Annex C

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	1	9	9	8	0	6	8	6	5

C O M P A N Y   N A M E

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.apolloglobalcapital.com	(02) 8 532-8654	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
799	Last Friday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number	Mobile Number
Ms. Kristina Joyce Caro-Gangan	main@picazolaw.com	(02) 8 532-8654	–

CONTACT PERSON'S ADDRESS

Unit 504, Galleria Corporate Center, EDSA corner Ortigas Ave., 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

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS"

The management of **APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2019 and 2018, 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 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 in 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.

Reyes Tacandong & 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.

Signature: **SALVADOR SANTOS OCAMPO**
Name
Chairman of the Board

Signature: **VITTORIO PAULO LIM**
Name
Chief Executive Officer

Signature: **CHRISTOPHER GO**
Name
Chief Financial Officer

Signed this __th day of JUN 1 5 2020 2020.

SUBSCRIBED AND SWORN to before the this JUN ~~1 5 2020~~ affiants/s personally appeared and showed to me / their competent evidence of identity in:

ATTY. JASON G. DE BELE
Roll No. 36259
Adm. No. NP-016 Notary Public (202
Unit M Panay Commercial Buil
No. 7 Panay Ave. cor. Sct. Borromeo
IBP AR No. 13154866; QC 1-2
PTR No. 9269808, QC 1-2-
MCLE VI-0022012; 4-14-

Doc. No. 124
Page No. 26
Book No. 187
Series of 2020

Apollo Global Capital, Inc. and Its Subsidiary

Consolidated Financial Statements
December 31, 2019
(With Comparative Figures for 2018 and 2017)

With independent auditors' report provided by

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Apollo Global Capital, Inc. and its Subsidiary
Unit 1204, Galleria Corporate Center
EDSA corner Ortigas Ave., Brgy. Ugong Norte
Quezon City

Opinion

We have audited the accompanying consolidated financial statements of Apollo Global Capital, Inc. and its Subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated 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 the 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2019. 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.

Impairment Assessment of Mine Properties
The carrying amount of mine properties amounted to ₱3.3 billion as at December 31, 2019. This represents 98% of the Group's total assets and the management assesses the impairment of its mine properties whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. This matter requires the use of significant judgments and estimates and hence, is significant to our audit.

We reviewed management's determination of impairment indicators and management's assessment on the recoverability of mine properties. We evaluated the assumptions used by the Group which include the estimated reserves, foreign exchange rate and discount rate and compared them against available market and industry information, taking into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. We also reviewed the adequacy of the Group's disclosures in Note 3, *Significant Judgment, Accounting Estimates and Assumptions*, and Note 9, *Mine Properties* of the consolidated financial statements.

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, 2019, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditors' report.

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

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

Other Matter

The consolidated financial statements of the Group as at and for the years ended December 31, 2018 and 2017 were audited by another auditor, whose report dated April 12, 2019, expressed an unmodified opinion on those statements.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditors' 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 auditors' 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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 auditors' 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 auditors' report is Belinda B. Fernando.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 81207-SEC Group A
Valid until January 29, 2025
BIR Accreditation No. 08-005144-004-2019
Valid until October 16, 2022
PTR No. 8116474
Issued January 6, 2020, Makati City

June 2, 2020
Makati City, Metro Manila

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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8741 Paseo de Roxas
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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Apollo Global Capital, Inc. and its Subsidiary
Unit 1204, Galleria Corporate Center
EDSA corner Ortigas Ave., Brgy. Ugong Norte
Quezon City

We have audited the accompanying consolidated financial statements of Apollo Global Capital, Inc. (the Company) and its Subsidiary as at and for the year ended December 31, 2019, on which we have rendered our report dated June 2, 2020.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 799 stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 81207-SEC Group A
Valid until January 29, 2025
BIR Accreditation No. 08-005144-004-2019
Valid until October 16, 2022
PTR No. 8116474
Issued January 6, 2020, Makati City

June 2, 2020
Makati City, Metro Manila

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

(With Comparative Figures for 2018)

	Note	**2019**	2018
ASSETS			
Current Assets			
Cash	5	**₱1,284,390**	₱1,545,052
Other current assets	6	**3,634,557**	2,754,536
Total Current Assets		**4,918,947**	4,299,588
Noncurrent Assets			
Mine properties	9	**3,284,054,565**	3,257,154,051
Advances to contractors	8	**42,690,538**	40,577,963
Deferred tax asset	14	**5,431,194**	4,204,257
Property and equipment		**1,230,174**	75,618
Website cost		**360,777**	326,100
Advances to related parties	13	**–**	2,595,022
Loan receivable	7	**–**	254,500,000
Accrued interest receivable	7	**–**	10,561,750
Total Noncurrent Assets		**3,333,767,248**	3,569,994,761
		₱3,338,686,195	₱3,574,294,349
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	10	**₱40,237,120**	₱41,296,821
Advances from contractors		**55,151,000**	51,500,000
Loan payable	13	**–**	10,000,000
Total Current Liabilities		**95,388,120**	102,796,821
Noncurrent Liabilities			
Deposits for future stock subscription	13	**246,149,562**	254,227,307
Long-term debt	11	**13,950,000**	–
Advances from a related party	13	**1,682,983**	1,862,964
Total Noncurrent Liabilities		**261,782,545**	256,090,271
Total Liabilities		**357,170,665**	358,887,092
Equity			
Capital stock	12	**2,803,363,493**	2,751,960,715
Additional paid-in capital		**17,586,961**	17,586,961
Deficit		**(86,178,648)**	(70,176,862)
Non-controlling interest		**246,743,724**	516,036,443
Total Equity		**2,981,515,530**	3,215,407,257
		₱3,338,686,195	₱3,574,294,349

See accompanying Notes to Consolidated Financial Statements.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

(With Comparative Figures for 2018 and 2017)

	Note	2019	2018	2017
GENERAL AND ADMINISTRATIVE EXPENSES				
Taxes and licenses		**₱4,651,891**	₱3,837,948	₱22,578,634
Mobilization cost		**3,368,891**	1,601,195	206,473
Salaries and wages		**2,500,096**	2,706,987	–
Professional fees		**2,192,004**	3,958,726	2,237,563
Travel and transportation		**1,959,469**	315,524	185,069
Representation		**1,357,235**	397,529	70,000
Rent	16	**698,020**	762,941	842,334
Depreciation		**418,573**	45,552	46,960
Annual listing fee		**280,000**	250,000	275,220
Office supplies		**225,907**	290,373	124,666
Repairs and maintenance		**185,649**	2,500	–
Dues and subscription		**155,469**	52,335	–
Others		**989,759**	1,817,910	963,918
		18,982,963	16,039,520	27,530,837
OTHER INCOME (CHARGES)				
Interest income	5	**2,292,074**	2,275,959	2,279,638
Interest expense	11	**(2,177,028)**	(600,000)	(350,000)
Foreign exchange gain (loss)		**(969)**	1,351	–
		114,077	1,677,310	1,929,638
LOSS BEFORE INCOME TAX		**(18,868,886)**	(14,362,210)	(25,601,199)
BENEFIT FROM (PROVISION FOR) INCOME TAX	14			
Current		**(45,446)**	(45,446)	(45,466)
Deferred		**1,226,937**	2,074,303	895,550
		1,181,491	2,028,857	850,084
NET LOSS		**(17,687,395)**	(12,333,353)	(24,751,115)
OTHER COMPREHENSIVE INCOME		–	–	–
TOTAL COMPREHENSIVE LOSS		**(₱17,687,395)**	(₱12,333,353)	(₱24,751,115)
NET LOSS ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(₱16,001,786)**	(₱10,195,983)	(₱24,311,898)
Non-controlling interest		**(1,685,609)**	(2,137,370)	(439,217)
		(₱17,687,395)	(₱12,333,353)	(₱24,751,115)
BASIC/DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	15	**(₱0.00006)**	(₱0.00004)	(₱0.00009)

