:

	2018	2017
Net operating loss carry-over (NOLCO)	P7,686,311	P6,651,835
Minimum corporate income tax (MCIT)	137,378	344,659
	<b>P7,823,689</b>	<b>P6,996,494</b>

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
2014	2017	P1,962,088	P-	(P1,962,088)	P-
2017	2020	22,172,784	-	-	22,172,784
2018	2021	3,448,253	-	-	3,448,253
		P27,583,125	P-	(P1,962,088)	P25,621,037

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

Year of incurrence	Year of expiry	Amount	Applied	Expired	Balance
2014	2017	P150,961	P-	(P150,961)	P-
2015	2018	252,747	-	(252,747)	-
2016	2019	46,446	-	-	46,446
2017	2020	45,466	-	-	45,466
2018	2021	45,466	-	-	45,466
		P541,086	P-	(P403,708)	P137,378

#### 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-	(P827,244)	P-
2016	2019	3,287,435	-	-	3,287,435
2017	2020	2,985,167	-	-	2,985,167
2018	2021	7,741,586	-	-	7,741,586
		P14,841,432	P-	(P827,244)	P14,014,188

Deferred tax assets on NOLCO amounted to P4,204,257 and P2,129,954 as at December 31, 2018 and 2017, respectively.

As at December 31, 2018 and 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.



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## 18. Earnings Per Share

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

	2018	2017	2016
Profit (loss) for the year attributable to the owners of the Parent	(P10,195,983)	(P20,461,747)	P1,203,698
Weighted average number of shares outstanding	275,196,071,520	275,196,071,520	27,800,000,000
Basic and dilutive earnings (loss) per share	(P0.00004)	(P0.00007)	P0.00004

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 the financial reporting date and the date of authorization of these consolidated financial statements.

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## 19. 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 a period of (2) years commencing on December 15, 2016 until January 14, 2018. The contract was renewed thereafter but was terminated by the Subsidiary on February 15, 2019.

Total rent expense amounted to P762,941 in 2018 and P842,334 in 2017 and nil in 2016, as shown in the consolidated statements of comprehensive income.

### *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, 2018 and 2017.

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## 20. Financial Risk and Capital Management Objectives and Policies

### **Risk management objectives and policies**

#### Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Credit Risk
- Market Risk
- Interest Rate Risk
- Liquidity Risk

This note presents information about the exposure to each of the foregoing risks, the objectives, policies and processes for measuring and managing these risks, and for management of capital.

The principal non-trade related financial instruments of the Group only includes cash. This financial instrument is used mainly for working capital management purposes. The trade-related financial assets and financial liabilities of the Group such as advances to suppliers, advances to related parties and accounts and other payables, excluding government dues, loan payable, advances from a supplier and due to a related party, arise directly from and are used to facilitate its daily operations.

The BOD has the overall responsibility for the establishment and oversight of the risk management framework of the Group.

The risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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. For transactions that involve special credit terms arrangement, the Group may require approval of the BOD.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

Quantitative disclosures of the credit risk exposure in relation to financial assets as at December 31, 2018 and 2017 are set out below:

	Note	2018	2017
Cash	6	₱1,495,052	₱1,037,826
Loan receivable	8	254,500,000	254,500,000
Accrued interest receivable	8	10,561,750	8,016,750
Advances to suppliers*	9	10,249,400	3,718,514
Advances to related parties	16	2,595,022	2,595,022
Security deposit		-	153,152
		<b>₱279,401,224</b>	<b>₱270,021,264</b>

\*Exclusive of advances to Advanced Tech Mining & BPT

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, 2018 and 2017 are set out below:

	Note	2018		2017	
		Carrying Value	Maximum Exposure	Carrying Value	Maximum Exposure
<b>Financial assets</b>					
Cash	6	P1,495,052	P1,495,052	P1,037,826	P1,037,826
Loan receivable	8	254,500,000	254,500,000	254,500,000	254,500,000
Accrued interest receivable	8	10,561,750	10,561,750	8,016,750	8,016,750
Advances to suppliers*	9	10,249,400	10,249,400	4,378,785	4,378,785
Advances to related parties	16	2,595,022	2,595,022	2,595,022	2,595,022
Security deposit		-	-	153,152	153,152
		<b>P279,401,224</b>	<b>P279,401,224</b>	<b>P270,681,535</b>	<b>P270,681,535</b>

\*Exclusive of advances to Advanced Tech Mining & BPT

The Group's management considers none of the financial assets to be impaired or past due at the end of each financial reporting period.

- (a) *Cash*. The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.
- (b) *Loan receivable and accrued interest receivable*. Management does not perceive any significant risk exposure arising from related party transactions and balances. Loan receivable and accrued interest receivable mostly pertain to receivable from its former shareholder, hence there is no perceived credit risk.
- (c) *Advances to related parties*. In respect of advances to related parties, the Group is not exposed to any significant credit risk exposure since these receivables are substantially due from related companies which has a decent credit standing.

#### 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 these fall due. The Group also has a committed line of credit that it can access to meet liquidity needs.