See accompanying Notes to Consolidated Financial Statements.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

(With Comparative Figures for 2018 and 2017)

	Note	**2019**	2018	2017
CAPITAL STOCK	12			
Balance at beginning of year		**₱2,751,960,715**	₱2,751,960,715	₱278,000,000
Issuance during the year		**51,402,778**	–	2,473,960,715
Balance at end of year		**2,803,363,493**	2,751,960,715	2,751,960,715
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning and end of year		**17,586,961**	17,586,961	17,586,961
DEFICIT				
Balance at beginning of year		**(70,176,862)**	(59,980,879)	(35,668,981)
Net loss for the year attributable to Parent Company		**(16,001,786)**	(10,195,983)	(24,311,898)
Balance at end of year		**(86,178,648)**	(70,176,862)	(59,980,879)
NON-CONTROLLING INTERESTS				
Balance at beginning of year		**516,036,443**	518,173,813	518,613,030
Additional acquisition of ownership	4	**(267,607,110)**	–	–
Share in total comprehensive loss		**(1,685,609)**	(2,137,370)	(439,217)
Balance at end of year		**246,743,724**	516,036,443	518,173,813
		₱2,981,515,530	₱3,215,407,257	₱3,227,740,610

See accompanying Notes to Consolidated Financial Statements.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019
(With Comparative Figures for 2018 and 2017)

	Note	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(₱18,868,886)**	(₱14,362,210)	(₱25,601,199)
Adjustments for:				
Interest income	5	**(2,292,074)**	(2,275,959)	(2,279,638)
Interest expense	11	**2,177,028**	600,000	350,000
Depreciation		**418,573**	45,552	46,960
Unrealized foreign exchange loss (gain)		**969**	(1,351)	–
Operating loss before working capital changes		**(18,564,390)**	(15,993,968)	(27,483,877)
Increase in other current assets		**(880,021)**	(126,054)	(33,682)
Decrease in accounts and other payables		**(1,059,701)**	(99,349)	(51,357,758)
Net cash used for operations		**(20,504,112)**	(16,219,371)	(78,875,317)
Interest paid		**(774,250)**	–	–
Income tax paid		**(45,446)**	(45,446)	(45,466)
Interest received		**19,753**	3,638	7,317
Net cash used in operating activities		**(21,304,055)**	(16,261,179)	(78,913,466)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional acquisition of ownership	4	**(267,607,110)**	–	–
Collections of:				
Loan receivable	7	**254,500,000**	–	–
Accrued interest receivable	7	**12,834,071**	–	–
Advances to related parties	13	**2,595,022**	7,410,856	23,477,938
Additions to:				
Mine properties	9	**(26,900,514)**	(29,726,658)	(14,281,724)
Advances to contractors	8	**(2,112,575)**	(15,380,858)	(22,479,505)
Property and equipment		**(1,573,129)**	(62,223)	(56,525)
Website cost		**(34,677)**	–	(13,600)
Refund of security deposit		–	153,152	–
Net cash used in investing activities		**(28,298,912)**	(37,605,731)	(13,353,416)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Convertible loan	12	**50,000,000**	–	–
Long-term debt	11	**13,950,000**	–	–
Proceed from (settlement of) loan payable	13	**(10,000,000)**	–	10,000,000
Additional (return of) deposits for future stock subscription	13	**(8,077,745)**	61,515,000	53,900,000
Receipt of advances from contractors	16	**3,651,000**	–	51,500,000
Settlement advances from a related party		**(179,981)**	(7,192,215)	(23,378,696)
Net cash provided by financing activities		**49,343,274**	54,322,785	92,021,304
EFFECTS OF EXCHANGE RATE CHANGES ON CASH		**(969)**	1,351	–
NET INCREASE (DECREASE) IN CASH		**(260,662)**	457,226	(245,578)
CASH AT BEGINNING OF YEAR		**1,545,052**	1,087,826	1,333,404
CASH AT END OF YEAR		**₱1,284,390**	₱1,545,052	₱1,087,826
NONCASH FINANCIAL INFORMATION				
Conversion of loan to equity	12	**₱51,402,778**	₱–	₱–

See accompanying Notes to Consolidated Financial Statements.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019
(With Comparative Information for 2018 and 2017)

1. Corporate Matters

Apollo Global Capital, Inc. (APL or the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on June 10, 1998 as YEHEY! CORPORATION primarily engaged in the business of internal online-related products relating to database search engine.

The Parent Company's shares of stock were listed in the Philippine Stock Exchange, Inc. (PSE) on October 18, 2012 (see Note 12).

On October 7, 2016, the SEC approved the following amendments to the Parent Company's Articles of Incorporation:

- Change in corporate name to Apollo Global Capital, Inc.
- Change of primary purpose to that of a holding company
- Reduction of par value from ₱1.00 to ₱0.01 per share

The Parent Company's principal office address is Unit 1204, Galleria Corporate Center, EDSA corner Ortigas Ave., Brgy. Ugong Norte, Quezon City.

Subsidiary

In 2017, the Parent Company acquired 82.67% ownership in JDVC Resources Corporation (JDVC or the Subsidiary) through a deed of exchange of shares for ₱2,474.0 million (see Note 4).

In December 2019, the Parent Company purchased additional 389,530 shares of JDVC from its existing stockholders for ₱267.6 million resulting to an increase in ownership of JDVC to 90.47%.

JDVC is a corporation incorporated and registered with the Philippine SEC on June 10, 1998 to engage in the business of offshore exploring, prospecting and operating mines and quarries of magnetite iron sand and other kinds of ores and minerals. JDVC is a holder of MPSA No. 338-2010-II-Amended A which grants the Subsidiary the right to explore and develop magnetite resources within a specified area in Cagayan province.

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

The consolidated financial statements of the Group as at and for the year ended December 31, 2019 were approved and authorized for issue by the Board of Directors (BOD) of the Parent Company on June 2, 2020.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) issued and approved by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC).

Measurement Bases

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

The consolidated financial statements of the Group have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets and the fair value of consideration received in exchange for incurring a liability.

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

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

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions made in measuring fair value is included in Note 18.

Adoption of New and Amended PFRS

The accounting policies adopted 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 periods beginning on or after January 1, 2019:

- PFRS 16, *Leases* – The standard replaced PAS 17, *Leases*, Philippine Interpretations IFRIC 4, *Determining whether an Arrangement contains a Lease*, Standards Interpretation Committee (SIC) 15, *Operating Leases-Incentives*, and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. PFRS 16 requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard provides two recognition exemptions for lessees from this PFRS - leases of low-value assets and short-term leases (leases with a lease term of 12 months or less).

  At the commencement date of a lease, the lessee shall recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The lessee is required to recognize the interest on the lease liability and to depreciate the right-of-use (ROU) asset.

  The lease liability shall be reviewed when there are changes in the lease term and other events affecting the lease, such as future lease payments resulting from a change in the index or rate used to determine those payments. The remeasurement of the lease liability should be recognized as an adjustment to the ROU asset.

  Lessor accounting under PFRS 16 is substantially unchanged from accounting under PAS 17. The lessor shall continue to classify leases using the same classification principle as in PAS 17 to distinguish the two types of leases: operating and finance leases.

  The Group has a lease agreement for its office space with a term of 2 years and is renewable upon mutual agreement of both parties.

  The Group elected to apply the recognition exemption of short-term lease for its lease agreement. The adoption of PFRS 16 does not have a significant impact in the Group's consolidated financial statements because the rent expense shall continue to be recognized in profit or loss on a straight-line basis over the lease term as under PAS 17.

- Philippine Interpretation IFRIC 23, *Uncertainty Over Income Tax Treatments* – The interpretation provides guidance on how to reflect the effects of uncertainty in accounting for income taxes under PAS 12, *Income Taxes,* in particular (i) matters to be considered in accounting for uncertain tax treatments separately, (ii) assumptions for taxation authorities' examinations, (iii) determinants of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and (iv) effect of changes in facts and circumstances.

- Annual Improvements to PFRS 2015 to 2017 Cycle:

  - Amendments to PFRS 3, *Business Combinations* and PFRS 11, *Joint Arrangements - Previously Held Interest in a Joint Operation* – The amendments to PFRS 3, *Business Combinations,* clarify that when an entity obtains control of a business that is a joint operation, the acquirer applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the joint operation at its acquisition-date fair value. The amendment to PFRS 11, *Joint Arrangements,* clarifies that when an entity obtains joint control of a business that is a joint operation, the previously held interests in that business are not remeasured.

  - Amendments to PAS 12, *Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity* – The amendments require entities to recognize the income tax consequences of dividends as defined in PFRS 9 when the liability to pay dividends are recognized. The income tax consequences of dividends are recognized either in profit or loss, other comprehensive income (OCI) or equity, consistently with the transactions that generated the distributable profits. This requirement applies to all income tax consequences of dividends, such as withholding taxes.

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

Amended PFRS Issued But Not Yet Effective
Relevant amended PFRS, which are not yet effective for the year ended December 31, 2019 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides a new definition of a “business” which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, ‘an integrated set of activities and assets’ must now include ‘an input and a substantive process that together significantly contribute to the ability to create an output’. The distinction is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the notes to consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiary. Control is achieved when the Parent Company is exposed, 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 (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

When the Parent Company has less than 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 of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control 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 statement of comprehensive income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of comprehensive income. Non-controlling interests consist of the amount of those interests at the date of original business combination and the non-controlling interests’ share on changes in equity since the date of the business combination.

The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and losses, are eliminated.

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

- Derecognizes the assets and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity, if any;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of component previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

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 measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expenses 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.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PFRS 9 either in consolidated statement of comprehensive income or as a change to OCI. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with appropriate PFRS. Contingent consideration that is classified as equity is not remeasured until it is finally settled and accounted for within equity.

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the consolidated statement of financial position when the Group becomes a party to those 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.

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

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

As at December 31, 2019 (and 2018), the Group does not have debt instruments as FVOCI and financial assets and liabilities measured at FVPL.

Financial Assets at Amortized Cost. A financial asset 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, 2019 (and 2018), the Group's cash, advances to contractors, advances to related parties, loan receivable and accrued interest receivable are classified under this category.

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, 2019 (and 2018), the Group's liabilities arising from its accounts and other payables (excluding statutory payables), advances from contractors, loan payable, long-term debt and advances from a related party.

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 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.

Impairment of Financial Assets at Amortized Cost
The Group records an allowance for expected credit loss (ECL) 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.

The Group applies the general approach in measuring ECL which is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on 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 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 credit risk since initial recognition.

At each reporting date, the Group assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 flow 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 not 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 assets 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 o 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 statement 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 statement of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished by 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 statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement 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.

<u>Other Current Assets</u>
Other current assets consists of input value-added tax (VAT), creditable withholding taxes (CWTs) and security deposit

Input VAT. Input VAT represents tax imposed on the Group by its suppliers and contractors for the purchase of goods and services, as required under Philippine taxation laws and regulations. The portion of input VAT that will be used to offset the Group's current VAT liabilities is presented as a current asset in the consolidated statement of financial position.

CWTs. CWTs represent the amount withheld by the Group's customers in relation to its revenue. These are recognized upon collection of the related revenue and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. CWTs are stated at their estimated net realizable value.

Security Deposit. Security deposit represents advance payments made in relation to the lease agreements entered into by the Group. This deposit is applied to unpaid rent upon termination of the lease.

<u>Mine Properties</u>
Mine properties consist of mineral assets, mining costs and patent.

Mineral Assets
Mineral assets include costs incurred in connection with acquisition of rights over mineral reserves. Rights over mineral reserves, which are measured, indicated or inferred, are capitalized as part of mineral assets on explored resources if the reserves are commercially producible and that geological data demonstrate with a specified degree of certainty that recovery in future years is probable.

Mineral assets are subject to amortization or depletion upon the commencement of production on a unit-of-production method, based on proven and probable reserves. Costs used in the unit of production calculation comprise the net book value of capitalized costs plus the estimated future development costs. Changes in the estimates of mineral reserves or future development costs are accounted for prospectively.

Mining Costs

Exploration and Evaluation Assets. Exploration and evaluation assets include costs incurred in connection with exploration activities. Exploration and evaluation asset is carried at cost less accumulated impairment losses.

Exploration and evaluation activities involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of the mineral resource.

Exploration and evaluation activities include:

- Gathering exploration data through geological studies;
- Exploratory drilling and sampling; and
- Evaluating the technical feasibility and commercial viability of extracting the mineral resource.

Mine Under Development. Once the technical feasibility and commercial variability of extracting the reserves are demonstrable, exploration and evaluation assets are tested for impairment and reclassified to mine under development, a subcategory of mine properties.

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 statement of comprehensive income.

Producing Mines. Upon start of commercial operations, mine under development are reclassified as part of producing mines, a subcategory of mine properties. These costs are subject to depletion, which is computed using the units-of-production method based on proven and probable reserves, which is reviewed periodically to ensure that the estimated depletion is consistent with the expected pattern of economic benefits from the mine properties.

Patent
Patent includes directly attributable costs incurred to acquire or obtain the rights to the use of the siphon vessel for its offshore mining and/or incidental costs related to the registration and protection of a patent.

Intangible asset with indefinite useful lives are not amortized but are tested for impairment annually either individually or at the cash generating unit level. The useful life of an intangible asset is assessed as indefinite if it is expected to contribute net cash inflows indefinitely and is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Property and Equipment
Property and equipment consist of office furniture, fixtures, equipment and transportation vehicle that are stated at cost less accumulated depreciation and any accumulated impairment in value.

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

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

Depreciation is computed using the straight-line method over 3-5 years. The estimated useful lives and depreciation method are reviewed periodically to ensure that the periods and methods of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

Fully-depreciated assets are retained as property and equipment until these are no longer in use.

Website Cost

The Group's website is determined to have an indefinite useful life because considering all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Group.