Maturity profile of financial liabilities:

	Note	2018				
		Carrying value	On demand	<1 year	1-5 years	>5 years
<b>Contractual undiscounted payments</b>						
Accounts and other payables*	12	P40,103,144	P40,103,144	P-	P-	P-
Loan payable	16	10,000,000	10,000,000	-	-	-
Advances from a supplier		51,500,000	51,500,000	-	-	-
Due to a related party	16	1,862,964	-	-	1,862,964	-
		<b>P103,466,108</b>	<b>P101,603,144</b>	<b>P-</b>	<b>1,862,964</b>	<b>P-</b>

2017						
Contractual undiscounted payments						
	Note	Carrying value	On demand	<1 year	1-5 years	>5 years
Accounts and other payables*	12	P39,612,047	P39,612,047	P-	P-	P-
Loan payable	16	10,000,000	10,000,000	-	-	-
Due to a related party	16	1,644,365	-	-	1,644,365	-
		P51,256,412	P49,612,047	P-	P1,644,365	P-

\* 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

As at December 31, 2018 and 2017, the Company is exposed to changes in market interest rates through its cash in banks. The interest rate on cash in banks is 0.25% to 2.5% in 2018 and 2017. However, the effect of reasonably possible changes in interest rates to the Group's profit before tax and equity is not significant.

#### Foreign currency risk

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

As of December 31, 2018 and 2017, the Group has transactional currency exposures and maintains several U.S. dollar (US\$) accounts to manage its foreign currency denominated transactions.

The Group's monetary assets and liabilities denominated in foreign currency as of the statements of financial position date are as follow:

	Note	Currency	2018		2017	
			Foreign	Philippine Peso	Foreign	Philippine Peso
Cash	6	US\$	\$507	P26,737	\$508	P25,335

#### 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 0.11:1 and 0.09:1 as at December 31, 2018 and 2017, respectively.

The Group defines capital as share capital, share premium, deficit and non-controlling interest.

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.

## 21. Financial Assets and Financial Liabilities

The carrying amount and fair value of the categories of financial assets and liabilities presented in the consolidated statements of financial position are as follow:

	Note	2018		2017	
		Carrying values	Fair Values	Carrying values	Fair values
<b>Financial assets</b>					
Cash	6	P1,545,052	P1,545,052	P1,087,826	P1,087,826
Loan receivable	8	254,500,000	150,638,159	254,500,000	142,111,471
Accrued interest receivable	8	10,561,750	10,561,750	8,016,750	8,016,750
Advances to suppliers*	9	10,249,400	10,249,400	3,718,514	3,718,514
Advances to related parties	16	2,595,022	2,595,022	2,595,022	2,595,022
Security deposit		-	-	153,152	153,152
		<b>P279,451,224</b>	<b>P175,589,383</b>	<b>P270,071,264</b>	<b>P157,682,735</b>
<b>Financial liabilities</b>					
Accounts and other payables**	12	P40,103,144	P40,103,144	P39,612,047	P39,612,047
Loan payable	16	10,000,000	10,000,000	10,000,000	10,000,000
Advances from a supplier		51,500,000	51,500,000	-	-
Due to a related party	16	1,862,964	1,862,964	1,644,365	1,644,365
		<b>P103,466,108</b>	<b>P103,466,108</b>	<b>P51,256,412</b>	<b>P51,256,412</b>

\* Exclusive of Advances to Advanced Tech Mining & BPT

\*\* Exclusive of government dues

### Fair value hierarchy

In accordance with PFRS 13, the fair value of financial assets and liabilities and non-financial assets, which are measured at fair value on a recurring or non-recurring basis, and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: 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); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have a quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation techniques, it maximizes the use of observable market data where it is available and relies as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

Financial instruments measured at amortized cost for which fair value is disclosed

Except for fair value of cash in banks that are included in Level 1 of the fair value hierarchy, the fair values of all other financial instruments are included in Level 3 of the fair value hierarchy, as these financial instruments are not traded in an active market and its fair values are determined based on the expected cash flows of the underlying net asset or liability base of the instrument, where the significant inputs required to determine the fair values of such instruments are not based on observable market data.

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of these short-term financial instruments approximate its fair values.

The fair value of the financial assets and financial liabilities included in Level 3, as discussed above, which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument, which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

There has been no change in the valuation techniques used by the Group during the year for its non-financial assets. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2018 and 2017.

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## 22. Events After the Financial Reporting Date

At a special meeting of the Parent Company's BOD held last February 21, 2019, the BOD authorized the Parent Company to enter into a convertible loan agreement with Joanna B. Co (Lender), in the amount of P50,000,000. The loan bears an interest with a rate of 5% per annum with a maturity date of 24 months from the date of the loan agreement.

Under the terms of the loan agreement, the Lender has the right to convert the loan to equity shares of the Parent Company at par value at any time until the 10<sup>th</sup> business day before the maturity date.

There are no other material subsequent transactions or 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 Board of Directors and Stockholders  
APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY  
Unit 504 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 ITS SUBSIDIARY** ("the Group") as at and for the year ended December 31, 2018, on which we have rendered the attached report dated April 29, 2019.