The useful life of an intangible asset is assessed as indefinite if it is expected to contribute net cash inflows indefinitely and is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. Website cost is not amortized but is tested for impairment annually either individually or at the cash generating unit level.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the recoverable amount of these nonfinancial assets. An asset's recoverable amount is the higher of an asset's or cash generating units' (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. Impairment losses are recognized in the consolidated statement of comprehensive income.

An assessment is made for nonfinancial assets at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

Deposits for Future Stock Subscription
Deposits for stock subscription represents cash received from existing or potential stockholders to be applied as payment for future issuance of capital stock. These are recognized as equity if and only if, all of the following elements set forth by the SEC are present as of end of the reporting period:

- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract, unless the deposit is specific for a proposed increase in capital;
- there is BOD 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 presented for filing or has been filed with the SEC.

If any or all of the foregoing elements are not present, the transaction is recognized as a liability.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital. Additional paid-in capital represents the excess of the investors' total contribution over the stated par value of shares. Incremental costs directly attributable to the issue of new capital stock are shown in equity as a deduction, net of tax, from the additional paid-in capital, if any.

Deficit. Deficit represents the cumulative balance of the Group's result of operations.

Income Recognition
Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

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

Interest Income. Interest income is recognized as it accrues using the effective interest method.

Expense Recognition
Expenses constitute costs of administering the business. These are recognized in profit or loss upon receipt of goods, utilization of services or when the expenses are incurred.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business and expensed as incurred.

Leases

Accounting Policies for Leases beginning January 1, 2019
The Group assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

a. The right to obtain substantially all of the economic benefits from the use of the identified asset; and

b. The right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

The Group as a Lessee. Leases are recognized as ROU assets, with corresponding lease liabilities, at the date at which the leased assets are available for use by the Group, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

The Group classifies a lease as short-term lease when the lessee is not reasonably certain to exercise an option to extend a lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Group also considers the short-term lease to be a new lease if:
- there is a lease modification; or
- there is any change in the lease term

The election for short-term leases shall be made by class of underlying asset to which the right of use relates. A class of underlying asset is a grouping of underlying assets of a similar nature and use in an entity's operations. The election for leases for which the underlying asset is of low value can be made on a lease-by-lease basis.

Accounting Policies for Leases prior to January 1, 2019
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date, whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

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

i. there is a change in contractual terms, other than a renewal or extension of the arrangement;
ii. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
iii. there is a change in the determination of whether fulfillment is dependent on a specific asset; or
iv. there is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (i), (iii) or (iv) above, and at the date of renewal or extension period for scenario (ii).

The Group as a Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Related Parties

Related party transactions are transfers of resources, services or obligations between the Group 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. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

A related party transaction is considered material and/or significant if, either individually, or in the aggregate of these transactions during the year with the same related party is 10% or higher of the Group's total consolidated assets.

Income Taxes

Current Tax. Current tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry forward benefits of unused tax credits from net operating loss carry-over (NOLCO) and excess of minimum corporate income taxes (MCIT) over regular corporate income tax (RCIT) to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax credits from NOLCO and excess of MCIT over RCIT can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws in effect at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to items directly recognized in OCI.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Earnings Per Share (EPS) Attributable to the Equity Holders of the Parent Company

EPS is calculated by dividing profit or loss for the period attributable to common stockholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect to any stock dividend.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Where the EPS effect of potential dilutive ordinary shares would be anti-dilutive, basic and diluted EPS are stated at the same amount.

Provisions

Provisions, if any, are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group’s consolidated financial position at the end of reporting year (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumption that affect the application of accounting policies and the amounts reported in the consolidated financial statements at the reporting date. The judgments, accounting estimates and assumptions used in the consolidated financial statements are based upon management’s evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

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

Judgments
In the process of applying the accounting policies of the Group, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements. The judgments are based upon evaluation of relevant facts and circumstances as of the date of the consolidated financial statements.

Establishing Control over the Subsidiary. The Parent Company determined that it has control over its subsidiary by considering, among others, its 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. The following were also considered:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Parent Company's voting rights and potential voting rights

Determining the Capitalizability of Costs under Mine Properties. The capitalization of mine properties requires judgment in determining whether there are future economic benefits from future exploitation or sale of 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, recovery of such expenditure becomes unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

The carrying amount of mine properties amounted to ₱3,284.1 million as at December 31, 2019 (₱3,257.2 million as at December 31, 2018) (see Note 9).

Accounting for Lease Commitments - Group as a Lessee. The Group has a lease agreement for its office space with a term of 12 months and is renewable upon mutual agreement of both parties.

Prior to January 1, 2019, the Group has determined that the risks and rewards incidental to ownership of leased asset are retained by the lessor. Accordingly, the lease agreements are accounted for as operating leases.

Beginning January 1, 2019, the Group recognizes ROU assets and lease liabilities measured at the present value of lease payments to be made over the lease term using the Group's incremental borrowing rate. The Group availed exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on the short-term lease are recognized as expense on a straight-line basis over the lease term.

Rent expense arising from operating lease agreements amounted to ₱0.7 million in 2019 (₱0.8 million in 2018 and 2017) (see Note 16).

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

Assessing ECL on Financial Assets. The Group applies the general approach in measuring the ECL. For cash in banks the Group assessed that cash is deposited with reputable banks that possess good credit ratings. For loan receivable, accrued interest receivable, advances to contractors and related parties, the Group considers the financial capacity of the counterparty.

No ECL was recognized in 2019 (in 2018 and 2017). The carrying amounts of the Group's financial assets are as follows:

	Note	**2019**	2018
Cash in banks	5	**₱1,264,390**	₱1,495,052
Advances to contractors	8	**42,690,538**	40,577,963
Advances to related parties	13	**–**	2,595,022
Loan receivable	7	**–**	254,500,000
Accrued interest receivable	7	**–**	10,561,750

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, 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 properties.

Management has assessed that there are no indications of impairment on the Group's mine properties. Accordingly, no impairment loss was recognized in 2019 (in 2018 and 2017). The carrying amount of mine properties amounted to ₱3,284.1 million as at December 31, 2019 (₱3,257.2 million as at December 31, 2018) (see Note 9).

Assessing the Realizability of Deferred Tax Assets. The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces the 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 tax assets to be utilized in the future. The amount of deferred tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred tax assets can be utilized.

The carrying amount of recognized deferred tax asset amounted to ₱5.4 million as at December 31, 2019 (₱4.2 million as at December 31, 2018) (see Note 14).

The Group has unrecognized deferred tax assets with gross carrying amount of ₱9.0 million as at December 31, 2019 (₱7.8 million as at December 31, 2018) (see Note 14). Management believes that it is not probable that sufficient taxable income will be available to allow these deferred tax assets to be utilized.

4. **Business Combination**

Deed of Exchange of Shares

On February 17, 2017, the Parent Company and JDVC's stockholders entered into a share swap agreement in which the Parent Company issued 247,396,071,520 shares at ₱0.01 a share in exchange for JDVC's 4,133,740 shares at ₱598.48 a share. The deed covering the transaction was approved by the SEC on October 9, 2017. As a result of this transaction, the Parent Company acquired 82.67% of JDVC.

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	₱57,024	₱57,024
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	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 noncurrent assets	465,652	465,652
	3,221,703,963	721,605,955
Trade and other payables	(89,617,911)	(89,617,911)
Deposits for future stock subscription	(139,512,307)	(139,512,307)
	(229,130,218)	(229,130,218)
Net Assets Acquired	₱2,992,573,745	₱492,475,737
Attributable to the non-controlling interest (17.33%)	₱518,613,030	
Attributable to the Parent Company (82.67%)	₱2,473,960,715	
Consideration received	2,473,960,715	
Goodwill	₱–	

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 follows:

Revenues	₱–
Expenses	
Mobilization fees	₱241,256
Professional fees	100,000
Representation	82,700
Rent	76,576
Travel and transportation	60,992
Office supplies	37,776

(Forward)

Expenses	
Repairs and maintenance	₱36,420
Gasoline and oil	600
Taxes and licenses	500
Miscellaneous	51
	₱636,871
Other income	₱30

Acquisition of Non-controlling Interests

On December 10, 2019, the BOD approved the additional acquisition of 389,530 shares from existing stockholders of JDVC for ₱267.6 million. As a result, the Parent Company has 90.47% ownership of JDVC as at December 31, 2019.

5. Cash

This account consists of:

	2019	2018
Cash on hand	**₱20,000**	₱50,000
Cash in banks	**1,264,390**	1,495,052
	₱1,284,390	₱1,545,052

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

Sources of interest income recognized by the Group are as follows:

	Note	**2019**	2018	2017
Cash in banks		**₱19,753**	₱3,638	₱7,317
Loan receivable	7	**2,272,321**	2,272,321	2,272,321
		₱2,292,074	₱2,275,959	₱2,279,638

6. Other Current Assets

This account consists of:

	Note	**2019**	2018
Input VAT		**₱2,325,276**	₱1,471,601
CWTs		**1,237,509**	1,282,935
Security deposit	16	**71,772**	–
		₱3,634,557	₱2,754,536

7. **Loan Receivable**

The loan of ₱254.5 million was due from a former stockholder at 12% interest rate per year. Interest earned amounted to ₱2.3 million in 2019 (in 2018 and 2017) (see Note 5). Accrued interest receivable amounted to nil as at December 31, 2019 (₱10.6 million as at December 31, 2018).

The loan and related interest was collected in full in 2019.

8. **Advances to Contractors**

This account consists of:

	Note	2019	2018
Agbiag Mining Development Corporation (Agbiag)	16	**₱41,690,538**	₱8,210,274
Offshore Mining Chamber of the Philippines		**1,000,000**	–
Advance Tech Resources Mining & BPT		**–**	30,328,563
Others		**–**	2,039,126
		₱42,690,538	₱40,577,963

This account pertains to the unsecured and noninterest-bearing cash advances extended by the Group to its contractors for the payment of the permits, overhead fees, exploration services, depth and sounding survey studies and other technical expenses. These advances have no fixed repayment date and are not expected to be collected within one year.

9. **Mine Properties**

Movements in this account are as follows:

	2019			
	Mineral Assets	**Patent**	**Mining Costs**	**Total**
Balance at beginning of year	**₱2,500,098,008**	**₱89,000,000**	**₱668,056,043**	**₱3,257,154,051**
Additions	**–**	**–**	**26,900,514**	**26,900,514**
Balance at end of year	**₱2,500,098,008**	**₱89,000,000**	**₱694,956,557**	**₱3,284,054,565**

	2018			
	Mineral Assets	Patent	Mining Costs	Total
Balance at beginning of year	₱2,500,098,008	₱89,000,000	₱638,329,385	₱3,227,427,393
Additions	–	–	29,726,658	29,726,658
Balance at end of year	₱2,500,098,008	₱89,000,000	₱668,056,043	₱3,257,154,051

The Subsidiary was granted by the Department of Environment and Natural Resources (DENR) a Mineral Production Sharing Agreement (MPSA) -338-2010-II-OMR covering an area of approximately 14,240 hectares (ha) located within the municipal waters of the Municipalities of Sanchez Mira, Pamplona, Abulug, Ballesteros, Appari, Buguey, and Gonzaga, in the Province of Cagayan for a term of 25 years and renewable for another 25 years.

Originally, the MPSA was granted to Bo Go Resources Mining Corporation (Bo Go) on June 9, 2010.

On November 25, 2011, Bo Go executed a deed of assignment (DOA) to transfer to the Subsidiary all its rights and interest in and title to the MPSA. On January 27, 2012, the DOA was approved by the Mines and Geosciences Bureau (MGB) and was duly approved a year after, January 25, 2013, by the DENR.

The DOA, as approved, carries with it the responsibility to implement the Exploration Work Program and the Environmental Work Program which were eventually taken over by the Subsidiary, as well as the submission of the regular Technical/Progress reports. The Environmental Impact Assessment likewise was completed and presented to the various municipalities and stakeholders in the Province of Cagayan. After the approval of the DENR, pursuant to the agreement, the Subsidiary proceeded to do the Technical or Progress Report Exploration, Environmental Work Programs and Exploration Work Programs.

The Subsidiary through a DOA transferred all rights and interest in the 2,400 ha portion of the MPSA-338-2010-II-OMR to Sanlorenzo Mines, Inc. The DOA was approved by the DENR on May 20, 2016. The remaining 11,840 ha was redenominated as MPSA No. 338-2010-II-OMR-Amended A.

On March 14, 2017, 3,161.84 ha of the remaining 11,840 ha were relinquished by the Subsidiary in favor of the Government.

On August 9, 2017, the Subsidiary executed DOAs, which was registered with the DENR on April 2, 2018, assigning portion of MPSA No. 338-2010-II-OMR-Amended A as follows:

Company Name	Area Assigned (ha)
Catagayan Iron Sand Mining Resources Corp.	3,182.78
Cagayan Ore Metal Mining Exploration Corp.	2,149.85
Catagayan Mining Resources (Phils.) Inc.	1,448.51

These companies were all incorporated in the Philippines and registered with the SEC on July 1, 2016, primarily to engage on the business of exploring, prospecting and operating mines and quarries of all kind of ores and minerals.

On August 6, 2019, the Declaration of Mining Project Feasibility filed by the Subsidiary last May 25, 2016, was approved by the DENR authorizing the Subsidiary to proceed with the Development and Operating Periods of MPSA No. 338-2010-II-OMR-Amended A covering the 4,999.24 ha, including extraction and commercial disposition of magnetite iron sand and other associated minerals at the offshore areas in the Province of Cagayan.

As at December 31, 2019, the remaining 1,897.02 ha contract area of the MPSA No. 338-2010-II-OMR-Amended A which has been fully explored since 2017.

Mineral Assets

Mineral assets pertains to the acquisition cost of the rights over mineral reserves represented by the excess of the fair value of shares issued by the Parent Company over the carrying amount of the net assets of JDVC when the Parent acquired 82.67% ownership JDVC.

Patent

Patent was acquired by Agbiag for the siphon vessel used in the exploration of the mining in Cagayan. Agbiag allows the Group to use its research, study and intellectual property right on a non-exclusive basis, for the duly researched and studied siphon vessel for the offshore magnetite iron sand commercial extraction through a MOA signed on September 2014 (see Note 16). The Group has an outstanding liability to Agbiag amounting to ₱37.5 million as at December 31, 2019 (and 2018) (see Note 10).

Mining Costs

Mining costs include the costs incurred in the exploration and evaluation phase of mining. Such costs consist of expenditures related to 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.

The exploration activities for the mine area of the Group were completed in 2017, hence, the related exploration and evaluation assets were transferred to mine under development. Mine under development are not subject to depletion until the production has commenced.

As at December 31, 2019 (and 2018), the Group does not have any contractual commitments for additional exploration.