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.**

  
Maria Carmina A. Ussher  
Partner  
CPA Certificate No. 0068006  
Tax Identification No. 123-046-738  
PTR No. 7348362, issued on January 10, 2019, Makati City  
PRC/BOA Accreditation No. 0005 (Firm), issued on December 13, 2018  
effective until July 20, 2021  
SEC Accreditation No. 0007-FR-5 (Firm), Group A  
issued on July 5, 2018, effective until July 4, 2021  
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 29, 2019  
Makati City, Philippines

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and Stockholders  
APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY  
Unit 504 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 ITS SUBSIDIARY ("the Group") as at December 31, 2018 and 2017 and for each of the three years ended December 31, 2018, 2017 and 2016 included in this Form 17-A, and have issued our report thereon dated April 29, 2019. Our audits were conducted for the purpose of forming an opinion on the basic 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 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 financial statements taken as a whole.

**ROXAS CRUZ TAGLE AND CO.**



Maria Carmina A. Ussher  
Partner  
CPA Certificate No. 0068006  
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effective until January 26, 2021

April 29, 2019  
Makati City, Philippines



## APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

### Schedule A. FINANCIAL SOUNDNESS INDICATORS As of DECEMBER 31, 2018

	December 31, 2018	December 31, 2017
Current ratio	0.04:1	0.04:1
Debt-to-equity ratio	0.11:1	0.09:1
Asset-to-equity ratio	1.11:1	1.09:1
Debt ratio	0.10:1	0.08:1
Interest rate coverage ratio	28.49:1	73.15:1
Return on assets	0.40%	0.70%
Return on equity	0.44%	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 (Loss)/Average Total Assets]
- (vii) Return on Equity [Net Income (Loss)/Average Total Equity]

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

**Schedule B. FINANCIAL ASSETS  
As of DECEMBER 31, 2018**

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)	Interest Income received and accrued
<b>Financial assets at amortized cost</b>				
Cash	P-	P1,545,052	P-	P-
Loan receivable	-	254,500,000	-	10,561,750
Advances to suppliers*	-	10,249,400	-	-
Advances to related parties	-	2,595,022	-	-
	P-	<b>P268,889,474</b>	P-	<b>P10,561,750</b>

\* Exclusive of Advances to Advance 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 totalled 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, 2018**

Name and Designation of debtor (f)	Balance at beginning of period	Additions	Deductions		Balance at end of period	Due date	Interest rate per annum	Terms of repayment	Collateral
			Amounts collected (ii)	Amounts written off (iii)					
Socorro Lim (Former shareholder of the Parent Company)	P- 254,500,000	P-	P-	P-	P254,500,000	December 31, 2027	1%	None	None

(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, 2018**

Name and Designation of debtor	Balance at beginning of period	Deductions		Current	Not Current	Balance at end of period
		Amounts collected (i)	Amounts written off (ii)			

**NOT APPLICABLE**

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

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

**Schedule E. INTANGIBLE ASSETS - OTHER ASSETS  
As of DECEMBER 31, 2018**

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	P326,100	P-	P-	P-	P-	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 ITS SUBSIDIARY

Schedule F. LONG-TERM DEBT  
As of DECEMBER 31, 2018

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
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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, 2018

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)
Vittorio Lim (President of the Parent Company)	P1,644,365	P1,862,964

- (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.
- (ii) For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

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

**Schedule H. GUARANTEES OF SECURITIES OF OTHER ISSUERS  
As of DECEMBER 31, 2018**

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<b>Name of issuing entity of securities guaranteed by the company for which this statement is filed</b>	<b>Title of issue of each class of securities guaranteed</b>	<b>Total amount guaranteed and outstanding (i)</b>	<b>Amount owned by person for which financial statement is filed</b>	<b>Nature of guarantee (ii)</b>
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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, 2018

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	Number of shares held by		
				Related parties (ii)	Directors, officers and employees	Others (iii)
Common shares of P0.01 par value	600,000,000,000	275,196,071,500	-	-	19,300	-

- (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, 2018**

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**APOLLO GLOBAL CAPITAL, INC.**  
(Parent Company)

**JDVC RESOURCES CORPORATION**  
(Subsidiary)

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

**Schedule K. RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION  
As of DECEMBER 31, 2018**

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**NOT APPLICABLE**

The Group posted deficit amounting to P71,770,387 as of December 31, 2018.

# APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

## L. SCHEDULE OF STANDARDS AND INTERPRETATIONS

Philippine Financial Reporting Standards and Interpretations	Issued	Revised	Adopted
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics			
PFRSs Practice Statement Management Commentary			
<b>Philippine Financial Reporting Standards</b>			
PFRS 1 (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 3 (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 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 9	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		✓
	Financial Instruments: Recognition and Measurement	✓	
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities		✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Effective	Plan	Done
Revised as of December 31, 2016		2017	2018	2019
	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			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities applying the consolidation exception			✓
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			✓
PFRS 15	Revenue	✓		
<b>Philippine Accounting Standards</b>				
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	✓		

Standard	Description	Issued	Revised	Amended
PAS 19 (Revised)	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 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	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 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			✓
<b>Philippine Interpretations</b>				
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/SIC	Description	Issued	Effective	Applicable
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	✓		