Estimated Units of Production 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 magnetite fraction of 19.79% and 95% material recovery, the operations can yield an iron concentrate of 1.30 million metric tons per annum production, using 3 units of production lines of platform.

10. Accounts and Other Payables

The account consists of:

	Note	**2019**	2018
Payable to a contractor	9	**₱37,500,000**	₱37,500,000
Statutory payables		**1,166,299**	1,307,502
Accrued expenses		**821,450**	2,023,682
Accounts payable		**749,371**	465,637
		₱40,237,120	₱41,296,821

Payable to a contractor pertains to the outstanding liability to Agbiag for the patent for the siphon vessel used in its exploration activities (see Note 9).

Statutory payables consist of withholding taxes and other payables to government agencies which are payable within the next month.

Accrued expenses include professional fees and interest from long-term debt which are generally payable within the next reporting year.

Accounts payable consist of liabilities arising from transactions with contractors and suppliers related to the normal course of business which are payable on a 30 to 60-day credit term.

11. Long-term Debt

In 2019, the Group obtained loans aggregating to ₱14.0 million from Cagayan Blue Ocean Offshore Acquamarine Services Corporation (CBO) for working capital purposes. The loans bear an interest of 6% per annum with a term of two years. These are convertible, at the option of CBO, at any time during the loan period into shares at ₱100 a share.

Interest expense recognized in the consolidated statement of comprehensive income consists of:

	Note	**2019**	2018	2017
Convertible loan	12	**₱1,402,778**	₱–	₱–
Loan payable	13	**600,000**	600,000	350,000
Long-term debt		**174,250**	–	–
		₱2,177,028	₱600,000	₱350,000

12. Capital Stock

Movements of this account are as follows:

	Number of shares		**Amount**	
	2019	2018	**2019**	2018
Authorized - ₱0.01 par				
Balance at beginning and end of year	**600,000,000,000**	600,000,000,000	**₱6,000,000,000**	₱6,000,000,000
Issued and Outstanding				
Balance at beginning of year	**275,196,071,520**	275,196,071,520	**₱2,751,960,715**	₱2,751,960,715
Conversion of loan	**5,140,277,777**	–	**51,402,778**	–
Balance at end of year	**280,336,349,297**	275,196,071,520	**₱2,803,363,493**	₱2,751,960,715

Below is the track record of issuance of the Parent Company's securities:

			Number of shares		
Date of Approval	Nature	Note	Authorized	Issued/ Subscribed	Issue/ Offer Price
October 18, 2012	Listing of shares		100,000,000,000	27,800,000,000	₱1.00
October 9, 2017	Share swap	4	600,000,000,000	247,396,071,520	0.01
September 11, 2019	Loan conversion		600,000,000,000	5,140,277,777	0.01

On October 9, 2017, the SEC approved the increase in the capital stock of the Parent Company from ₱1,000.0 million divided into 100,000,000,000 shares to ₱6,000.0 million divided into 600,000,000,000 shares both with a par value of ₱0.01.

<u>**Convertible Loan Agreement**</u>

On February 20, 2019, the BOD authorized the Parent Company to enter into a convertible loan agreement with a third party amounting to ₱50.0 million. The loan bears an interest of 5% per annum and will mature on February 20, 2021. The principal and interest are convertible to shares at ₱0.01 per share any time until the 10^{th} day before the maturity date at the option of the third party.

On September 11, 2019, the third party exercised the right to convert the loan at ₱0.01 per share. On the same date, the BOD approved the conversion of the principal amount, including the interest accrued up to date of the conversion amounting to ₱1,402,778 (see Note 11). The Parent Company issued additional 5,140,277,777 shares as a result of the conversion.

The total number of stockholders of the Parent Company is 799 as at December 31, 2019 (797 as at December 31, 2018).

13. Related Party Transactions

The Group, in the normal course of business, has transactions with its related parties as follows:

	Nature of Transactions	Transactions during the year		Outstanding Balance	
		2019	2018	**2019**	2018
Advances to Related Parties					
Entities under common control	Reimbursement of expenses	**₱–**	₱–	**₱–**	₱2,595,022
Loan Payable					
Key management personnel	Loan for operational expenses	**₱–**	₱10,000,000	**₱–**	₱10,000,000
Advances from a Related Party					
Stockholder	Reimbursement of expenses	**₱–**	₱218,599	**₱1,682,983**	₱1,862,964
Deposits for Future Stock Subscription					
Key management personnel	Cash received for future issuance of capital stock	**₱–**	₱–	**₱39,139,870**	₱39,139,870
Stockholders	Cash received for future issuance of capital stock	**–**	61,515,000	**207,009,692**	215,087,437
				₱246,149,562	₱254,227,307

Terms and Conditions of Transactions with Related Parties

Advances to (from) Related Parties. Advances to (from) related parties are unsecured, noninterest-bearing, collectible and/or payable beyond 12 months and settlement occurs in cash. The Group did not recognize expected credit loss from advances to related parties. This assessment is undertaken each financial year by examining capacity and financial position of the related parties.

Loan Payable. In 2017, the Group obtained a secured loan from a related party amounting to ₱10.0 million for working capital purposes. The loan bears a monthly interest rate of 0.5%. The loan was paid in full in 2019. Interest expense from loan payable amounted to ₱0.6 million in 2019 (₱0.6 million and ₱0.4 million in 2018 and 2017, respectively) (see Note 11).

Deposits for Future Stock Subscription. Deposits for future stock subscription pertain to cash received from existing stockholders for payment of future issuance of capital stock.

The Group has no material and/or significant transactions with its related parties in 2019.

Compensation of Key Management Personnel

There is no compensation of key management personnel in 2019 (in 2018 and 2017).

14. Income Taxes

The Group's provision for income tax represents MCIT in 2019 (in 2018 and 2017).

The reconciliation of income tax at the statutory tax rate to the income tax as shown in the consolidated statement of comprehensive income is as follows:

	2019	2018	2017
Income tax at statutory tax rate	**(₱5,660,666)**	(₱4,308,663)	(₱7,680,360)
Change in unrecognized deferred tax assets	**1,160,937**	1,529,757	6,697,293
Tax effects of:			
Nondeductible expenses	**2,291,487**	502,967	135,178
Expired NOLCO	**986,231**	248,173	–
Expired MCIT	**46,446**	–	–
Interest income subject to final tax	**(5,926)**	(1,091)	(2,195)
	(₱1,181,491)	(₱2,028,857)	(₱850,084)

Details of recognized and unrecognized deferred tax assets of the Group are as follows:

	2019	2018
Unrecognized:		
NOLCO	**₱8,848,248**	₱7,686,311
MCIT	**136,358**	137,358
	₱8,984,606	₱7,823,669
Recognized:		
NOLCO	**₱5,431,194**	₱4,204,257

The Group believes that it is not reasonably probable that future taxable profit against which the benefit of the Parent Company's deferred tax assets can be utilized.

Details of the Group's NOLCO are as follows:

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2019	₱–	₱11,250,349	₱–	₱11,250,349	2022
2018	11,189,840	–	–	11,189,840	2021
2017	25,157,951	–	–	25,157,951	2020
2016	3,287,435	–	(3,287,435)	–	2019
	₱39,635,226	₱11,250,349	(₱3,287,435)	₱47,598,140	

Details of the Group's MCIT are as follows:

Year Incurred	Beginning Balance	Incurred	Applied/Expired	Ending Balance	Valid Until
2019	₱–	₱45,446	₱–	₱45,446	2022
2018	45,446	–	–	45,446	2021
2017	45,466	–	–	45,466	2020
2016	46,446	–	(46,446)	–	2019
	₱137,358	₱45,446	(₱46,446)	₱136,358	

15. **Loss Per Share**

The financial information pertinent to the derivation of loss per share is as follows:

	2019	2018	2017
Net loss attributable to the equity holders of the Parent Company	**(₱16,001,786)**	(₱10,195,983)	(₱24,311,898)
Weighted average number of shares outstanding:			
Balance at beginning of year	**275,196,071,520**	275,196,071,520	27,800,000,000
Effect of share issuances	**1,563,207,762**	–	247,396,071,520
Balance at end of year	**276,759,279,282**	275,196,071,520	275,196,071,520
Basic loss per share	**(₱0.00006)**	(₱0.00004)	(₱0.00009)

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

16. **Commitments and Contingencies**

Lease Agreements

In 2016, the Subsidiary entered into a cancellable lease agreement with a third party for its office space. The lease term is for 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, 2018. Upon termination of the lease agreement, the Parent Company allows its Subsidiary to use its office space at no cost to the Subsidiary.

In 2019, the Parent Company entered into a lease agreement with a third party for its office space with a term of one year and is renewable upon mutual agreement of both parties. The lease agreement has an escalation clause of 5% per annum. Security deposit amounted to ₱0.1 million as at December 31, 2019 (see Note 6). As discussed in Note 2, the asset pertaining to such lease was classified as a short-term lease and its related rental payments are recognized in profit or loss on a straight-line basis.

Rent expense amounted to ₱0.7 million in 2019 (₱0.8 million in 2018 and 2017).

Royalty Agreement

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

All costs and expenses related to the MPSA, commercial extraction permits and such other fees required by the Government and for non-government related expenses which include community expenses and social compliances among others shall be for the account of Agbiag. Cash advances extended by the Subsidiary to Agbiag amounting to ₱41.7 million as at December 31, 2019 (₱8.2 million as at December 31, 2018) is presented under “Advances to contractors” account in the consolidated statement of financial position (see Note 8).

As consideration, the Subsidiary 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 share remittance, or size percent (6%) of cost, whichever is shorter. In 2017, the Subsidiary received advance royalty payment from Agbiag amounting to ₱51.5 million.

In a special meeting held by the BOD on October 10, 2018, it was resolved that due to the failure of both parties to conduct full extraction operation during the year, the advance royalty payment will be returned by the Subsidiary to Agbiag. This was presented under “Advances from a contractor” account in the consolidated statement of financial position.

Social and Environmental Responsibilities
In 2019, the Subsidiary secured the regulatory approvals of the following programs:

Social Development Management Program (SDMP)
SDMP are five (5) year programs of the projects identified and approved for implementation, in consultation with the host communities. The Company provides an annual budget for SDMP projects that focus on health, education, livelihood, public utilities and socio-cultural preservation. The implementation of the program is monitored by the MGB.

Environmental Protection and Enhancement Program (EPEP)
EPEP refers to comprehensive and strategic environmental management plan to achieve the environmental management objectives, criteria and commitments including protection and rehabilitation of the affected environment. This program is monitored by the Multipartite Monitoring Team, a group headed by a representative from the Regional MGB and representatives of Local Government Units (LGU), other government agencies, non-government organizations, the church sector and the representatives of the Company.

The Subsidiary will start implementing these programs upon commencement of operations.

17. Financial Risk and Capital Management Objectives and Policies

The principal financial instruments of the Group comprise of cash, advances to contractors, advances to related parties, loan receivable, accrued interest receivable, accounts and other payables (excluding statutory payables), advances from contractors, loan payable, long-term debt and advances from a related party.

The BOD has 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 manage the exposure of the Group to the financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the activities of the Group.

The main risks arising from the use of financial instruments of the Group are credit risk and liquidity risk. The BOD reviews and approves policies for managing the risks.

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due.

The Group manages and controls credit risk by trading only with recognized and creditworthy third parties. There is no requirement for collateral. There are no other concentrations of credit risk within the Group. 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 at December 31, 2019 (and 2018), the Group has no financial assets for which credit risk has increased significantly since initial recognition and that are credit-impaired. The table below shows the credit quality of financial assets subject to 12-month ECL:

	2019				
	Neither Past Due nor Impaired		**Past Due but**		
	High Grade	**Standard Grade**	**not Impaired**	**Impaired**	**Total**
Cash in banks	**₱1,264,390**	**₱–**	**₱–**	**₱–**	**₱1,264,390**
Advances to contractors	**42,690,538**	**–**	**–**	**–**	**42,690,538**
	₱43,954,928	**₱–**	**₱–**	**₱–**	**₱43,954,928**

	2018				
	Neither Past Due nor Impaired		Past Due but		
	High Grade	Standard Grade	not Impaired	Impaired	Total
Cash in banks	₱1,495,052	₱–	₱–	₱–	₱1,495,052
Advances to contractors	40,577,963	–	–	–	40,577,963
Advances to related parties	2,595,022	–	–	–	2,595,022
Loan receivable	254,500,000	–	–	–	254,500,000
Accrued interest receivable	10,561,750	–	–	–	10,561,750
	₱309,729,787	₱–	₱–	₱–	₱309,729,787

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/issuer. High grade financial assets are those which collectability is assured based on past experience. Standard grade financial assets are considered moderately realizable and some accounts which would require some reminder follow-ups to obtain settlement from the counterparty. The Group determines if credit risk have increased significantly when financial assets are more than 30 days past due.

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

Cash in banks. The credit risks for cash in banks are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Advances to contractors and related parties, loan receivable and accrued interest receivable. These pertain to receivables from counterparties which are not expected to default in setting its obligations, hence there is no perceived credit risk.

Liquidity risk

Liquidity risk refers to the risk that the Group will not be able to meet its financial obligations as these fall due. 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.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	2019				
	Carrying Value	**On Demand**	**<1 year**	**1-5 years**	**>5 years**
Accounts and other payables*	**₱39,070,821**	**₱37,500,000**	**₱1,570,821**	**₱–**	**₱**
Advances from contractors	**55,151,000**	**55,151,000**	**–**	**–**	**–**
Long-term debt	**13,950,000**	**–**	**–**	**13,950,000**	**–**
Advances from a related party	**1,682,983**	**1,682,983**	**–**	**–**	**–**
	₱109,854,804	**₱94,333,983**	**₱1,570,821**	**₱13,950,000**	**₱–**

	2018				
	Carrying Value	On Demand	<1 year	1-5 years	>5 years
Accounts and other payables*	₱39,989,319	₱37,500,000	₱2,489,319	₱–	₱–
Advances from contractors	51,500,000	51,500,000	–	–	–
Loan payable	10,000,000	10,000,000	–	–	–
Advances from a related party	1,862,964	1,862,964	–	–	–
	₱103,352,283	₱100,862,964	₱2,489,319	₱–	₱–

** Excluding statutory payables amounting to ₱1.2 million as at December 31, 2019 (₱1.3 million as at December 31, 2018).*

Capital 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 maximized stockholder value.

The Group considers its total equity as its core capital. The Group manages its capital structure and makes adjustments to it when there are changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2019 (in 2018 and 2017).

18. Fair Value of Financial Assets and Financial Liabilities

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

	2019		2018	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash	**₱1,284,390**	**₱1,284,390**	₱1,545,052	₱1,545,052
Advances to contractors	**42,690,538**	**42,690,538**	40,577,963	40,577,963
Advances to related parties	**–**	**–**	2,595,022	2,595,022
Loan receivable	**–**	**–**	254,500,000	254,500,000
Accrued interest receivable	**–**	**–**	10,561,750	10,561,750
	₱43,974,928	**₱43,974,928**	₱309,779,787	₱309,779,787

	2019		2018	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
Accounts and other payables*	**₱39,070,821**	**₱39,070,821**	₱39,989,319	₱39,989,319
Advances from contractors	**55,151,000**	**55,151,000**	51,500,000	51,500,000
Loan payable	**–**	**–**	10,000,000	10,000,000
Long-term debt	**13,950,000**	**12,962,789**	–	–
Advances from a related party	**1,682,983**	**1,682,983**	1,862,964	1,862,964
	₱109,854,804	**₱108,867,593**	₱103,352,283	₱103,352,283

**Excluding statutory payables amounting to ₱1.2 million as at December 31, 2019 (₱1.3 million as at December 31, 2018).*

Cash, Loan Receivable, Accrued Interest Receivable, Accounts and Other Payables (excluding statutory payables), Advances from Contractors and Loan Payable. The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments.

Advances to (from) Related Parties. The carrying amounts of these related party transactions approximate their fair values.

Long-term Debt. Estimated fair values have been calculated on the instruments' expected cash flows using the prevailing BVAL rates that are specific to the tenor of the instruments' cash flows at reporting dates (Level 2).

19. Events After the Reporting Period

The country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. While the financial impact is considered a non-adjusting subsequent event as at December 31, 2019, the effect on the Group's financial performance, however, cannot be reasonably determined as at our report date.

20. Note to Statement of Cash Flows

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes.

	Note	2018	Cash flows	Non-cash flows	2019
Deposits for future stock subscription	13	₱254,227,307	(₱8,077,745)	₱–	₱246,149,562
Advances from contractors		51,500,000	3,651,000	–	55,151,000
Long-term debt	11	–	13,950,000	–	13,950,000
Advances from a related party	13	1,862,964	(179,981)	–	1,682,983
Loan payable	13	10,000,000	41,402,778	(51,402,778)	–
		₱317,590,271	₱50,746,052	(₱51,402,778)	₱316,933,545

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Apollo Global Capital, Inc. and its Subsidiary
Unit 1204, Galleria Corporate Center
EDSA corner Ortigas Ave. 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 and for the year ended December 31, 2019, and have issued our report thereon dated June 2, 2020. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2019 are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedules required by Annex 68-J of Revised Securities Regulation Code (SRC) Rule 68
- Conglomerate Map

These schedules are presented for purposes of complying with Revised SRC Rule 68 Part II, and are not part of the basic consolidated financial statements. This information have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, including comparing and tracing such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
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PTR No. 8116474
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June 2, 2020
Makati City, Metro Manila

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INDEPENDENT AUDITORS' REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Apollo Global Capital, Inc. and its Subsidiary
Unit 1204, Galleria Corporate Center
EDSA corner Ortigas Ave. 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 and for the year ended December 31, 2019 included in this Form 17-A and have issued our report thereon dated June 2, 2020. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the year ended December 31, 2019 and no material exceptions were noted.

The consolidated financial statements as at and for the year ended December 31, 2018 from which the components of the financial soundness indicators were comparatively presented were audited by another auditor.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
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BOA Accreditation No. 4782; Valid until August 15, 2021
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PTR No. 8116474
Issued January 6, 2020, Makati City

June 2, 2020
Makati City, Metro Manila

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2019

Unappropriated retained earnings (deficit), *as adjusted to available for dividend distribution, beginning*	(₱62,877,292)
Less net loss of the Parent Company during the period closed to retained earnings	(6,820,657)
Total Retained Earnings (Deficit), End Available for Dividend Declaration	**(₱69,697,949)**
Total Retained Earnings (Deficit), End as shown in the Separate Statement of Changes in Equity	**(₱69,697,949)**

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2019

(With Comparative Figures for 2018)

Ratio	**Formula**	**2019**	2018
Current ratio			
	Total current assets	**₱4,918,947**	₱4,299,588
	Divided by: Total current liabilities	**95,388,120**	102,796,821
	Current ratio	**0.05:1**	0.04:1
Acid test ratio			
	Total current assets	**₱4,918,947**	₱4,299,588
	Less: Other current assets	**(3,634,557)**	(2,754,536)
	Quick assets	**1,284,390**	1,545,052
	Divide by: Total current liabilities	**95,388,120**	102,796,821
	Acid test ratio	**0.01:1**	0.02:1
Solvency ratio			
	Net loss	**(₱17,687,395)**	(₱12,333,353)
	Add: Depreciation	**418,573**	45,552
		(17,268,822)	(12,287,801)
	Divide by: Total liabilities	**357,170,665**	358,887,092
	Solvency ratio	**(0.05:1)**	(0.03:1)
Debt-to-equity ratio			
	Total liabilities	**₱357,170,665**	₱358,887,092
	Divided by: Total Equity	**2,981,515,530**	3,215,407,257
	Debt-to-equity ratio	**0.12:1**	0.11:1
Asset-to-equity ratio			
	Total assets	**₱3,338,686,195**	₱3,574,294,349
	Divided by: Total equity	**2,981,515,530**	3,215,407,257
	Asset-to-equity ratio	**1.12:1**	1.11:1
Interest rate coverage Ratio			
	Loss before income tax	**(₱18,868,886)**	(₱14,362,210)
	Add: Interest expense	**2,177,028**	600,000
		(16,691,858)	(13,762,210)
	Divided by: Interest expense	**2,177,028**	600,000
	Interest rate coverage ratio	**(7.67:1)**	(22.94:1)
Return on equity			
	Net loss	**(₱17,687,395)**	(₱12,333,353)
	Divided by: Total equity	**2,981,515,530**	3,215,407,257
	Return on equity	**(0.006:1)**	(0.004:1)
Return on assets			
	Net loss	**(₱17,687,395)**	(₱12,333,353)
	Total assets	**3,338,686,195**	3,574,294,349
	Return on assets	**(0.005:1)**	(0.003:1)

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

SEC Supplementary Schedule as Required by Part II of Revised SRC Rule 68

DECEMBER 31, 2019

Table of Contents

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts Collected	Current	Noncurrent	Balance at End of Year
JVDC Resources Corporation	(₱30,540,953)	₱45,546,777	(₱68,355)	–	₱14,937,469	₱14,937,469

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

SCHEDULE D - LONG TERM DEBT

DECEMBER 31, 2019

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet	Interest rate	Amount of periodic installment	Number of periodic installment	Maturity date
Long-term debt	₱13,950,000	₱–	₱13,950,000	6%	₱–	₱–	Matures in 2 years

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2019

Name of Related Party	Balance at Beginning of Year	Balance at End of Year
Vittorio P. Lim (President of the Parent Company)	₱1,862,964	₱1,682,983

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

SCHEDULE G - CAPITAL STOCK

DECEMBER 31, 2019

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related statements of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Capital Stock - ₱0.01 par value	600,000,000,000	280,336,349,297	–	–	46,507,293,501	233,829,055,796

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP