2020 ANNUAL REPORT

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Consolidated Financial Statements
As at December 31, 2020 and 2019
and for the three years ended
December 31, 2020, 2019 and 2018

and

Independent Auditors' Report

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY
ANNUAL REPORT & AUDITED CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended December 31, 2020

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COVER SHEET

SEC Registration Number

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Company Name

APOLLO GLOBAL INC. AND ITS SUBSIDIARY

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

UNIT 504 GALLERIA CORPORATE CENTER, EDSA CORNER ORTIGAS AVENUE, BRGY. UGONG NORTE, QUEZON CITY

Form Type		Department Requiring the Report	Secondary License Type, If Applicable
17-A	AMENDED	MSRD	

COMPANY INFORMATION

Company's E-mail Address	Company's Telephone Number/s	Mobile Number
N/A	(632) 532-8654	N/A

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal 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	E-mail Address	Telephone Number/s	Mobile Number
Kristina Joyce Caro-Gangan	main@picazolaw.com	(632) 532-8654	N/A

Contact Person's Address

Unit 504 Galleria Corporate Center, Edsa Corner Ortigas Avenue, Brgy. Ugong Norte, Quezon City

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

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

SECURITIES AND EXCHANGE COMISSION

Securities and Exchange Commission
Electronic Records Management Division
ICTD MAY 26 2021
BY:
RECEIVED SUBJECT TO REVIEW OF FORMS AND CONTENTS

SEC FORM 17-A

ANNUAL REPORT

Pursuant to Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code of the Philippines

1. For the fiscal year ended **December 31, 2020**

2. SEC Identification Number **A199806865**   3. BIR Tax Identification No. **005-301-677**

4. Exact name of issuer as specified in its charter **APOLLO GLOBAL CAPITAL, INC.** (formerly: **YEHEY! CORPORATION**)

5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **Unit 504 Galleria Corporate Center, Edsa cor. Ortigas Avenue, Brgy. Ugong Norte, Quezon City 1100**
Address of principal office Postal code

8. **+63 (02) 532-8654**
Issuer's telephone number, including area code

9. **N/A**
Former name, former address, and former fiscal year if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Section 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, ₱0.01 par value	**280,336,349,297**

11. Are any or all of these securities listed on a Stock Exchange?

Yes [✓]   No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)?

Yes [✓]   No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days?

Yes [✓]   No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort or expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B")

    Aggregate market value of voting common stock held by non-affiliates as of December 31, 2020 is ₱3,558,016,985.60 based on closing price of ₱0.128 per share.

APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDING
DURING THE PRECEEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.
    N/A

    Yes [ ]   No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

    (a) Any annual report to security holders;
    (b) Any information statement filed pursuant to SRC Rule 20;
    (c) Any prospectus filed pursuant to SRC Rule 8.1.

PART I – BUSINESS AND GENERAL INFORMATION

I. Business

Overview

Apollo Global Capital, Inc. (APL), formerly Yehey! Corporation (YEHEY) was incorporated on June 10, 1998. Its primary purpose is to engage in the business of internet online related products relating to database research engine, such as, but not limited to, conceptualizing, designing, illustrating, processing and editing web sites; and to engage in other pre-production and postproduction work on web sites in internet; and to sell and market said products in the form of advertising of finished products in the domestic or export market.

Yehey! was known to be a digital marketing company that delivers effective marketing solutions in the digital space. Yehey!, under the Yehey Marketing Solutions, offers its clients digital marketing services to include Web Design and Development, Web Management, Media Buying & Planning, Digital PR and Reputation Management, Digital Strategy, Social Media Marketing, Digital Research and Digital Strategy. The wide variety of its digital marketing services enables the Company to capture new business from its existing customers and even attract new customers.

In most cases, Yehey! builds the websites and social media pages of customers. These sites are then used as the platform to engage the respective target market of its existing customers. In 2014, the Company was 66.95% owned by Vantage Equities, Inc. On October 15, 2015, YEHEY ceased to be a majority-owned subsidiary of Vantage Equities, Inc. (V) when V sold its shares to a group of individual shareholders.

On October 12, 2016, the SEC approved the Company's change in name to APL as well as the winding down of APL's digital marketing operations and the corresponding change in primary purpose to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, guarantee, exchange, develop or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned; provided it shall not engage as a stock broker or dealer of securities.

On February 17, 2017, the Company and JDVC's shareholders entered into a Deed of Exchange of Shares where in the latter had issued 247,396,071,520 shares (par value of ₱0.01 per share) in exchange for 4,133,740 shares (par value of ₱100 per share) at an exchange price of ₱598.48 of the latter. The deed covering the transaction was approved by SEC on October 9, 2017. As a result of this transaction, the Company now owns 82.67% of JDVC.

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

JDVC is an entity registered with the Securities and Exchange Commission for the business purpose of offshore large scale magnetite mining and other mineral resources in the province of Cagayan. The company gained ownership of the MPSA on November 25, 2011, denominated as MPSA-338-2010-II-OMR Amended-A, covering 1,897.0 hectares for the Company to conduct research and mining operations 15 kilometers offshore from the municipality of Gonzaga, province of Cagayan, Philippines.

JDVC has conducted mining exploration, geological and feasibility studies, and contracted experts in the field of mining to successfully quantify and value probable magnetite ore reserves in the proposed area. The deposit resources of JDVC have reached a highly satisfactory technical level from inferred to indicated resources. Recently, after revalidation of the mineral resources by the DENR and the Mines and Geosciences Bureau ("MGB"), the mineral resources have reached a status of high degree of geological confidence from indicated resources to measured resources.

New Products or Services

JDVC through Agbiag and its EPC contractors will institute environmentally safe and effective offshore mining methods for the extraction of magnetite iron sand at the offshore area of Gonzaga, Cagayan. Highly technical professionals have contributed their knowledge and experience in coming up with state of the art methodology to be able to implement the project in terms of high-technology production systems. Management systems and responses will also be done in accordance to ISO standards.

The product, magnetite iron sand, is a primary raw material, like iron ore, for steel and cast-iron manufacturers when they are developed in the form of iron lumps, balls, fines, and pellets. When formed as such, they are technically called Direct Reduced Iron (DRI) which are used to feed electric blast furnaces in the iron and steel making process.

In case there is a need for expansion in the event of an international market success, there are two other areas of expansion. One consists of 2,149 hectares for one tenement just beside the JDVC tenement owned by Cagayan Ore Metal Mining Corp. The other consists of 3,182 hectares owned by Catagayan Iron Sand Mining Resources Corp., right beside the tenement owned by Cagayan Ore Metal Mining Corp. JDVC holds the commitment of both companies should APL decide to acquire both tenements in the future.

Competition

The Company competes with magnetite iron ore suppliers in world iron ore markets. The most notable domestic competitors are Peniel Resources Mining Corp., San Lorenzo Mines, Inc., T & T Resources and Mining Corp., and J & M Resources Mining & Exploration Corp. The Company competes with other magnetite iron ore suppliers primarily based on ore quality, price, transportation cost and reliability of supply. However, competition is also affected by the enforcement by the Philippine government of the environmental laws, rules and regulations.

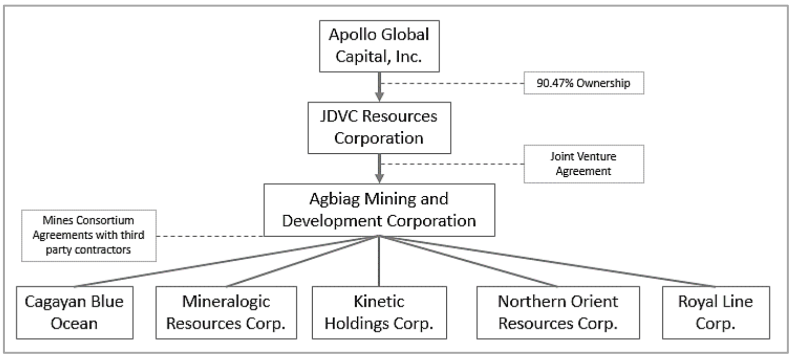
The competition will be in the International marketplace like China who is the major buyer of magnetite iron ore, Japan, Taiwan, Korea, Thailand & Vietnam. Nonetheless, the magnetite iron ore export from Cagayan, Philippines is seen to be very competitive as it is the geographical nearest to the major markets of magnetite iron ore and the Company believes that it can effectively compete with its competitors due to efficient systems put in place in the operations of the Cagayan mine.

As of December 31, 2020, DENR MGB has issued four (4) Offshore Approved MPSA Contracts at the Offshore waters of Cagayan. However, no one has been permitted yet except JDVC. Only JDVC has completed all the Mining Requirements for Commercial Extraction Operations which includes an Approved DMPF and ECC. The other three (3) MPSA Mining companies do not have complete permits.

There are still eight (8) other mining applications offshore of Cagayan that do not have an MPSA approval. All over the Philippines, there are also applications for offshore MPSA permits, but all of them are still under process and no other application has reached the level of completion of JDVC.

Principal Suppliers

JDVC relies to a significant degree on third-party contractors. The failure of any of its contractors to comply with their respective obligations, or the loss of any such contractor's services will disrupt JDVC's operations which could result in delays and increase JDVC's costs.



JDVC's success depends on its ability to attract and retain qualified personnel, and contractors to maintain satisfactory labor relations. JDVC highly depends on key personnel, and the loss of their services could have a material adverse effect on JDVC.

Customers

Management assesses no significant concentrations on single or group of customers and will re-assess any significant concentrations upon opening of the Company.

Intellectual Property

The Company does not own any registered patent, trademark, copyright, franchise, concession, and royalty agreement and has no pending applications for registration with the Intellectual Property Office of the Philippines.

Government Regulations and Licenses

Existing government regulations affect the Group's operations, particularly on the costs of compliance reflected either as expense or as capital asset under generally accepted accounting principles. In the case of new government regulations, the effect or impact of such on the Group's operations could only be determined upon their passage and implementation.

The exploration, development and utilization of the country's natural resources is governed principally by the 1987 Constitution, which provides that the State may directly explore, develop, and utilize the country's natural resources, or it may enter into co-production, joint venture or production-sharing agreements with Filipino citizens or corporations or associations, at least 60% of whose capital is owned by Filipinos. The Constitution also authorizes the President of the Republic of the Philippines to enter into technical or financial assistance agreements with foreign-owned corporations for large-scale exploration, development, and utilization of minerals, petroleum, and other mineral oils in accordance with the general terms and conditions of applicable laws, based on real contributions to the economic growth and general welfare of the country. Several laws have since been enacted to implement these Constitutional principles and directives.

Republic Act No. 7942: Mining Act of 1995

RA 7942 or the Mining Act of 1995 sets out the provisions governing mining and mining-related activities in the country. The Mining Act declares the areas open for mining operations and at the same time, enumerates those closed for mining applications. More importantly, said law sets forth the mining cycle and the corresponding permits needed for each phase: from exploration to the declaration of mining project feasibility, to the positive determination of commercial viability of a project, to the execution of mineral agreements with the government prior to actual operations, until the required rehabilitation after operating a mine.

Republic Act No. 8371: Indigenous Peoples' Rights Act of 1997

RA 8371 or the Indigenous Peoples' Rights Act of 1997 (IPRA Law) introduced the requirement of "Free and Prior Informed Consent" (FPIC) which means the consensus of members of the concerned Indigenous Peoples (IP) or Indigenous Cultural Community (ICC). Under this, all departments and governmental agencies are strictly enjoined from issuing, renewing, or granting any concession, license or lease or entering into a production sharing agreement, without prior certification from the National Commission on Indigenous Peoples (NCIP), which certification can only be issued after the FPIC with the IPs or ICCs concerned is secured and the process concluded.

Presidential Decree No. 1586: Environmental Impact Assessment (EIA) System

PD No. 1586 introduced the EIA System which mandates that "no person, partnership, or corporation shall undertake or operate any such declared environmentally critical project or area without first securing an Environmental Compliance Certificate issued by the President or his duly authorized representative". Hence, pursuant to PD No. 1586, the Mining Act of 1995 requires mining companies to secure an Environmental Compliance Certificate (ECC) in all phases of mining activities, except during the exploration stage.

Republic Act No. 6969: Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990
RA 6969 or the Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 regulates the importation, manufacture, processing, distribution, use and disposal of chemical substances and mixtures.

Republic Act No. 8749: Philippine Clean Air Act of 1999
RA 8749 or the Philippine Clean Air Act of 1999 outlines the measures to reduce air pollution.

Republic Act No. 9003: Ecological Solid Waste Management Act of 2000
RA 9003 or the Ecological Solid Waste Management Act of 2000 provides a systematic ecological solid waste management program.

Executive Order No. 79
EO 79 was issued by President Benigno Aquino III creating the Mining Industry Coordinating Council (MICC) and instituting changes to ensure the practice of responsible mining in the county. EO 79 also provides that no new mineral agreements shall be entered into until a legislation rationalizing existing revenue sharing schemes and mechanisms shall have taken effect. The DENR may nevertheless, continue to grant and issue Exploration Permits under existing law, rules, and guidelines.

DENR Department Administrative Order No. 2015-07
DAO No. 2015-07 institutionalizes an environmental management system that ensures the adherence of local mining operations to international standards, particularly the ISO 14001 Certification, as a measure of responsible mining in the country. It will ensure that appropriate measures are put in place to achieve minimal negative impacts of mining on the environment. As mandated under EO 79, it will also guarantee the compliance of mining contractors with applicable mining and environmental laws, regulations, and requirements in mining operations while gearing towards growth.

DENR Department Administrative Order No. 2017-07
DAO No. 2017-07 mandates mining contractors to participate in the Philippine Extractive Industries Transparency Initiative (PH-EITI). According to DAO No. 2017-07, all mining contractors shall comply with the disclosure requirements of PH-EITI as set by the Philippine Multi-stakeholders Group where the government, the industry and civil society are represented. Failure of the mining contractor to comply with the disclosure requirements shall cause the suspension of the pertinent ECC and non-issuance of Ore-Transport and/or Mineral Export Permit until such time that the said contractor has complied.

DENR Department Administrative Order No. 2017-10
DAO No. 2017-10 prohibits the use of open pit mining method in the extraction of copper, gold, silver and/or complex ores. According to DAO No. 2017-10, open pits allegedly bring adverse environmental impact due to the generation of acidic and/or heavy metal-laden water, erosion of mine waste dumps and/or vulnerability of tailings dams to geological hazards.

Employees
As of December 31, 2020, APL has no employees and is being managed by its officers free of charge., while JDVC has 8 employees involved in its mining operations. The Group expects to employ more personnel in 2021 in anticipation of commencement of mining operations.

II. Properties

MPSA No. 338-2010-11-OMR Amended-A
The MPSA grants the owner the right to explore and develop magnetite resources within a specified area in Cagayan province. The Contract Area covered by the MPSA has an initial area of 14,240 hectares within the municipalities of Sanchez, Mira, Abulug, Pamplona, Ballesteros, Aparri, Buguey, and Gonzaga in the province of Cagayan. The Contract Area was then redenominated to cover 11,840 hectares on May 20, 2016. The mining area was further parcellized to as 1,897.0242 hectares in Gonzaga, Cagayan.

The mining concession is valid for 25 years from the effective date of June 2010, and is renewable for another 25 years. An environmental compliance certificate has already been secured by the Company from the Department of Environment and Natural Resources. Nevertheless, the MPSA is not subjected to any mortgage, lien, or encumbrance.

The Government's share is equivalent to the excise tax on mineral products at the time of removal, and at the rate provided for in Republic Act No. 7729. The government will be entitled to royalties of not less than 5% of the gross output.

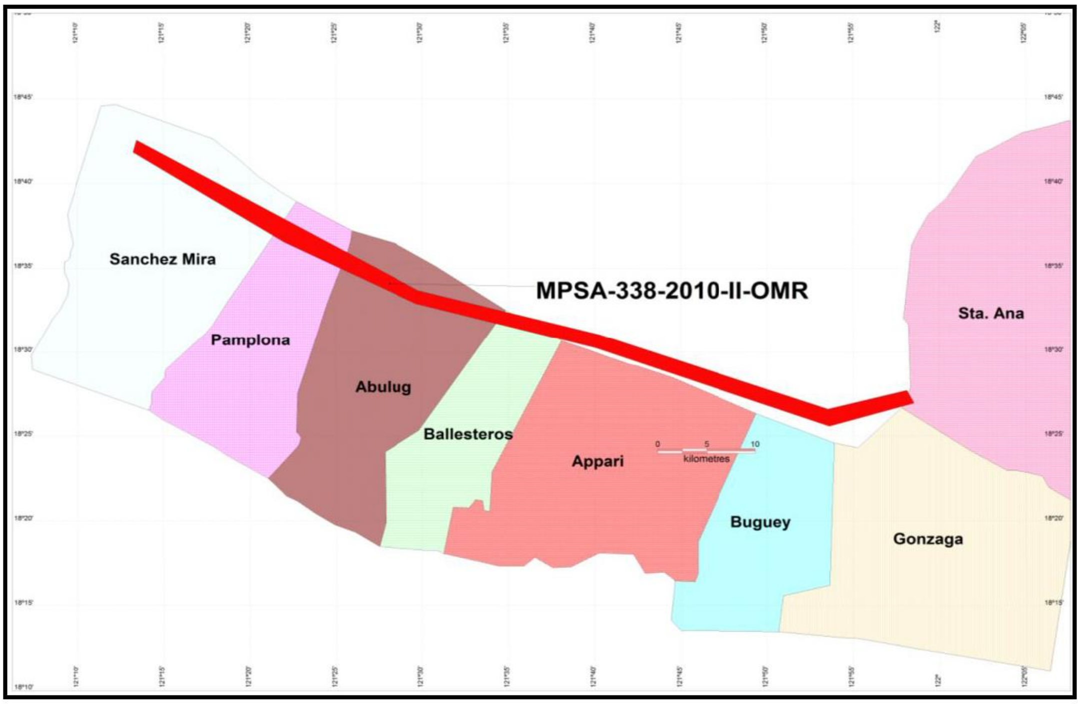


Figure 1. Tenement Map Showing Political Boundaries

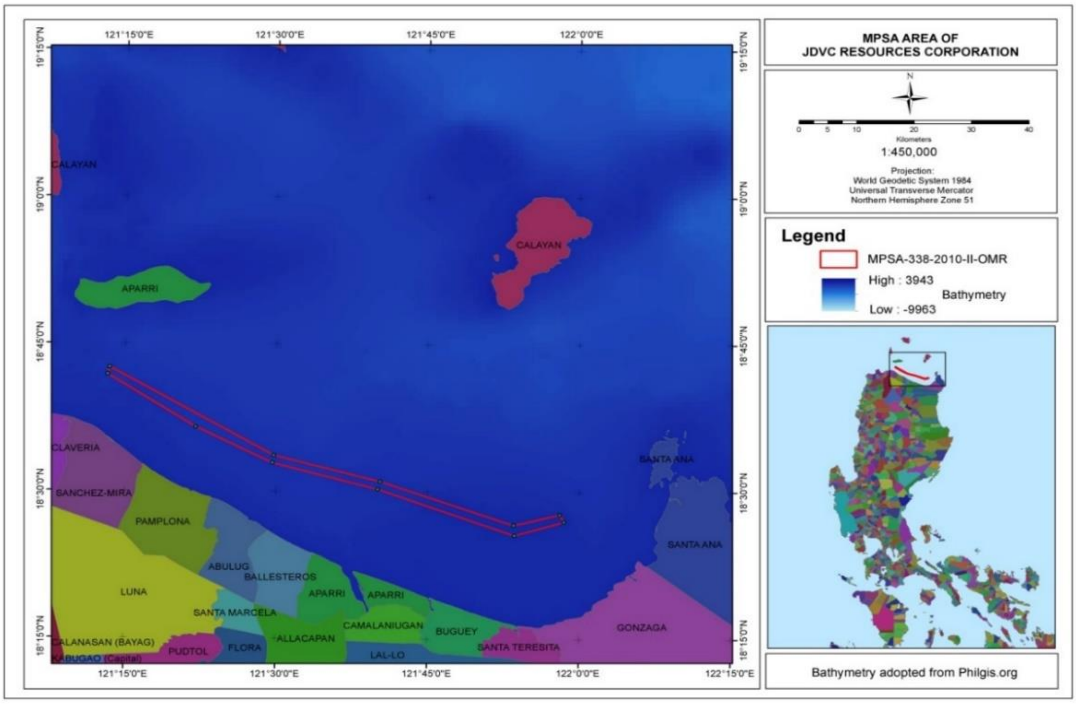


Figure 2. Tenement Map Showing Claim Boundaries

Mineral Resources and Reserves

The Company presents estimated mineral resources in accordance with the PMRC, which is described below. We review and update the Company's estimates as required, but at least annually, to reflect actual production, new exploration data or developments and changes in other assumptions or parameters. In connection with the Offer, the Company has commissioned a PMRC Competent Person to independently verify certain of the mineral resource estimates. Ore reserve estimates will change from time to time to reflect mining activities, analyses of new engineering and geological data, changes in ore reserve and mineral resource holdings, modifications of mining plans or methods, changes in nickel prices or production costs and other factors.

Mineral Resource Estimates

Results of estimation show a combined indicated resource of 606,457,972.52 DMT with an average grade of 25.47% MF, which at 100% recovery, is equivalent to 154,466,259.02 DMT of magnetite concentrate; and an inferred resource of 63,179,310.69 DMT with an average grade of 47.71% MF, which at 100% recovery is equivalent to 30,140,910.80 DMT of magnetite concentrate. The summary of the resources is tabulated in detail by resource category in Table 1.

Level	Hole-ID	Volume (m^3)	Tonnage (DMT)	Grade (%MF)	DMT Conc.
INDICATED					
0-5	GN18	14,134,498.64	23,887,302.69	26.58	6,349,245.06
	GN30	6,260,618.75	10,580,445.68	3.23	341,748.40
	GN33	11,977,837.40	20,242,545.20	22.56	4,566,718.20
	GN48	13,066,734,48	22,082,781.26	24.87	5,491,987.70
	GN58	11,252,573.11	19,016,848.56	24.94	4,742,802.03
	GN68	10,862,507.44	18,357,637.57	26.98	4,952,890.62
Sub Total		**67,554,769.80**	**114,167,560.95**	**23.16**	**26,445,391.99**
5-10	GN18	21,167,829.31	35,773,631.53	43.87	15,693,892.15
	GN30	11,600,678.95	19,605,147.43	21.02	4,119,041.47
	GN33	16,404,741.02	27,724,012.32	41.89	11,613,588.76
	GN48	15,073,202.66	25,473,712.50	46.55	11,858,013.17
	GN58	14,792,031.51	24,998,533.24	47.29	11,821,806.37
	GN68	14,539,173.62	24,571,203.41	43.15	10,602,474.27
Sub Total		**93,577,657.05**	**158,146,240.41**	**41.55**	**65,708,816.19**
10-15	GN18	22,232,822.30	37,573,469.69	24.89	9,352,036.61
	GN30	7,183,350.15	12,139,861.75	20.71	2,514,165.37
	GN33	18,130,900.05	30,641,221.08	23.63	7,240,520.54
	GN48	15,950,498.10	26,956,341.79	25.41	6,849,606.45
	GN58	14,510,689.13	24,523,064.63	27.89	6,839,482.73
	GN68	19,498,536.83	32,952,527.24	23.89	7,872,358.76
Sub Total		**97,506,796.56**	**164,786,486.19**	**24.68**	**40,668,170.45**
15-20	GN18	13,339,693.38	22,544,081.81	12.58	2,836,045.49
	GN33	19,433,900.05	32,843,291.08	11.65	3,826,243.41
	GN48	17,519,498.10	29,607,951.79	12.66	3,748,366.70
	GN58	18,284,781.30	30,901,280.40	10.24	3,164,291.11
	GN68	22,483,264.39	37,996,716.82	13.56	5,152,354.80
Sub Total		**91,061,137.22**	**153,893,321.90**	**12.17**	**18,727,301.51**
	GN68	9,150,510.69	15,464,363.07	18.86	2,916,578.87
Sub Total		**9,150,510.69**	**15,464,363.07**	**18.86**	**2,916,578.87**
Grand Total		**358,850,871.32**	**606,457,972.52**	**25.47**	**154,466,259.02**

Level	Hole-ID	Volume (m^3)	Tonnage (DMT)	Grade (%MF)	DMT Conc.
INFERRED					
0-5	GN01	5,452,567.28	9,214,838.69	59.20	5,455,184.51
	GN02	9,049,637.80	15,293,887.88	45.20	6,912,837.32
	GN03	9,851,788.01	16,649,521.73	46.70	7,775,326.65
	GN04	13,030,214.43	22,021,062.39	45.40	9,997,562.32
		37,384,207.51	**63,179,310.69**	**47.71**	**30,140,910.80**

Table 1: Summary of Mineral Resources by Resource Category and Grade Group

III. Legal Proceedings

Neither the Company nor any of its subsidiary and affiliates or any of their properties are involved in or the subject of any legal proceedings which would have a material adverse effect on the business or financial position of the Company or any of its subsidiary and affiliates, or any of its or their properties.

IV. Submission of Matters to a Vote of Security Holders

Except for matters taken up during the last annual stockholders' meeting covered by the Company's SEC Form 20-IS report, no matter was submitted to a vote of security holders through solicitation of proxies or otherwise during the calendar year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

V. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information
The registrant's common shares is traded in the Philippine Stock Exchange under the ticker symbol "APL". The Company's public float as of **December 31, 2020** is 11.75%.

On August 9, 2012, the SEC approved the Parent Company's application to list 27.8-million common shares by way of introduction in the second board of the Philippine Stock Exchange (PSE) at an initial price of ₱1 per share. On October 18, 2012, the Parent Company was listed in the PSE.

The average quarterly stock prices for the Company's common shares for the last three fiscal years are as follows:

	Price per share (in Ph₱)							
	2021		2020		2019		2018	
	High	Low	High	Low	High	Low	High	Low
1st Quarter	0.475	0.133	0.050	0.032	0.052	0.039	0.072	0.041
2nd Quarter	–	–	0.060	0.036	0.046	0.038	0.055	0.042
3rd Quarter	–	–	0.060	0.046	0.053	0.044	0.054	0.042
4th Quarter	–	–	0.144	0.050	0.048	0.037	0.044	0.036

Market price of the Company's shares as at close of the year 2020 was ₱0.128 per share.

Holders

As of **December 31, 2020**, there were 799 shareholders of the 280,336,349,297 common shares issued and outstanding. The top 20 shareholders of the Company as of **December 31, 2020** are as follows:

	Name of Shareholder	No. of Shares Held	Ownership Percentage
1.	Hyung Rae Doo	109,065,080,064	38.91%
2.	Lloyd Reagan C. Taboso	46,471,972,000	16.58%
3.	Napoleon M. De Leon Jr.	46,224,979,304	16.49%
4.	Daniel C. Go	45,634,040,152	16.28%
5.	PCD Nominee Corporation (Filipino)	26,880,986,928	9.59%
6.	Joanna B. Co	5,140,277,777	1.83%
7.	Sysmart Corporation	283,713,500	0.10%
8.	PCD Nominee Corporation (Non-Filipino)	178,950,172	0.06%
9.	Juan G. Chua	94,040,000	0.03%
10.	East Pacific Investors Corporation	49,095,000	0.02%
11.	Cygnet Development Corporation	43,125,000	0.02%
12.	Alistair E.A. Israel	27,720,000	0.01%
13.	David Q. Quitoriano	24,200,000	0.01%
14.	Christopher Chongson	6,468,700	0.00%
15.	Century Securities Corp.	6,025,000	0.00%
16.	Ricardo L. Ng	5,847,700	0.00%
17.	Campos, Lanuza & Co., Inc.	5,807,500	0.00%
18.	Suzanne Lim	5,175,000	0.00%
19.	Jerry Tiu	4,916,200	0.00%
20.	Susana A. Chua	4,191,700	0.00%

Dividends and Dividend Policy

The Board of Directors is authorized to declare cash or stock dividends or a combination thereof. A cash dividend declaration requires the approval of the Board of Directors and no shareholder approval is necessary. A stock dividend declaration requires the approval of the Board of Directors and shareholders representing at least two-thirds (2/3) of the Company's outstanding voting capital stock. Holders of outstanding shares on a dividend record date for such shares will be entitled to the full dividend declared without regard to any subsequent transfer of shares.

The Board of Directors has the power to fix and determine the amount to be reserved or provided for declaration and payment of dividends from the Company's unrestricted retained or surplus earnings. The amount of such dividends (either in cash, stocks or property) will depend on the Company's profits, cash flows, capital expenditure, financial condition and other factors and will follow the SEC guidelines on determination of retained earnings available for dividend declaration.

The existence of surplus profit is a condition precedent before a dividend can be declared. The surplus profits or income must be a bona fide income founded upon actual earnings. Actual earnings or profits shall be the net income for the year based on the audited financial statements, adjusted for unrealized items, which are considered not available for dividend declaration. Taking into account the Company's cash flows, capital expenditure, investment objectives and financial condition, at least ten percent (10%) of the actual earnings or profits may be declared by the Board.

Each holder of the shares, regardless of class, is entitled to such dividends as may be declared in accordance with the Company's dividend policy.

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

Recent Sale of Unregistered Securities

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 10th 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. The Parent Company issued additional 5,140,277,777 shares as a result of the conversion. Consequently, such valuation was duly approved by the SEC on December 7, 2020.

Other than the foregoing, there has been no issuance of exempt securities.

VI. Management's Discussion and Analysis or Plan of Operation

Plan of Operation

The Company's revenues and cash flow shall be generated from the business operation of its subsidiary, JDVC. On the other hand, JDVC shall generate revenue & income from royalty payment from its contractor-owned vessels, and after the Company's Follow-On Offering (FOO), from a vessel that the Company plans to partially own as well.

The forecast share of the Company in the profits from its subsidiary's partially-owned vessels ranges from nine to ten percent (9% to 10%) of gross sales, and the share in royalty fees to be derived from contractor-owned vessels is at ninety-two percent (92%), approximately.

The Company will start with a foreign-owned vessel (MB Siphon I) which is currently wholly-owned by Poet Blue Ocean Offshore Services Pte. Ltd. (PBO), and two (2) contractors in 2021. After the FOO, where majority of the proceeds of the offering will be used to acquire a forty-nine percent (49%) stake in PBO, the Company will effectively have two (2) sources of revenues – one from the 90.47% royalties from JDVC, and second from the 49% ownership of PBO that owns MB Siphon I. The two sources of the future revenues of the Company and JDVC will be sufficient in satisfying the cash requirements of the Group and no further fund-raising is expected in the coming year.

Results of Operations (December 31, 2020 vs. December 31, 2019)

	For the years ended December 31,		Horizontal Analysis		Vertical Analysis	
	2020	2019	Inc (Dec)	%age	2020	2019
Revenues	₱ –	₱	–	n/a	n/a	n/a
Direct costs	–		–	n/a	n/a	n/a
Gross profit	₱ –	₱	–	n/a	n/a	n/a
General & administrative costs	(15,734,516)	(18,982,963)	3,248,447	-17.11%	n/a	n/a
Operating loss	₱ (15,734,516)	₱ (18,982,963)	3,248,447	-17.11%	n/a	n/a
Finance income	4,797	2,292,074	(2,287,277)	-99.79%	n/a	n/a
Finance costs	(1,276,450)	(2,177,028)	900,578	-41.37%	n/a	n/a
Other income/losses – net	(3,960)	(969)	(2,991)	308.67%	n/a	n/a
Loss before tax benefit	₱ (17,010,129)	₱ (18,868,886)	1,858,757	-9.85%	n/a	n/a
Income tax benefit	723,109	1,181,491	(458,382)	-38.80%	n/a	n/a
Loss for the period	₱ (16,287,020)	₱ (17,687,395)	1,400,375	-7.92%	n/a	n/a

General & Administrative Costs

The Group's general & administrative costs decreased by 17.11% % which was primarily due to the decrease in mobilization costs, taxes and licenses, representation and transportation and travel (31.99% of the total general and administrative cost).

Finance Income

Total interest income decreased by 99.79% since the Group lost interest from loans receivable which was collected in 2019.

Profit Before Tax

The decrease in loss before tax was primarily due to decrease in general and administrative cost incurred during the period.

Income Tax Benefit

Income tax benefit decreased by 38.8% due the expiry of tax benefits from NOLCO and unrecognized deferred tax benefits from current year losses.

Financial Condition December 31, 2020 vs. December 31, 2019)

	As at December 31,		Horizontal Analysis		Vertical Analysis	
	2020	2019	Inc (Dec)	%age	2020	2019
A S S E T S						
Current assets:						
Cash	**₱ 909,057**	₱ 1,284,390	(375,333)	-29.22%	0.03%	0.04%
Other current assets	**3,942,010**	3,634,557	307,453	8.46%	0.12%	0.11%
Total current assets	**₱ 4,851,067**	₱ 4,918,947	(67,880)	-1.38%	0.15%	0.15%
Non-current assets:						
Mine properties	**₱ 3,288,748,565**	₱ 3,284,054,565	4,694,000	0.14%	98.25%	98.36%
Advances to contractors	**44,888,691**	42,690,538	2,198,153	5.15%	1.34%	1.28%
Property & equipment – net	**2,427,268**	1,230,174	1,197,094	97.31%	0.07%	0.04%
Intangible asset – net	**360,777**	360,777	–	0.00%	0.01%	0.01%
Deferred tax asset	**6,154,303**	5,431,194	723,109	13.31%	0.18%	0.16%
Total non-current assets	**₱ 3,342,579,604**	₱ 3,333,767,248	8,812,356	0.26%	99.85%	99.85%
TOTAL ASSETS	**₱ 3,347,430,671**	₱ 3,338,686,195	8,744,476	0.26%	100.00%	100.00%
L I A B I L I T I E S & E Q U I T Y						
Current liabilities:						
Accounts and other payables	**₱ 41,576,576**	₱ 40,237,120	1,339,456	3.33%	1.24%	1.21%
Interest-bearing loans & borrowings	**13,950,000**	–	13,950,000	n/a	0.42%	0.00%
Advances from contractors	**55,151,000**	55,151,000	–	0.00%	1.65%	1.65%
Total current liabilities	**₱ 110,677,576**	₱ 95,388,120	15,289,456	16.03%%	3.31%	2.86%
Non-current liabilities:						
Interest-bearing loans & borrowings	**₱ 23,600,000**	₱ 13,950,000	9,650,000	69,18%	0.71%	0.42%
Deposits for future stock subscriptions	**–**	246,149,562	(246,149,562)	-100.00%	0.00%	7.37%
Advances from related party	**247,924,585**	1,682,983	246,241,602	14,631.26%	7.40%	0.05%
Total non-current liabilities	**₱ 271,524,585**	₱ 261,782,545	9,742,040	3.72%	8.11%	7.84%
Total liabilities	**₱ 382,202,161**	₱ 357,170,665	25,031,496	7.01%	11.41%	10.69%
Equity:						
Share capital	**₱ 2,803,363,493**	₱ 2,803,363,493	–	0.00%	83.75%	83.97%
Share premium	**17,586,961**	17,586,961	–	0.00%	0.53%	0.53%
Accumulated losses	**(101,328,091)**	(86,178,648)	(15,149,443)	17.58%	-3.03%	-2.58%
Total equity attributable to Parent Company's shareholders	**₱ 2,719,622,363**	₱ 2,734,771,806	(15,149,443)	-0.55%	81.25%	81.92%
Non-controlling interest	**245,606,147**	246,743,724	(1,137,577)	-0.46%	7.34%	7.39%
Total equity	**₱ 2,965,228,510**	₱ 2,981,515,530	(16,287,020)	-0.55%	88.59%	89.31%
TOTAL LIABILITIES & EQUITY	**₱ 3,347,430,671**	₱ 3,338,686,195	8,744,476	0.26%	100.00%	100.00%

Total Assets

Total assets of the Group increased by ₱8.7-million (0.26%), which was primarily caused by the increase in mine properties and advances to contractors.

Other Current Assets

Other current assets increased by ₱307,453 (8.46%). The increase in other current assets is primarily caused by the increase in input taxes and construction bond.

Mine Properties

Mine properties include mineral assets, patent and mining costs. The increase in mine properties is primarily caused by additional mining costs.

Property & Equipment – net

Property & equipment includes office furniture, fixtures and equipment and transportation vehicle. The increase in property and equipment is primarily due to additions in office furniture and equipment.

Total Liabilities

Total liabilities have increased by ₱25-million (7.01%), which was primarily caused by increase in accounts & other payables amounting to ₱1.34-million and interest bearing loans & borrowings amounting to ₱23.6-million.

Interest-Bearing Loans & Borrowings

Loans & borrowings pertains to loans from Cagayan Blue Ocean Offshore Aquamarine Services Corporation (CBO). In 2020, the Group availed of additional loan from CBO amounting to ₱23.6-million.

Accounts and Other Payables

The increase in the balance of this account by ₱1.34-million was due to the increase in accounts and statutory payables and accrued expenses.

Total Equity

The decrease in total equity of ₱16.29-million in this account pertains to the net loss that the Group incurred in its operations.

Results of Operations (December 31, 2019 vs. December 31, 2018)

	For the years ended December 31,				Horizontal Analysis		Vertical Analysis	
		2019		2018	Inc (Dec)	%age	2019	2018
Revenues	₱	–	₱	–	–	–	n/a	n/a
Direct costs		–		–	–	–	n/a	n/a
Gross profit	₱	–	₱	–	–	–	n/a	n/a
General & administrative costs		(18,982,963)		(16,039,520)	(2,943,443)	18.35%	n/a	n/a
Operating loss	₱	(18,982,963)	₱	(16,039,520)	(2,943,443)	18.35%	n/a	n/a
Finance income		2,292,074		2,275,959	16,115	0.71%	n/a	n/a
Finance costs		(2,177,028)		(600,000)	(1,577,028)	262.84%	n/a	n/a
Other income/losses – net		(969)		1,351	(2,320)	-171.72%	n/a	n/a
Loss before tax benefit	₱	(18,868,886)	₱	(14,362,210)	(4,506,676)	31.38%	n/a	n/a
Income tax benefit		1,181,491		2,028,857	(847,366)	-41.77%	n/a	n/a
Loss for the period	₱	(17,687,395)	₱	(12,333,353)	(5,354,042)	43.41%	n/a	n/a

General & Administrative Costs

The Group's general & administrative costs increased by 18.35% % which was primarily due to the increase in mobilization costs, taxes and licenses, representation and transportation and travel (61.20% of the total general and administrative cost).

Finance Costs

Finance costs grew 262.84% due to the full year interest charge from borrowings compared to the fractional interest incurred in 2018.

Profit Before Tax

The increase in loss before tax was primarily due to increase in general and administrative cost and finance costs incurred during the period.

Income Tax Benefit

Income tax benefit decreased by 38.8% due the expiry of tax benefits from NOLCO and unrecognized deferred tax benefits from current year losses.

Financial Condition December 31, 2019 vs. December 31, 2018)

		As at December 31,			Horizontal Analysis		Vertical Analysis	
		2019		2018	Inc (Dec)	%age	2019	2018
ASSETS								
Current assets:								
Cash	₱	**1,284,390**	₱	1,545,052	(260,662)	-16.87%	0.04%	0.04%
Other current assets		**3,634,557**		2,754,536	880,021	31.95%	0.11%	0.08%
Total current assets	₱	**4,918,947**	₱	4,299,588	619,359	14.41%	0.15%	0.12%
Non-current assets:								
Mine properties	₱	**3,284,054,565**	₱	3,257,154,051	26,900,514	0.83%	98.36%	91.13%
Advances to contractors		**42,690,538**		40,577,963	2,112,575	5.21%	1.28%	1.13%
Property & equipment – net		**1,230,174**		75,618	1,154,556	1526.83%	0.04%	0.002%
Intangible asset – net		**360,777**		326,100	34,677	10.63%	0.01%	0.01%
Deferred tax asset		**5,431,194**		4,204,257	1,226,937	29.18%	0.16%	0.12%
Advances to related parties		**–**		2,595,022	(2,595,022)	-100.00%	n/a	0.07%
Accrued interest receivable		**–**		10,561,750	(10,561,750)	-100.00%	n/a	0.30%
Loan receivable		**–**		254,500,000	(254,500,000)	-100.00%	n/a	7.12%
Total non-current assets	₱	**3,333,767,248**	₱	3,569,994,761	(236,227,513)	-6.62%	99.85%	99.88%
TOTAL ASSETS	₱	**3,338,686,195**	₱	3,574,294,349	(235,608,154)	-6.59%	100.00%	100.00%
LIABILITIES & EQUITY								
Current liabilities:								
Accounts and other payables	₱	**40,237,120**	₱	41,296,821	(1,059,701)	-2.57%	1.20%	1.16%
Advances from contractors		**55,151,000**		51,500,000	3,651,000	7.09%	1.65%	1.44%
Interest-bearing loans & borrowings		**–**		10,000,000	(10,000,000)	-100.00%	0.00%	0.28%
Total current liabilities	₱	**95,388,120**	₱	102,796,821	6,541,299	6.36%	2.86%	2.88%
Non-current liabilities:								
Interest-bearing loans & borrowings	₱	**13,950,000**	₱	–	13,950,000	n/a	0.42%	0.00%
Deposits for future stock subscriptions		**246,149,562**		254,227,307	(8,077,745)	-3.18%	7.37%	7.11%
Advances from related party		**1,682,983**		1,862,964	(179,981)	-9.66%	0.05%	0.05%
Total non-current liabilities	₱	**261,782,545**	₱	256,090,271	(8,257,726)	-3.22%	7.84%	7.16%
Total liabilities	₱	**357,170,665**	₱	358,887,092	(1,716,427)	-0.48%	10.70%	10.04%
Equity:								
Share capital	₱	**2,803,363,493**	₱	2,751,960,715	51,402,778	1.87%	83.97%	76.99%
Share premium		**17,586,961**		17,586,961	–	0.00%	0.53%	0.49%
Accumulated losses		**(86,178,648)**		(70,176,862)	(16,001,786)	22.80%	-2.58%	-1.96%
Total equity attributable to Parent Company's shareholders	₱	**2,734,771,806**	₱	2,699,370,814	35,400,992	1.31%	81.91%	75.52%
Non-controlling interest		**246,743,724**		516,036,443	(269,292,719)	-52.18%	7.39%	14.44%
Total equity	₱	**2,981,515,530**	₱	3,215,407,257	(233,891,727)	-7.27%	89.30%	89.96%
TOTAL LIABILITIES & EQUITY	₱	**3,338,686,195**	₱	3,574,294,349	(235,608,154)	-6.59%	100.00%	100.00%

Total Assets

Total assets of the Group decreased by ₱235.6-million (6.59%), which was primarily caused by the collection of loans and other receivables.

Other Current Assets

Other current assets increased by ₱880,021 (31.95%). The increase in other current assets is primarily caused by the increase in input taxes.

Mine Properties
Mine properties include mineral assets, patent and mining costs. The increase in mine properties is primarily caused by additional mining development costs.

Property & Equipment – net
Property & equipment includes office furniture, fixtures and equipment and transportation vehicle. The increase in property and equipment is primarily due to additions in office furniture and equipment and motor vehicle.

Total Liabilities
Total liabilities have decreased by ₱1.7-million (0.48%), which was primarily caused by loan repayments and refund of deposits for future stock subscription.

Interest-Bearing Loans & Borrowings
Loans & borrowings pertains to loans from Cagayan Blue Ocean Offshore Aquamarine Services Corporation (CBO). In 2019, the Group availed of loan from CBO amounting to ₱14.0-million.

Accounts and Other Payables
The decrease in the balance of this account by ₱1.1-million was due to the payment of accrued of expenses.

Total Equity
The decrease in total equity of ₱233.9-million in this account pertains to the acquisition of non-controlling interests in JDVC and of the net loss for the period.

VII. Financial Statements

The financial statements of the Company are incorporated herein by reference and attached as an integral part of this SEC Form 17-A.

VIII. Information on Independent Public Accountant and Other Related Matters

Independent Public Accountant
The Company appointed Valdes, Abad & Company, CPAs as external auditors, covering the audit of the financial statements for the year ended December 31, 2020. Their responsibility is to express an opinion on these financial statements based on their audits conducted in accordance with Philippine Standards on Auditing. Reyes Tacandong & Co. was the appointed external auditors for the year 2019 while Roxas, Cruz, Tagle & Co. was appointed for the years 2016 to 2018.

None of the appointed external auditors have neither shareholding in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to the securities of the Company. The independent public accountants will not receive any direct or indirect interest in the Company and in any securities thereof (including options, warrants, or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

Audit and Audit-Related Fees
Fees approved in connection with the assurance rendered by the external auditors pursuant to the regulatory and statutory requirements for the years ended December 31, 2020 and 2019 amounts to the following:

	2020	2019	2018
Audit Fees	400,000	400,000	488,500

Tax Fees
The independent external auditors did not render services for tax accounting, planning, compliance, advice, or any other professional services for which it billed the Company the corresponding professional fees.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
There were no disagreements with the independent external auditors for the years 2020 and 2019 on any matter relating to accounting principles or practices, disclosure of financial statements, auditing scope and procedures.

PART III – CONTROL AND COMPENSATION INFORMATION

IX. Directors and Executive Officers of the Issuer

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers cooperate with the Company's Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review.

Board of Directors
Pursuant to the Company's latest amended articles of incorporation, approved by the SEC on December 22, 2014, the Board shall consist of 11 members, of which two (2) are independent directors. The table sets forth each member of the Company's Board of Directors as of **December 31, 2020**.

Name	Citizenship	Age	Position	Period Served
Salvador A. Santos-Ocampo	Filipino	50	Chairman of the Board	Oct. 2015 – present
David M. De La Cruz	Filipino	54	Director	Feb. 2017 – present
Norman De Leon	Filipino	29	Director	Dec. 2018 – present
Christopher C. Go	Filipino	52	Director	Mar. 2019 – present
Bernadette Herrera-Dy	Filipino	44	Director	Mar. 2019 – present
Edwin T. Lim	Filipino	45	Director	Oct. 2015 – present
Vittorio Paulo P. Lim	Filipino	35	Director	Dec. 2015 – present
John Oliver L. Pascual	Filipino	51	Director	Jan. 2020 – present
Lloyd Reagan C. Taboso	Filipino	39	Director	Dec. 2018 – present
Klarence T. Dy	Filipino	52	Independent Director	Oct. 2015 – present
Deogracias G. Contreras Jr.	Filipino	74	Independent Director	Jan. 2020 – present

Executive Officers
The table sets forth the Company's executive officers as of **December 31, 2020**.

Name	Citizenship	Age	Position	Period Served
Salvador Araneta Santos-Ocampo	Filipino	50	Chairman of the Board	Oct. 2015 – present
Vittorio Paulo P. Lim	Filipino	35	President	Dec. 2015 – present
Edwin T. Lim	Filipino	45	Treasurer	Oct. 2015 – present
Gary B. Olivar	Filipino	68	Chief Operating Officer	Jul. 2019 – present
Christopher C. Go	Filipino	52	Chief Financial Officer	Mar. 2019 – present
Lucky Dickinson T. Uy	Filipino	38	Compliance Officer	May 2017 – present
Kristina Joyce C. Caro-Gangan	Filipino	38	Corporate Secretary	Oct. 2015 – present

Business Experience and Other Directorships
The business experience of each of the directors and executive officers of the Parent Company is as follows:

Mr. Salvador A. Santos-Ocampo (Chairman of the Board) has been the President of Victoneta Rentals Corporation since 2014. He is also the President of SAMI Food and Beverage Specialist Corporation since 2013 and the Treasurer of Salvador Araneta Memorial Institute since 2001. He obtained his degree in Business Management and Economics in the International Academy of Management and Economics (I/AME).

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

Mr. Edwin T. Lim (Director/Treasurer) has been the General Manager of BLIM's Textile Manufacturing Industries, Inc. since 2000. He obtained his Bachelor of Science in Civil Engineering from the Mapua Institute of Technology in 1997.

Mr. Gary B. Olivar (Chief Operating Officer) is a senior financial executive with thirty five years of experience in banking and telecoms finance, both here and abroad. He worked with BPI's merchant bank here and with American Express Bank (credit management) and Sumitomo Trust Bank (public finance) in Hongkong and New York. He was a risk management consultant with BDO Unibank from 2010 to 2016. He was a member of Smart Communications management committee and was also a chief financial officer of Bayan Communications. He earned his MS from the UP School of Economics in 1978 and an MBA from Harvard Business School in 1980.

Mr. Christopher C. Go (Director/Chief Finance Officer) is a Certified Public Accountant and currently is the CEO and President of Moderno Citihomes Dev't Corporation, Perfectspot Development Incorporated, Nation Builders Global Logistics Corp. and Sky Builders Dev't Corporation. He obtained his Bachelor of Science in Accountancy degree from De La Salle University in 1988.

Mr. David M. De La Cruz (Director) is a director of the Company since February 2017. He has been the EVP and CFO of Sta. Lucia Land, Inc. since 2012. He obtained his Bachelor of Arts in Economics and BSC Accounting and Masters from De La Salle University in 1986 and 2001, respectively.

Mr. Norman de Leon (Director) is the President and Authorized Managing Officer of MVW Construction and Trading Corporation since 2015. He obtained his Bachelor of Science in Information and Communications Technology degree from San Beda College Manila in 2013.

Ms. Bernadette Herrera-Dy (Director) is a returning member of the 17th Congress of the House of Representatives representing Bagong Henerasyon Partylist. In the 17th Congress, she is the Chairperson of the Committee on Women and Gender Equality, the House body responsible for matters directly and principally relating to the rights and welfare of women and female children and youth, and the Vice-Chairperson of the Committee on Welfare of Children. She graduated from the University of the Philippines with a degree in B.S. Business Economics and M.S. Finance.

Mr. John Oliver L. Pascual (Director) is currently a director of Level Up Gastronomy Inc., and WLCL Manpower Solutions Inc. He is also the Treasurer and Managing Director of Philippines International Life Insurance Co., Inc. and a manager and director in Filipino Loan and Credit Corporation. Mr. Pascual graduated from the De La Salle University with a degree in AB Economics.

Mr. Lloyd Reagan C. Taboso (Director) is the vice president and co-founder of Cignus Philippines Inc. He is also the current vice president of Cagayan Blue Ocean Offshore Aquamarine Services Corp. He took up Bachelor of Aets in Multimedia Arts at De La Salle – College of Saint Benilde.

Mr. Lucky Dickinson T. Uy (Compliance Officer) is a stockbroker at SB Equities since October 2017. Prior to his current position, he was a stockbroker at Venture Securities from 2013 to September 2017. He obtained his Bachelor of Science in Chemical Engineering degree from the Dela Salle University in 2005.

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

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

Atty. Deogracias G. Contreras, Jr. (Independent Director) is a legal consultant of Nationwide Development Corporation-Kingking Copper and Gold Project, and of Nickel Asia Corporation. He is also the President of AMDGY Consultancy on Mining, HR and General Legal. Atty. Contreras was formerly an in-house legal manager of Benguet Corporation, the former Executive Vice President of Chamber of Mines of the Philippines, and also a former partner in Leyco-Contreras Law Office. He was a member of the Drafting Panel of the Philippine Mining Act of 1995 and Republic Act 7729 (Act Lowering Excise Tax on Mineral Products). He earned his Bachelor of Arts in Political Science degree and his law degree from the University of the Philippines.

X. Executive Compensation

All of the Company's directors and officers have not received any form of compensation from inception up to present other than a per diem for each meeting attended and annual per diem during stockholder's meeting. There is no employment contract between the Company and the current executive officers. In addition there are no compensatory plans or arrangements with respect the named executive officers that resulted in or will result from the resignation, retirement or termination of such executive director or from a change-in-control in the Company.

The Company has no price or stock warrants.

XI. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

The persons or groups identified in the table below are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5%) of the Company's voting securities as of **December 31, 2020**:

Title of Class	Name of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Hyung Rae Doo	Hyung Rae Doo	Korean	109,065,080,064 (D)	38.91%
Common	Lloyd Reagan C. Taboso	Lloyd Reagan C. Taboso	Filipino	46,471,972,000 (D)	16.58%
Common	Napoleon M. De Leon Jr.	Napoleon M. De Leon Jr.	Filipino	46,224,979,304 (D)	16.49%
Common	Daniel C. Go	Daniel C. Go	Filipino	45,634,040,152 (D)	16.28%
Common	PCD Nominee Corp. - Filipino	Public ownership	Filipino	26,880,986,928 (D)	9.59%

Security Ownership of Management

The following table shows the shares beneficially owned by the directors and officers of the Company as of **December 31, 2020**:

Title of Class	Name of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Lloyd Reagan C. Taboso	Lloyd Reagan C. Taboso	Filipino	46,471,972,000 (D)	16.58%
Common	John Oliver L. Pascual	John Oliver L. Pascual	Filipino	1,060,000 (D)	0.00%
Common	Edwin T. Lim	Edwin T. Lim	Filipino	258,700 (D)	0.00%
Common	David M. De La Cruz	David M. De La Cruz	Filipino	100,000 (D)	0.00%
Common	Christopher C. Go	Christopher C. Go	Filipino	100,000 (D)	0.00%
Common	Lucky Dickinson T. Uy	Lucky Dickinson T. Uy	Filipino	10,000 (D)	0.00%

Common	Vittorio Paulo P. Lim	Vittorio Paulo P. Lim	Filipino	9,100 (D)	0.00%
Common	Salvador A. Santos-Ocampo	Salvador A. Santos-Ocampo	Filipino	100 (D)	0.00%
Common	Klarence T. Dy	Klarence T. Dy	Filipino	100 (D)	0.00%
Common	Deogracias G. Contreras Jr.	Deogracias G. Contreras Jr.	Filipino	10 (D)	0.00%
Common	Bernadette Herrera-Dy	Bernadette Herrera-Dy	Filipino	1 (D)	0.00%
Common	Norman De Leon	Norman De Leon	Filipino	0 (D)	0.00%
Common	Gary B. Olivar	Gary B. Olivar	Filipino	0 (D)	0.00%
Common	Kristina Joyce C. Caro-Gangan	Kristina Joyce C. Caro-Gangan	Filipino	0 (D)	0.00%

Voting Trust Holders

There is no party known to the Company as holding any voting trust or any similar arrangement for five percent (5%) or more of the Company's voting securities.

XII. Certain Relationships and Related Transactions

There are no significant employees and no family relationships among the current directors and officers, as well as the nominated directors and officers.

Transactions with Related Parties

The Company enters into transactions with affiliates and other related parties on an arm's length basis. Aligned with this thrust, the Company, in dealing with affiliates and other related parties, ensures above-board transactions and fairness and equity among all parties.

The Company exerts efforts to obtain the most beneficial terms and conditions for the Company, taking into consideration various factors including pricing and quality.

For this purpose, the Company determines the prevailing and applicable price in the market. In the process, it also gathers quotes and/or proposals from other parties engaged in similar or the same undertaking. Based on these, a comparable summary is presented to ascertain a fair price for the applicable related party transaction.

Moving forward, the related party transaction committee shall review all related party transactions of the Company.

Related party transactions are discussed in Note 23, *Related Party Transactions*, to the 2020 audited financial statements.

PART IV – CORPORATE GOVERNANCE

XIII. Corporate Governance

The Manual on Corporate Governance (MOCG) of the Group details the standards by which it conducts sound corporate governance that are coherent and consistent with relevant laws and regulatory rules, and constantly strives to create value for its shareholders.

Evaluation System

Evaluation is delegated to the Compliance Officer who is part of the Company's management and is tasked with the monitoring compliance with the MOCG and related impositions of regulatory agencies.

Ultimate responsibility for the Group's adherence to its MOCG rests with its Board of Directors, who maintains four (4) committees, each charged with oversight into specific areas of the Group's business activities:

- The Executive Committee (EC) assists the Board of Directors in oversight responsibilities over the Group and execution of strategies and practices including regulatory and ethical compliance monitoring. The EC ensures that the Group conducts its business following sound corporate governance principles and in accordance with relevant laws and regulatory rules. They are also tasked with overall risk management of the Group.
- The Audit Committee (AC) is responsible for recommending the external auditor and ensuring that non-audit work does not compromise their independence. The AC reviews financial and accounting matters.
- The Nominations Committee (NC) is charged with ensuring that membership to the Board of Directors is filled by qualified members. The NC also ensures fair representation of independent members on the Board of Directors by formulating screening policies to effectively review the qualification of nominees for independent directors.
- The Compensation and Remuneration Committee (CRC) is tasked to ensure fair compensation practices are adhered to throughout the organization.

Measures Taken to Comply with Adopted Leading Practices on Good Corporate Governance

The Board of Directors of the Group holds regular meetings, each with a valid quorum. The Board committees regularly meet to ensure fair corporate governance standards were being applied throughout the organization.

Deviations from the MOCG

The Group is committed to fostering good corporate governance practices including a clear understanding by directors of the Group's strategic objectives, structures to ensure that the objectives are being met, systems to ensure the effective management of risks, and the mechanisms to ensure that the Group's obligations are identified and discharged in all aspects of its business.

Plans to Improve Corporate Governance

The Group continues to evaluate and review its MOCG to ensure that the leading practices on good corporate governance are being adopted.

PART V – EXHIBITS AND SCHEDULES

XIV. Exhibits and Reports on SEC Form 17-C

List of Corporate Disclosures under SEC Form 17-C (Current Reports)

APL reported the following items on SEC Form 17-C for the year 2020:

Document Date	Filing Date	Item No.	Matter
Jan. 7	Jan. 7	9	Results of the 2019 Annual Stockholders' Meeting
Jan. 7	Jan. 7	9	Results of Organizational Meeting of the Board of Directors
Jan. 7	Jan. 8	9	Amendment of Article II, Section 11 of the By-Laws
Jan. 7	Feb. 12	9	[Amend] Results of the 2019 Annual Stockholders' Meeting
Mar. 13	Mar. 16	9	Filing of Current Report under Section 17 of the Securities Regulation Code and COVID-19 Pandemic
Apr. 8	Apr. 8	9	Postponement of the Annual Stockholders' Meeting
Aug. 17	Aug. 17	9	Board Approval for the Additional Listing of Shares of APL and the Conduct of a Follow On Offering ("FOO")
Aug. 17	Aug. 17	9	Notice of Annual Stockholders' Meeting for the Year 2020
Oct. 2	Oct. 2	9	Results of the 2020 Annual Stockholders' Meeting
Oct. 2	Oct. 2	9	Results of Organizational Meeting of Board of Directors

Oct. 5	Oct. 5	9	Development Bank of the Philippines (DBP) Approval of the Credit Line of Apollo Global Capital, Inc.'s Subsidiary
Oct. 5	Oct. 5	9	[Amend]Development Bank of the Philippines (DBP) Approval of the Credit Line of Apollo Global Capital, Inc.'s Subsidiary
Dec. 9	Dec. 10	9	Clarification of News Report – The Manila Times "Apollo Unit to Mine Magnetite in Cagayan"
Dec. 9	Dec. 10	9	Clarification of News Report – The Manila Times "Apollo Unit to Mine Magnetite in Cagayan"
Dec. 21	Dec. 22	9	Change in the Shareholdings of a Director

See attached exhibits.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of Apollo Global Capital, Inc., by the undersigned, thereunto duly authorized, in Quezon City on May 11, 2021.

Issuer: **APOLLO GLOBAL CAPITAL, INC.**

Pursuant to the requirements of the Securities Regulation Code, this annual report has been signed by the following persons in the capacities and on the dates indicated.

By:

Signature	**Vittorio Paulo P. Lim**	Signature	**Christopher Go**
Title	*President*	Title	*Chief Financial Officer*
Date	May 11, 2021	Date	May 11, 2021
Signature	**Gary B. Olivar**	Signature	**Kristina Joyce C. Caro-Gañgan**
Title	*Chief Operating Officer*	Title	*Corporate Secretary*
Date	May 11, 2021	Date	May 11, 2021

SUBSCRIBED AND SWORN to before me, a Notary Public for and in QUEZON CITY, Philippines, this 12 MAY 2021, affiants who are personally known to me and whose identity I have confirmed through their competent evidence of identity bearing the affiants' photograph and signature.

Name	Identification	Date of Issue	Place of Issue
Vittorio Paulo P. Lim	Drivers' License No. N02-02-001052	Mar. 10, 2018	LTO – Robinsons Galleria
Gary B. Olivar	Drivers' License No. X01-82-036691	Nov. 8, 2018	LTO – San Juan
Christopher C. Go	Passport No. P1142367A	Dec. 9, 2016	DFA – NCR East
Kristina Joyce C. Caro-Gañgan	Drivers' License No. D04-09-004375	Mar 21, 2018	LTO – Biñan, Laguna

NOTARY PUBLIC

GODFREY V. CAMALIGAN
Notary Public for and in Quezon City
Valid until Dec. 31, 2021
IBP No 103170; 03 January 2020, Quezon City
PTR No. 5242104: 04 January 2020, Pasig City
Adm Matter No 055 (2020-2021)
Roll No 46083 / TIN-214-859-946
MCLE Comp No VI-0020508, March 25, 2019
Lot 8 Blk. Nito Street, Silvina Subdivision
Brgy Talipapa Novaliches, Quezon City

Doc. No. 189
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Book No. CXXVII
Series of 2021

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

	A	1	9	9	8	0	6	8	6	5

Company Name

APOLLO GLOBAL INC. AND ITS SUBSIDIARY

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

UNIT 504 GALLERIA CORPORATE CENTER, EDSA CORNER ORTIGAS AVENUE, BRGY. UGONG NORTE, QUEZON CITY

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
ACFS AMENDED	MSRD	

COMPANY INFORMATION

Company's E-mail Address	Company's Telephone Number/s	Mobile Number
N/A	(632) 532-8654	N/A

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal 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	E-mail Address	Telephone Number/s	Mobile Number
Kristina Joyce Caro-Gangan	main@picozolaw.com	(632) 532-8654	N/A

Contact Person's Address

Unit 504 Galleria Corporate Center, Edsa Corner Ortigas Avenue, Brgy. Ugong Norte, Quezon City

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

2 : All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the Corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies 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, as at December 31, 2020 and 2019 and for the three years ended December 31, 2020, 2019 and 2018, in accordance with Philippine Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of the 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 to do so.

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

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

Valdes Abad & Company, CPAs and **Reyes Tacandong & Co.**, the independent auditors appointed by the shareholders for the years ended December 31, 2020 and 2019, respectively, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their reports to the shareholders, have expressed their opinions on the fairness of presentation upon completion of such audits.

Salvador A. Santos-Ocampo	**Vittorio Paulo P. Lim**	**Christopher C. Go**
Chairman of the Board	President	Chief Financial Officer

Signed this 11th day of May, 2021.

Apollo Global Capital

SUBSCRIBED AND SWORN to before me, a Notary Public for and in QUEZON CITY, Philippines, this 12 MAY 2021, affiants who are personally known to me and whose identity I have confirmed through their competent evidence of identity bearing the affiants' photograph and signature.

Name	Identification	Date of Issue	Place of Issue
Salvador A. Santos-Ocampo	Passport No. P199874OA	Feb. 23, 2017	DFA – NCR East
Vittorio Paulo P. Lim	Drivers' License No. N02-02-001052	Mar. 10, 2018	LTO – Robinsons Galleria
Christopher C. Go	Passport No. P1142367A	Dec. 9, 2016	DFA – NCR East

NOTARY PUBLIC

GODFREY V. CAMALIGAN
Notary Public for and in Quezon City
Valid until Dec. 31, 2021
IBP No 103170; 03 January 2020, Quezon City
PTR No. 5242104: 04 January 2020, Pasig City
Adm Matter No 055 (2020-2021)
Roll No 46083 / TIN-214-859-946
MCLE Comp No VI-0020608, March 25, 2019
Lot 8 Blk. Hito Street, Silvina Subdivision
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Doc. No. 188
Page No. 39
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Valdes Abad & Company
(Formerly: Valdes Abad & Associates)
certified public accountants

CJV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

Branches:
Cebu and Davao

Phone: (632) 8892-5931 to 35
(632) 8519-2105
Fax: (632) 8819-1468
Website: www.vacocpa.com.ph
BOA/PRC Reg. No. 0314
SEC Accreditation No. 0361-F

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member
an association of legally independent accounting firms
partnering for success

STATEMENT OF REPRESENTATION

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the consolidated financial statements of **APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY** ***(Formerly Yehey! Corporation and Its Subsidiary)*** which are to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with Philippine Financial Reporting Standards, in all cases where I shall express an unqualified opinion; except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the Philippine Standards on Auditing promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under the Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity and as a partner in the accounting firm of **VALDES ABAD & COMPANY, CPAs.**

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on October 4, 2018, Valid until July 10, 2021
BIR Accreditation No. 08-002126-000-2021
Issued on March 19, 2021, Valid until March 18, 2024
SEC Accreditation No.0361-F
Issued on August 23, 2018 Valid until August 22, 2021

For the firm:

ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805, Valid until December 14, 2023
TIN No. 213-410-741-000
PTR No. 8544054, Issued Date: January 8, 2021, Makati City
BOA/PRC Reg. No. 0314
Issued on October 4, 2018, Valid until July 10, 2021
SEC Accreditation No. 1701-A
Issued on August 23, 2018, Valid until August 22, 2021
BIR Accreditation No. 08-002126-005-2021
Issued on March 19, 2021, Valid until March 18, 2024

Makati City, Philippines
May 11, 2021

INDEPENDENT AUDITOR'S REPORT

The Shareholders and Board of Directors
APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY
(Formerly Yehey! Corporation and Its Subsidiary)
Unit 504, Galleria Corporate Center, EDSA corner Ortigas Ave.,
Brgy. Ugong Norte, Quezon City

Opinion

We have audited the consolidated financial statements of **APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY *(Formerly Yehey! Corporation and Its Subsidiary)*** which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2020, 2019 and 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY *(Formerly Yehey! Corporation and Its Subsidiary)*** as of December 31, 2020 and 2019 and of its financial performances and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 financial statements as at and for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit and how we addressed the matter is summarized as follows:

(a) Impairment Assessment of Mine Properties

The carrying amount of mine properties amounted to ₱3.3 billion as of December 31, 2020. 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.

Audit response

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 5, Significant Judgment, Accounting Estimates and Assumptions, and Note 11, Mine Properties of the consolidated financial statements.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

(i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.

(ii) 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 entity's internal control. In circumstances when the auditor also has a responsibility to express an opinion on the effectiveness of internal control in conjunction with the audit of the financial statements, the auditor shall omit the phrase that the auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(iv) 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 entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

(v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, 2020 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, 2020 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 Matters

The consolidated financial statements of **APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY** ***(Formerly Yehey! Corporation and Its Subsidiary)*** for the years ended December 31, 2019 and December 31, 2018 were audited by another independent auditor whose report dated June 2, 2020 and April 12, 2019, respectively, expressed an unqualified opinion on those financial statements.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on October 4, 2018, Valid until July 10, 2021
BIR Accreditation No. 08-002126-000-2021
Issued on March 19, 2021, Valid until March 18, 2024
SEC Accreditation No.0361-F
Issued on August 23, 2018 Valid until August 22, 2021

For the firm:

ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805, Valid until December 14, 2023
TIN No. 213-410-741-000
PTR No. 8544054, Issued Date: January 8, 2021, Makati City
BOA/PRC Reg. No. 0314
Issued on October 4, 2018, Valid until July 10, 2021
SEC Accreditation No. 1701-A
Issued on August 23, 2018, Valid until August 22, 2021
BIR Accreditation No. 08-002126-005-2021
Issued on March 19, 2021, Valid until March 18, 2024

Makati City, Philippines
May 11, 2021

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Consolidated Statements of Financial Position

	Note/s		As at December 31 2020		2019
ASSETS					
Current assets:					
Cash	9	₱	909,057	₱	1,284,390
Other current assets	10		3,942,010		3,634,557
Total current assets		₱	4,851,067	₱	4,918,947
Non-current assets:					
Mine properties	11	₱	3,288,748,565	₱	3,284,054,565
Advances to contractors	12		44,888,691		42,690,538
Property & equipment – net	13		2,427,268		1,230,174
Website costs	14		360,777		360,777
Deferred tax asset	21		6,154,303		5,431,194
Total non-current assets		₱	3,342,579,604	₱	3,333,767,248
TOTAL ASSETS		₱	3,347,430,671	₱	3,338,686,195
LIABILITIES & EQUITY					
Current liabilities:					
Accounts & other payables	15	₱	41,576,576	₱	40,237,120
Interest-bearing loans & borrowings – current	16		13,950,000		–
Advances from contractors	24		55,151,000		55,151,000
Total current liabilities		₱	110,677,576	₱	95,388,120
Non-current liabilities:					
Interest-bearing loans & borrowings – net of current portion	16	₱	23,600,000	₱	13,950,000
Deposits for future stock subscriptions	23		–		246,149,562
Advances from related parties	23		247,924,585		1,682,983
Total non-current liabilities		₱	271,524,585	₱	261,782,545
Total liabilities		₱	382,202,161	₱	357,170,665
Equity:					
Share capital	17	₱	2,803,363,493	₱	2,803,363,493
Share premium	17		17,586,961		17,586,961
Accumulated losses			(101,328,091)		(86,178,648)
Total equity attributable to Parent Company's shareholders		₱	2,719,622,363	₱	2,734,771,806
Non-controlling interest	6		245,606,147		246,743,724
Total equity		₱	2,965,228,510	₱	2,981,515,530
TOTAL LIABILITIES & EQUITY		₱	3,347,430,671	₱	3,338,686,195

See accompanying notes to the consolidated financial statements.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Consolidated Statements of Comprehensive Income

		For the years ended December 31,					
	Note/s		2020		2019		2018
Revenues		₱	–	₱	–	₱	–
Direct costs			–		–		–
Gross profit		₱	–	₱	–	₱	–
General & administrative costs	18		(15,734,516)		(18,982,963)		(16,039,520)
Operating loss		₱	(15,734,516)	₱	(18,982,963)	₱	(16,039,520)
Finance income	20		4,797		2,292,074		2,275,959
Finance costs	20		(1,276,450)		(2,177,028)		(600,000)
Other income (losses) – net	20		(3,960)		(969)		1,351
Loss before tax benefit		₱	(17,010,129)	₱	(18,868,886)	₱	(14,362,210)
Income tax benefit	21		723,109		1,181,491		2,028,857
Loss for the period		₱	(16,287,020)	₱	(17,687,395)	₱	(12,333,353)
Loss attributable to:							
Parent Company		₱	(15,149,443)	₱	(16,001,786)	₱	(10,195,983)
Non-controlling interests			(1,137,577)		(1,685,609)		(2,137,370)
		₱	(16,287,020)	₱	(17,687,395)	₱	(12,333,353)
Basic loss per share	22	₱	(0.00005)	₱	(0.00006)	₱	(0.00004)

See accompanying notes to the consolidated financial statements.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020, 2019 and 2018

	Equity Attributable to Parent Company's Shareholders											
		Share Capital		Share premium		Accumulated Losses		Total		Non-controlling Interests		Total Equity
Note/s		17		17						6		
Balances at January 1, 2020	₱	2,803,363,493	₱	17,586,961	₱	(86,178,648)	₱	2,734,771,806	₱	246,743,724	₱	2,981,515,530
Loss for the period		–		–		(15,149,443)		(15,149,443)		(1,137,577)		(16,287,020)
Balances at December 31, 2020	₱	2,803,363,493	₱	17,586,961	₱	(101,328,091)	₱	2,719,622,363	₱	245,606,147	₱	2,965,228,510
Balances at January 1, 2019	₱	2,751,960,715	₱	17,586,961	₱	(70,176,862)	₱	2,699,370,814	₱	516,036,443	₱	3,215,407,257
Issuance during the year (see Note 16 and 17)		51,402,778		–		–		51,402,778		–		51,402,778
Additional acquisition of NCI (see Note 6)		–		–		–		–		(267,607,110)		(267,607,110)
Loss for the period		–		–		(16,001,786)		(16,001,786)		(1,685,609)		(17,687,395)
Balances at December 31, 2019	₱	2,803,363,493	₱	17,586,961	₱	(86,178,648)	₱	2,734,771,806	₱	246,743,724	₱	2,981,515,530
Balances at January 1, 2018	₱	2,751,960,715	₱	17,586,961	₱	(59,980,879)	₱	2,709,566,797	₱	518,173,813	₱	3,227,740,610
Loss for the period		–		–		(10,195,983)		(10,195,983)		(2,137,370)		(12,333,353)
Balances at December 31, 2018	₱	2,751,960,715	₱	17,586,961	₱	(70,176,862)	₱	2,699,370,814	₱	516,036,443	₱	3,215,407,257

See accompanying notes to the consolidated financial statements.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Consolidated Statements of Cash Flows

		For the years ended December 31,		
	Note/s	2020	2019	2018
Cash flows from operating activities:				
Loss for the year before tax		₱ (17,010,129)	₱ (18,868,886)	₱ (14,362,210)
Adjustments for:				
Finance income	20	(4,796)	(2,292,074)	(2,275,959)
Finance costs	20	1,276,450	2,177,028	600,000
Unrealized foreign exchange loss (gain)	20	3,960	969	(1,351)
Depreciation	13	580,054	418,573	45,552
Operating loss before working capital adjustments		₱ (15,154,461)	₱ (18,564,390)	₱ (15,993,968)
Working capital adjustments:				
Decrease (Increase) in:				
Advances to contractors		(2,198,153)	(2,112,575)	(15,380,858)
Other current assets		(307,453)	(880,021)	(126,054)
Other non-current assets		–	–	153,152
Increase (Decrease) in:				
Accounts & other payables		1,339,456	(1,059,701)	(99,349)
Advances from contractors		–	3,651,000	–
Net cash used in operations		₱ (16,320,611)	₱ (18,965,687)	₱ (31,447,077)
Interest received	20	4,796	19,753	3,638
Income tax paid		–	(45,446)	(45,446)
Net cash used in operating activities		₱ (16,315,815)	₱ (18,991,380)	₱ (31,488,885)
Cash flows from investing activities:				
Additional acquisition of NCI of subsidiary	6	₱ –	₱ (267,607,110)	₱ –
Collection of:				
Loan receivable		–	254,500,000	–
Interest receivable		–	12,834,071	–
Advances to related parties	23	–	2,595,022	7,410,856
Additions to:				
Mine properties	11	(4,694,000)	(26,900,514)	(29,726,658)
Property & equipment	13	(1,777,148)	(1,573,129)	(62,223)
Website costs	14	–	(34,677)	–
Net cash used in investing activities		₱ (6,471,148)	₱ (26,186,337)	₱ (22,378,025)
Cash flows from financing activities:				
Proceeds from loans & borrowings	16, 17	₱ 23,600,000	₱ 63,950,000	₱ –
Repayment of loans & borrowings	23	–	(10,000,000)	–
Proceeds from (return of) deposits for future stock subscriptions	23	–	(8,077,745)	61,515,000
Availments (repayments) of advances from related parties	23	92,040	(179,981)	(7,192,215)
Interest paid	20	(1,276,450)	(774,250)	–
Net cash provided by financing activities		₱ 22,415,590	₱ 44,918,024	₱ 54,322,785
Effects of foreign exchange rate changes on cash	20	(3,960)	(969)	1,351
Net increase (decrease) in cash		₱ (375,333)	₱ (260,662)	₱ 457,226
Cash at beginning of year		1,284,390	1,545,052	1,087,826
Cash at end of period	9	₱ 909,057	₱ 1,284,390	₱ 1,545,052

See accompanying notes to the consolidated financial statements.

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements

As at December 31, 2020 and 2019, and
For each of the three-years in the period ended December 31, 2020

1. Reporting Entity

1.1 Formation and Operations

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

On August 9, 2012, the SEC approved the Parent Company's application to list 27.8-billion common shares by way of introduction in the second board of the Philippine Stock Exchange (PSE) at an initial price of ₱1 per share. On October 18, 2012, the Parent Company was listed in the PSE.

As of December 31, 2014, the Parent Company is 66.95% owned by Vantage Equities, Inc. (Vantage), a company also incorporated in the Philippines and listed in the PSE. On July 7, 2015, Vantage entered into a Sale and Purchase Agreement (SPA), with third party buyers for the sale of the entire shares owned by Vantage. Under the SPA, the closing of the transfer of the Sale Shares is subject to and conditioned upon the conduct and completion of a mandatory tender offer as well as the payment of the purchase price, which conditions have been complied with on October 15, 2015. Accordingly, on October 15, 2015, the Parent Company ceased as a majority owned subsidiary of Vantage when Vantage sold its shares at ₱290 million to a group of individual shareholders.

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

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

The current registered office address of the Parent Company is located at Unit 504, Galleria Corporate Center, EDSA corner Ortigas Ave., Brgy. Ugong Norte, Quezon City.

1.2 Subsidiary Information

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

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

The Parent Company and its subsidiary are collectively known herein as the "Group". On February 17, 2017, the Parent Company and JDVC's shareholders entered into a Deed of Exchange of Shares where in the former had issued 247,396,071,520 shares (par value of ₱0.01 per share) in exchange for 4,133,740 shares (par value of ₱100 per share) at an exchange price of ₱598.48 of the latter. The deed covering the transaction was approved by SEC on October 9, 2017. As a result of this transaction, the Parent Company owns 82.67% of JDVC.

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%.

1.3 Approval on the Release of the Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as at December 31, 2020 (including comparative amounts as at December 31, 2019 and for the years ended December 31, 2019 and 2018) were approved and authorized for issue by the Board of Directors on May 11, 2021.

2. Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared using the measurement bases specified by Philippine Financial Reporting Standards (PFRS) for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

2.1 Statement of Compliance

The accompanying consolidated financial statements of the Group have been prepared in accordance with PFRS.

The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), interpretations of the Philippine Interpretations Committee (PIC), and Philippine interpretations from International Financial Reporting Interpretations Committee. These standards are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by the Philippine Board of Accountancy (BOA).

2.2 Going Concern Assumption

The preparation of the accompanying consolidated financial statements of the Group is based on the premise that the Group operates on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business. The management does not intend to liquidate.

2.3 Functional and Presentation Currency

The consolidated financial statements are presented in Philippine Pesos (₱), the Group's functional and presentation currency.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

All values are presented in absolute amounts and are rounded off to the nearest peso except when otherwise indicated.

2.4 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiary, after the elimination of intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of JDVC are prepared for the same reporting period as that of the Parent Company, using consistent accounting policies.

Investment in Subsidiary
Subsidiaries are entities (including structured entities) over which the Parent Company has control. The Parent Company has control when (a) it has power over the entity, (b) it is exposed, or has rights to, variable returns from its involvement with the entity, and (c) it has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Company obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

Non-controlling Interests
Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statements of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statements of changes in equity. The account consists of the amount of those interests at the date of original business combination and are adjusted with their respective share in changes in equity since the date of the business combination.

Business Combinations
The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Company, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities, including contingent liabilities, assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquire, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income (OCI). Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

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

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested annually for impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Transactions with Non-controlling Interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests results in gains and losses for the Group that are also recognized in equity.

Loss of Control and Disposal of Subsidiaries

When the Group ceases to have control over a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to profit or loss.

3. Changes in Accounting Policies

The Group's accounting policies are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements:

3.1 New and Amended Standards Effective in 2020

The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning January 1, 2020:

a.) Conceptual Framework for Financial Reporting
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements of any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

b.) PFRS 3 (amendments), *Business Combinations – Definition of a Business*.
The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

c.) PAS 1 (amendments), *Presentation of Financial Statements*, and PAS 8 (amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*.
The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

An entity applies those amendments prospectively for annual periods beginning on or after January 1, 2020, with earlier application permitted.

d.) PFRS 9, PAS 39 and PFRS 7 (amendments), *Interest Rate Benchmark Reform*.
The amendments will affect entities that apply the hedge accounting requirements of PFRS 9 or PAS 39 to hedging relationships directly affected by the interest rate benchmark reform. The amendments modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform.

An entity applies those amendments prospectively for annual periods beginning on or after January 1, 2020, with earlier application permitted.

e.) IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 (amendments), *References to the Conceptual Framework in IFRS Standards.*
The pronouncements are updated to indicate which version of the framework they are referencing to or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

An entity applies those amendments prospectively for annual periods beginning on or after January 1, 2020, with earlier application permitted.

3.2 New and Amended Standards Effective Subsequent to 2020 but not Early Adopted

Pronouncements issued but not yet effective as at December 31, 2020 are listed below. The Group intends to adopt the following pronouncements when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new pronouncements to have a significant impact on the consolidated financial statements.

<u>Effective beginning on or after June 1, 2020</u>

a.) PFRS 16 (amendments), *Leases – COVID-19 Related Rent Concessions.*
The amendments introduce an optional practical expedient that simplifies how the lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient applies if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before June 30, 2021; and
- no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

The amendment is effective for annual reporting period beginning on or after June 1, 2020. Early application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as the adjustment to the opening balance of the accumulated profits or other component of equity, as appropriate.

<u>Effective beginning on or after January 1, 2021</u>

a.) PFRS 9, PFRS 7, PFRS 4 and PFRS 16 (amendments), *Interest Rate Benchmark Reform – Phase 2*
The amendments provide in the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform;
- Relief from discontinuing hedging relationships;
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Group shall also disclose information about:
- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and,
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively.

<u>Effective beginning on or after January 1, 2022</u>

a.) PFRS 3 (amendments), *Reference to the Conceptual Framework.*
The amendments are intended to replace a reference to the Framework for the *Preparation and the Presentation of Financial Statements*, issued in 1989, with reference to the conceptual framework for Financial Reporting issued in March 2018 without significantly changing its requirements. An exception to the recognition principle if PFRS 3 was added to avoid the issue of potential "day 2" gains or losses arising from liabilities and contingent liabilities that would be in the scope of PAS 37 or IFRIC 21 *Levies,* if incurred separately.

At the same time, the existing guidance in PFRS 3 for contingent assets that would not be affected was clarified by replacing the reference to the Framework for the *Preparation and Presentation of the Financial Statements*. The amendments are effective for annual reporting period beginning on or after January 1, 2022 and apply prospectively.

The Group is currently assessing the impact of adopting these amendments.

b.) PAS 16 (amendments), *Property, Plant and Equipment – Proceeds before Intended Use.*
The amendments prohibit the Group from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location

and condition necessary for it to be capable of operating in the manner intended by the management. Instead, the Group recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual reporting period beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the earliest period presented when the Group first apply the amendment.

These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

c.) PAS 37 (amendments), *Onerous Contracts – Cost of Fulfilling a Contract.*
The amendments specify which costs an entity needs to include in assessing whether a contact is onerous or loss-making. The amendments apply a "directly related cost approach." The costs that relate directly to a contract to provide goods or services include both incremental cost and allocation of costs directly related to contract activities. General and administrative costs that do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning January 1, 2022. The Group will apply the amendments to contracts which it has not yet fulfilled its obligations at the beginning of the annual reporting period in which it first applies its amendments.

<u>Effective beginning on or after January 1, 2023</u>

a.) PFRS 17, *Insurance Contracts*.
PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

b.) PAS 1 (amendments), *Classification of Liabilities as Current or Non-current.*
The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any assets, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of "settlements" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

Deferred

a.) PFRS 10 (amendments), *Consolidated Financial Statements*, and PAS 28 (amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.
The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

3.3 Annual Improvements to PFRS

The annual improvements to PFRSs contain non-urgent but necessary amendments to PFRSs.

2018 to 2020 Cycle
The Annual Improvements to PFRSs (2018-2020 Cycle) are effective for annual periods beginning on or after January 1, 2022, with retrospective application.

a.) PFRS 1, *Subsidiary as a First-Time Adopter*.
The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1: D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PRFS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1: D16 (a).

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

b.) PFRS 9 (amendments), *Financial Instruments – Fees in the '10 per cent' Test for the Derecognition of the Financial Liabilities.*
The amendment clarifies the fee that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to the financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the consolidated financial statements.

b.) PAS 41 (amendments), *Agriculture – Taxation in Fair Value Measurements.*
The amendments removed the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the consolidated financial statements.

4. Summary of Significant Accounting Policies

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarized below and have been applied consistently to all years presented, unless otherwise stated.

4.1 Current versus Non-current Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current or non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other assets and liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

4.2 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Executive Committee (ExeCom), its chief operating decision-maker. The ExeCom is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's main service lines as disclosed in Note 6, which represent the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines require different resources as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements.
There have been no significant changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.3 Cash

Cash includes cash on hand and in banks. It is unrestricted in use and is measured at face value. Cash in banks earns interest at the prevailing bank deposit rates.

4.4 Fair Value Measurement

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 economic best interest.

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

The 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 observable 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 of 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	:	Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3	:	Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

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 of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring and non-recurring fair value measurements.

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.

4.5 Financial Instruments

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

<u>Date of Recognition</u>
The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date on which the Group commits to purchase or sell the assets.

“Day 1” Difference
When 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 unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized 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 amount.

Initial Recognition
The Group initially measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at transaction price determined under PFRS 15.

Classification and Subsequent Measurement of Financial Assets
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI or FVPL.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments);
- Financial assets at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss (debt instruments);
- Financial assets designated at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss (equity instruments); or,
- Financial assets at FVPL

Financial Assets at Amortized Cost. The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective 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 SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method, less any impairment in value. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at amortized cost includes cash, and security and bond deposits.

Security and Bond Deposits. These are refundable, noninterest-bearing and unsecured amounts upon the termination of contracts with lessors and utilities companies or the performance of commitments covered by certain provisions of contracts.

Financial Assets at FVOCI – Debt Instruments. The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

These financial assets are subsequently measured at fair value. Gains and losses arising from changes in fair value are included in OCI within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit or loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost.

Financial Assets at FVOCI – Equity Instruments. The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. The classification is determined on an instrument-by-instrument basis.

Gains or losses on these financial assets are never recycled to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial Assets at FVPL. Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive income.

As of reporting date, the Group does not have any financial assets at FVPL, or any debt or equity instruments at FVOCI.

Classification and Subsequent Measurement of Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL or financial liabilities at amortized cost.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual agreement 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.

After initial recognition, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statements of comprehensive income.

Financial liabilities at amortized cost include accounts & other payables, and loans & borrowings.

Accounts & Other Payables. Accounts and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Loans & Borrowings. Loans and other similar borrowings are raised for funding support of operations or projects.

Financial Liabilities at FVPL. Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of comprehensive income.

A financial liability may be designated at FVPL if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch);
- a host contract contains one or more embedded derivatives; or,
- a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in OCI.

The Group has not designated any financial liability at FVPL. As of reporting date, the Group has no financial liability at FVPL.

Reclassification of Financial Instruments

The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

Classification of Financial Instruments Between Debt and Equity

Financial instruments are classified as debt or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- satisfy the obligation other than by the exchange of a fixed amount of cash or another 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.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or,
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations of that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognized when the obligation under the financial liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Offsetting Financial Instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assess that it has a currently enforceable right to offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

4.6 Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are stated at the lower of cost and net realizable value (NRV). Cost is calculated using the weighted average method. NRV represents the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When the NRV of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are used and sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

4.7 Mine Properties

Mine properties consist of mineral assets, mining development costs, and patent.

<u>Mineral Assets</u>
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 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.

<u>Mining Development Costs</u>
Exploration and Evaluation Assets. Exploration and evaluation assets include costs incurred in connection with exploration activities. Exploration and evaluation assets are 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. It includes:

- 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 viability 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 minerals extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if these are functioning as intended, are capitalized, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognized in the consolidated statements of comprehensive income.

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 the Group's offshore mining and/or incidental costs related to the registration and protection of a patent.

Intangible assets 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.

4.8 Property and Equipment

These are tangible assets that are held for use in production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Initial Recognition
The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use and any estimated costs of dismantling and removing the property and equipment item and restoring the site on which it is located to the extent that the Group had recognized the obligation to that cost.

Subsequent Expenditures
Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against operations in the period which 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 additional costs of property and equipment.

Subsequent Measurement
Property and equipment accounted for under the cost model and are stated at cost less accumulated depreciation and depletion and any impairment in value.

Depreciation and Depletion Method
Depletion or amortization of mine and mining properties is calculated using the units-of-production method based on estimated recoverable reserves. Depreciation of other property and equipment is computed using the straight-line method to allocate their cost over their EUL or mine life, whichever is shorter, as follows:

Asset	Estimated Useful Life
Office furniture & equipment	3 years
Motor vehicles	3-5 years

Depreciation or depletion of an item of property and equipment begins when it becomes available for use i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation or depletion ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

The estimated recoverable reserves, EUL, and depreciation and depletion method are reviewed periodically to ensure that the period and method of depreciation and depletion are consistent with the expected pattern of economic benefits from items of property and equipment.

Derecognition

Full depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation and depletion is charged against current operations. When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and depletion and accumulated impairment loss, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

4.9 Other Assets

Other assets mainly consist of prepayments and other prepaid expenses. Other assets are carried at cost. Other assets that are expected to be realized within 12 months after reporting date are classified as current assets. Otherwise, these are classified as non-current assets.

4.10 Impairment of Assets

If an asset's carrying amount is higher than its recoverable amount, the asset is judged to have suffered an impairment loss. The asset shall therefore be written-down to its recoverable amount and the difference shall be reported as impairment loss chargeable against operations during the period the loss was recognized.

Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

The Group applies a simplified approach in calculating ECLs for trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial Assets

The Group assesses at each reporting date whether there is an indication that its non-financial assets (e.g., property and equipment, investment properties, and intangible assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is calculated as the higher of the asset's or CGU's fair value less costs to sell and it 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 exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In determining fair value less costs to sell, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses are recognized in the expense categories of profit or loss consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A 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 accumulated depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Mine Properties

An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess if fully provided against, in the financial reporting period in which this is determined.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources*, are as follows:

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

Mine properties are reassessed for impairment on a regular basis.

4.11 Other Liabilities

Other liabilities mainly consist of statutory payables. Other liabilities that are expected to be earned or settled within 12 months after reporting date are classified as current liabilities. Otherwise, these are classified as non-current liabilities.

4.12 Value-Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

Output tax pertains to the 12% VAT received or receivable on the local sale of goods or services by the Group. Input tax pertains to the 12% VAT paid or payable by the Group in the course of its trade or business on purchase of goods or services. At the end of each taxable period, if output tax exceeds input tax, the outstanding balance is paid to the taxation authority. If input tax exceeds output tax, the excess shall be carried over to the succeeding months.

4.13 Deposits for Future Stock Subscriptions

Deposits for future subscription of the Company's shares are amounts received based on a Subscription Agreement, where the Company shall issue a fixed number of its own shares for a fixed amount of cash or property, and the Company shall not be contractually obligated to return these deposits to the subscribers. The deposits are recorded based on the amounts received from subscribers.

Pursuant to SEC Financial Reporting Bulletin 006 (the Bulletin), as revised, the Deposits for Future Subscription shall be classified as equity if, and only if, all of the following elements are present as of the end of the reporting periods:

- The unissued authorized share capital of the Company is insufficient to cover the amount of shares indicated in the contract;
- There is BOD approval on the proposed increase in authorized share capital (for which a deposit was received by the Corporation);
- There is shareholders' 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 Deposits for future subscription fails to qualify as equity, it shall be classified as a liability.

4.14 Equity

Equity is the residual interest in the assets of the Group after deducting all of its liabilities. It is increased by profitable operations and contribution by owners but is decreased by unprofitable operations and distribution to owners.

Share Capital and Share Premium

Share capital is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a reduction from proceeds, net of tax. Proceeds and/or fair value of consideration received in excess of par value are recognized as share premium.

Accumulated Profits (Losses)

Accumulated profits (losses) represent the cumulative balance of net profit or loss, dividend distributions, effect of changes in accounting policy and other capital adjustments. These represent unrestricted earnings which can be declared as dividends to shareholders.

Dividend Distribution

Dividend distribution to the Parent Company's shareholders is recognized as a liability and deducted from equity in the period in which the dividends are declared and approved by the BOD. Dividends that are approved after the reporting period are disclosed as events after the end of the reporting period.

4.15 Revenue Recognition

Revenue from Contracts with Customers

The Group is in the business of exploration and mining. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

To determine whether to recognize revenue, the Group follows a five-step process:

1. identifying the contract with a customer:
2. identifying the performance obligation;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and,
5. recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following gating criteria must be present:

i. the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
ii. each party's rights regarding the goods or services to be transferred or performed can be identified;
iii. the payment terms for the goods or services to be transferred or performed can be identified;
iv. the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract; and,
v. collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

i. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
ii. the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
iii. the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of goods or services transfers to the customer. As a matter of accounting policy when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 5.

Sale of Mineral Products. Revenue from sale of mineral products is measured based on shipment value price, which is based on quoted metal prices in the London Metals Exchange (LME) and London Bullion Metal Association (LBMA) and weight and assay content, as adjusted for smelting charges to reflect the NRV of mineral products inventory at the end of the financial reporting period. Contract terms for the Group's sale of metals in concentrates and bullion allow for a price adjustment based on final assay results of the metal content by the customer. Income is recognized upon actual shipment of mineral products.

Interest Income. Interest income is recognized as the interest accrues using the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount.

Contract Balances

Receivable from Customers. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

4.16 Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Costs and expenses are recognized in profit or loss in the consolidated statements of comprehensive income:

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

Production Costs and Excise Taxes

Production costs, which include all direct materials, power and labor costs, handling, hauling and storage, and other costs related to the mining and milling operations, and all direct expenses incurred for logistics and storeroom costs for mine and mining inventories, are expensed as incurred. Excise taxes pertain to the taxes paid or accrued by the Group for its legal obligation arising from the production of mineral products and are likewise expense when incurred.

Selling, Administrative, and Other Operating Expenses

Selling expenses are costs incurred to sell or distribute inventories. Administrative expenses normally include costs of administering the business as incurred by administrative departments. Other operating expenses are costs incurred other than for selling or administrative purposes.

4.17 Leases

The Group assesses at inception of contract whether a contract is, or contains, a lease. That is, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

Group as Lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of cost to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the date of initial application. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets. The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.18 Employee Benefits

Employee benefits are all forms of consideration given by the Group in exchange for services rendered by employees or for the termination of employment.

Short-term Benefits
These benefits are recognized as expense in the period when the economic benefit is given or as an asset when such costs may be capitalized and is measured at an undiscounted basis. These include salaries, wages and social security contributions, leave entitlement, profit-sharing, bonuses, and other non-monetary benefits.

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Termination Benefits
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Group's decision to terminate an employee's

employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefit, short-term employee benefits, or other long-term employee benefits.

<u>Retirement Benefits</u>
The Group does not have a defined contribution plan or any formal retirement plan that covers the retirement benefits of its employees. However, under the existing regulatory framework, Republic Act No. 7641, otherwise known as the *Philippine Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining agreement and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan.

Republic Act No. 7641 relates to a defined benefit plan. A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group. The Group's defined benefit post-employment plan covers all regular full-time employees.

4.19 Borrowing Costs

Borrowing costs directly attributable to the development of the Group's projects that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.20 Income Tax

Income tax expense is composed of current and deferred tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in OCI, in which case it is recognized in equity or OCI.

<u>Current Tax</u>
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The current tax assets included in other current assets (presented as prepayments) and current tax liabilities presented as current tax payable are presented at gross amounts in the consolidated statements of financial position.

<u>Deferred Tax</u>
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except;

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,
- in respect of taxable temporary differences associated with investments in subsidiaries and associates and interest in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and by the parent, venture or investor, respectively, and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,
- in respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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 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 deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognized in OCI account are included in OCI account in the consolidated statements of comprehensive income and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

4.21 Earnings per Share (EPS) Attributable to Equity Holders

Basic EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent, after recognition of the dividend requirement of preferred shares, as applicable, by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted EPS is computed by dividing net profit or loss for the year attributable to common equity holders of the parent by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on EPS.

The Group has no dilutive potential common shares outstanding.

4.22 Provisions and Contingencies

Provisions 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. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented as part of profit or loss in the statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

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

4.23 Foreign Currency Transactions and Translation

Transactions denominated in foreign currency are recorded in functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of transaction. Monetary assets and monetary liabilities denominated in foreign currencies are translated using the closing exchange rate at the reporting date. All differences arising from settlement or translation are recognized in profit or loss in the consolidated statements of comprehensive income. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.24 Related Party Transactions and Relationships

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 to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include:

a.) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group;
b.) associates;
c.) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and,
d.) the Group's retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

4.25 Events after the Reporting Period

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

5. Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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

5.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

a.) *Assessing Significant Influence and Control*
Judgment is exercised in determining whether the Group has control or significant influence over an entity. In assessing each interest over an entity, the Group considers voting rights, representation on the board of directors or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

Management has assessed the level of influence the Parent Company has on JDVC and determines that it has control by virtue of the Parent Company holding 90.47% voting power over JDVC.

b.) *Accounting for Lease Commitments – Group as 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. 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 of 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 ₱0.8-million, ₱0.7-million, and ₱0.8-million in 2020, 2019 and 2018, respectively (see Note 18).

c.) *Determining Costs to Capitalize as Mine Properties*
The capitalization of mine properties requires judgment in determining whether there are future economic benefits from future exploration or sale of reserves. It 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.

d.) *Assessing Production Start Date*
The Group assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase.

Some of the criteria include, but are not limited to the following:

- The level of capital expenditure compared to construction cost estimates;
- Completion of a reasonable period of testing of the property and equipment;
- Ability to produce ore in saleable form; and,
- Ability to sustain ongoing production of ore.

When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalizable costs related to mine property additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation or depletion commences.

e.) *Repairs and Maintenance*
Costs of repairs and maintenance that do not result in an increase in the future economic benefit of an item of property and equipment is charged to operations in the period it is incurred. Otherwise, it is capitalized as part of the asset.

5.2 Estimates and Assumptions

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

a.) *Fair Values of Financial Instruments*
PFRS requires that financial assets and financial liabilities be carried or disclosed at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any change in the fair values of financial assets and financial liabilities directly affects profit or loss, equity, and the required disclosures.

Where the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair values are determined using valuation techniques that are generally-accepted market valuations including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values.

The fair values of financial assets and financial liabilities by category and their fair value hierarchy are set out in Note 24 to the financial statements.

b.) *Estimating Mineral Reserves and Resources*
Mineral reserves and resources estimate for development projects are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of costs based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic, conditions and other factors. Proven reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and extraction and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors including product prices, contract terms or development plans.

Estimates of reserves for undeveloped or partially developed area are subjected to greater uncertainty over their future life than estimates of reserves for areas that are substantially developed and depleted. As an area goes into production, the number of proven reserves will be subject to future revision once additional information becomes available. As those areas are further developed, new information may lead to revisions. The estimated recoverable reserves are used in of life of mine and forecasting the timing of the payment of provision for mine rehabilitation and decommissioning.

Depletion of mining property is computed based on ore extraction over the estimated volume of proved and probable ore reserves as estimated by the geologists. The Group recognized no depletion cost for years 2020, 2019 and 2018 since no production has yet been made.

c.) Assessing Unit-of-Production Depletion

Estimated recoverable reserves are used in determining the depletion of mine properties. This results in a depletion charge proportional to the depletion of the anticipated remaining mine life. Each item's life, which is assessed annually, has regard to both physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. The calculations require the use of estimates for future capital expenditure. The Group uses the tons of minerals produced as the basis for depletion. Any change in estimates is accounted for prospectively.

d.) *Estimating 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 exceed 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 mine properties.

Management has assessed that there are no indicators of impairment on the Group's mine properties. Accordingly, no impairment loss was recognized in 2020, 2019 and 2018. The carrying amount of mine properties amounted to ₱3,288.7-million as at December 31, 2020 and ₱3,284.1-million as at December 31, 2019 (see Note 11).

e.) *Estimating Residual Values and Useful Lives of Property and Equipment*

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

Related depreciation charged for the years 2020, 2019 and 2018 amounted to ₱580,054, ₱418,573 and ₱45,552, respectively. The carrying amounts of property and equipment amounted to ₱2,427,268 and ₱1,230,174 as at December 31, 2020 and 2019, respectively (see Note 13).

f.) *Impairment of Non-financial Assets*
The Group assesses impairment on its non-financial assets and considers factors such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators.

If such indicators are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's fair value less cost to sell or value in use whichever is higher. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to be generated from the continued use of the asset.

Determining the recoverable amounts of the non-financial assets, which involve determination of future cash flows expected to be generated from continued use and ultimate disposition of such assets, require the use of estimates and assumptions that can materially affect the financial statements. Future events could indicate that these non-financial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and performance of the Group.

g.) *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 Group's deferred tax asset amounted to ₱6,154,303 and ₱5,431,194 as of December 31, 2020 and 2019, respectively (Note 21).

6. Business Combination

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

The transfer value of the JDVC shares at ₱598.48 per share or an aggregate transfer value of ₱2,473,960,715.20 is based on the appraised value of JDVC's net assets at business combination date.

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

<u>Acquisition of Non-controlling Interests</u>
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 and no subsequent movement for the year ended December 31, 2020.

7. Subsidiary with Material Non-controlling Interests

In determining whether an NCI is material to the Parent Company, management employs both quantitative and qualitative factors to evaluate the nature of, and risks associated with, the Parent Company's interests in these entities, and the effects of those interests on the Parent Company's financial position. Factors considered include, but not limited to, carrying value of the subsidiary's NCI relative to the NCI recognized in the Parent Company's consolidated financial statements, the subsidiary's contribution to the Parent Company's consolidated revenues and net income, and other relevant qualitative risks associated with the subsidiary's nature, purpose and size of activities.

Based on management's assessment, the Group has concluded that JDVC is considered a subsidiary with NCI that is material to the Parent Company.

The ability of the subsidiary to pay dividends or make other distributions or payments to their shareholders (including the Parent Company) is subject to applicable law and other restrictions contained in financing agreements, shareholder agreements and other agreements that prohibit or limit the payment of dividends or other transfers of funds.

The summarized financial information of JDVC is presented below, before inter-company eliminations but after consolidation adjustments for goodwill, other fair value adjustments on acquisition and adjustments required to apply uniform accounting policies at group level.

	2020	2019
Equity share held by NCI	**9.53%**	9.53%
Summarized Statements of Financial Position:		
Current assets	**2,365,089**	2,734,402
Non-current assets	**841,142,623**	833,669,240
Current liabilities	**113,962,037**	104,571,238
Non-current liabilities	**269,749,562**	260,099,562
Total Equity	**459,796,113**	471,732,842
Equity attributable to Parent Company shareholders	**214,189,966**	224,989,118
Equity attributable to NCI	**245,606,147**	246,743,724
Summarized Statements of Comprehensive Income:		
Revenues	**-**	-
Net loss	**(11,936,729)**	(10,866,738)
Loss attributable to Parent Company shareholders	**(10,799,152)**	(9,181,129)
Loss attributable to NCI	**(1,137,577)**	(1,685,609)
Dividends declared to NCI	**-**	-
Dividends paid to NCI	**-**	-
Summarized Statements of Cash Flows:		
Operating activities	**(11,906,884)**	(14,316,262)
Investing activities	**(5,062,142)**	4,627,656
Financing activities	**16,585,035**	9,809,723
Effects of changes in foreign exchanges rates in cash	**(3,960)**	(969)
Net increase (decrease) in cash	**(387,951)**	120,148

8. Segment Information

The Group has only one business segment which is primarily involved in mining. The Group operates in one geographic location only and therefore, no information on geographical segment is presented.

9. Cash

This account consists of:

		2020		2019
Petty cash fund	₱	20,000	₱	20,000
Cash in banks		889,057		1,264,390
Total	₱	909,057	₱	1,284,390

Cash in banks are demand deposit accounts in various universal banks that generally earn interest at their respective daily bank deposit rates.

Interest income earned from cash in banks amounted to ₱4,797, ₱19,753 and ₱3,638 for the years ended December 31, 2020, 2019 and 2018 (see Note 20).

Included in cash in banks are amounts in US dollar. The Group recognized unrealized foreign exchange gains (losses) in profit or loss arising from foreign exchange translation at year-end spot rates (see Note 20).

10. Other Current Assets

This account consists of:

		2020		2019
Input taxes	₱	2,582,729	₱	2,325,276
Prior year's excess credit		1,237,509		1,237,509
Security deposit		71,772		71,772
Construction bonds		50,000		–
Total	₱	3,942,010	₱	3,634,557

Input tax is the 12% value added tax (VAT) on purchase of goods or services in the course of its trade or business. At the end of each taxable period, input tax can be applied against output tax.

Prior year's excess credits represent excess tax payments and credits over tax liabilities of the immediately preceding taxable period which may be refunded, converted to tax credit certificates, or carried over to the next taxable year.

Security deposits represent noninterest-bearing deposits made on lease and are usually refundable after the end of contract or services less any charges. Construction bonds represent noninterest-bearing bonds that are used to secure against damages during construction and will be refundable after the end of construction, net of any charges.

11. Mine Properties

The carrying amount of this account is as follows:

		Mineral Assets		Mining Development Costs		Patent		Total
Cost:								
As at December 31, 2018	₱	2,500,098,008	₱	668,056,043	₱	89,000,000	₱	3,257,154,051
Additions		–		26,900,514		–		26,900,514
As at December 31, 2019	₱	2,500,098,008	₱	694,956,557	₱	89,000,000	₱	3,284,054,565
Additions		–		4,694,000		–		4,694,000
As at December 31, 2020	**₱**	**2,500,098,008**	**₱**	**699,650,557**	**₱**	**89,000,000**	**₱**	**3,288,748,565**

JDVC was granted by the Department of Environment and Natural Resources (DENR) a Mineral Production Sharing Agreement (MPSA) No. 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 JDVC 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 JDVC, 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.

JDVC, through a DOA, transferred all rights and interest in the 2,400-ha portion of the MPSA No. 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 JDVC 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:

	Area Assigned (in 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 JDVC last May 25, 2016, was approved by the DENR authorizing JDVC 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, 2020, only 1,897.02-ha remains from contract area of the MPSA No. 338-2010-IIOMR-Amended A which has been fully explored since 2017.

Mineral Assets
Mineral assets pertain 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 Mining Development Corporation (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.

The Group has an outstanding liability to Agbiag amounting to ₱37.5-million as at reporting dates (see Note 15).

Mining Development Costs
Mining development 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.

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.

12. Advances to Contractors

This account consists of:

		2020		2019
Agbiag Mining Development Corporation	₱	**43,851,191**	₱	41,690,538
Offshore Mining Chamber of the Philippines		**1,000,000**		1,000,000
Others		**37,500**		–
Total	₱	**44,888,691**	₱	42,690,538

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

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

13. Property & Equipment

The roll-forward analyses of this account follows:

		Office Furniture & Equipment		Motor Vehicle		Total
Carrying amounts at December 31, 2018	₱	75,618	₱	–	₱	75,618
Additions		225,849		1,347,280		1,573,129
Depreciation for the period		(250,163)		(168,410)		(418,573)
Carrying amounts at December 31, 2019	₱	51,304	₱	1,178,870	₱	1,230,174
Additions		1,777,148		–		1,777,148
Depreciation for the period		(74,824)		(505,230)		(580,054)
Carrying amounts at December 31, 2020	₱	**1,753,628**	₱	**673,640**	₱	**2,427,268**

Reconciliation of the carrying amounts are as follows:

	December 31, 2020					
		Office Furniture & Equipment		Motor Vehicle		Total
Cost	₱	2,226,145	₱	1,347,280	₱	3,573,425
Accumulated depreciation		(472,517)		(673,640)		(1,146,157)
Carrying amount	₱	1,753,628	₱	673,640	₱	2,427,268

	December 31, 2019					
		Office Furniture & Equipment		Motor Vehicle		Total
Cost	₱	448,997	₱	1,347,280	₱	1,796,277
Accumulated depreciation		(397,693)		(168,410)		(566,103)
Carrying amount	₱	51,304	₱	1,178,870	₱	1,230,174

As at December 31, 2020 and 2019, there are no indication of any impairment loss on the carrying amount of property & equipment since its recoverable amount exceeds its carrying amount.

The amount of depreciation is charged to general and administrative expenses (see Note 18).

None of the properties were pledged or mortgaged as collateral to secure any of the Group's loans.

14. Website Costs

Movement of this account is as follows:

		Website Costs
Cost:		
As at December 31, 2018	₱	326,100
Additions		34,677
As at December 31, 2019	₱	360,777
Additions		–
As at December 31, 2020	**₱**	**360,777**

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. Website cost is not amortized but is tested for impairment annually either individually or at the cash generating unit level.

As at December 31, 2020 and 2019, there are no indication of any impairment loss on the carrying amount of intangible assets since its recoverable amount exceeds its carrying amount.

15. Accounts & Other Payables

This account consists of:

		2020		2019
Payable to a contractor	₱	37,500,000	₱	37,500,000
Statutory payables		415,699		348,263
Deferred output tax		818,036		818,036
Accrued expenses		2,097,698		821,450
Accounts payable		745,143		749,371
Total	₱	41,576,576	₱	40,237,120

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 12). It is payable on demand of Agbiag.

Statutory payables consist of withholding taxes and other payables to government agencies. Accrued expenses include professional fees and various unpaid expenses. Accounts payable consist of liabilities arising from transactions with suppliers and contractors related to the normal course of business.

These liabilities are unsecured and noninterest-bearing and are normally settled within the next 12 months.

16. Interest-bearing Loans & Borrowings

This account consists of unsecured, long-term loan obtained by the Group from Cagayan Blue Ocean Offshore Aquamarine Services Corporation (CBO). Details are as follows:

	Principal				Outstanding Balances			
	2020	2019	Interest Rate	Maturity		**2020**		2019
Loans from CBO, interest and principal payable upon maturity, unsecured	₱37.6-million	₱14.0-million	Fixed at 6%	2 years	₱	**37,550,000**	₱	13,950,000
Total					₱	**37,550,000**	₱	13,950,000

Total borrowing costs attributable to these loans amounted to ₱1,276,450, ₱2,177,028 and ₱600,000 for the years ended December 31, 2020, 2019 and 2018, respectively, and were charged as Interest expense in the consolidated statements of comprehensive income (see Note 20).

Loan Facility from CBO
In October 2019, JDVC obtained credit from CBO to finance the Group's working capital requirements. The loans were drawn from a series of promissory notes in various dates, and as of reporting date, ₱37,550,000 (2019: ₱13,950,000) have been availed from CBO.

The loans bear a fixed annual interest of 6% per annum and have maturities of 2 years, with the option to convert the loan and accrued interest into common shares of JDVC, at the option of CBO, at any time during the loan period with an exercise price of ₱100 per share. The parties agreed that the loans are non-assignable and unless the lender exercises his conversion right, JDVC shall repay the loan, including the accrued interests, in full at maturity date.

The Group classifies currently maturing loans within the next 12 months as current liabilities amounting to ₱13,950,000 in the consolidated statements of financial position. The remaining loan balance are classified as non-current liabilities.

Convertible Loan Agreement
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 10th day before the maturity date at the option of the third party (see Note 17).

17. Equity

Share capital consists of:

	No. of Shares			Amount		
	2020	2019		**2020**		2019
Authorized – ₱0.01 par value	**600,000,000,000**	600,000,000,000	₱	**6,000,000,000**	₱	6,000,000,000
Subscribed, Issued, paid-up & outstanding:						
Balance at beginning of year	**280,336,349,297**	275,196,071,520	₱	**2,803,363,493**	₱	2,751,960,715
Issuance of shares	**–**	5,140,277,777		**–**		51,402,778
Balance at end of year	**280,336,349,297**	280,336,349,297	₱	**2,803,363,493**	₱	2,803,363,493
Ordinary share capital	**280,336,349,297**	280,336,349,297	₱	**2,803,363,493**	₱	2,803,363,493

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

Date of Approval	Nature	Authorized	No. of Shares Issue/Offer	Price
October 18, 2012	Listing of shares	100,000,000,000	27,800,000,000	₱1.00
October 9, 2017	Share swap	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

As at December 31, 2020, the Parent Company has a total of 799 shareholders.

Increase in Authorized Capital Stock of APL

On October 9, 2017, the SEC approved the increase in the capital stock of the Parent Company from ₱1.0-billion divided into 100.0-billion shares to ₱6.0-billion divided into 600.0-billion shares both with a par value of ₱0.01.

Convertible Loan Agreement

On September 11, 2019, the third party exercised the right to convert the loan (see Note 16) 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. The Parent Company issued additional 5,140,277,777 shares as a result of the conversion. Consequently, such valuation was duly approved by the SEC on December 7, 2020.

18. General & Administrative Costs

The following shows the breakdown of general & administrative costs:

	Note/s		2020		2019		2018
Professional fees		₱	**3,511,161**	₱	2,192,004	₱	3,958,726
Salaries & employee benefits	19		**3,058,192**		2,500,096		2,706,987
Mobilization costs			**2,298,021**		3,368,891		1,601,195
Taxes & licenses			**1,376,625**		4,931,891		3,837,948
Representation			**863,707**		1,357,235		397,529
Rent	24		**804,928**		698,020		762,941
Transportation & travel			**494,974**		1,959,469		315,524
Office supplies			**410,460**		225,907		290,373
Advertising			**170,048**		–		–
Repairs & maintenance			**82,156**		185,649		2,500
Association dues			**–**		155,469		52,335
Depreciation	13		**580,053**		418,573		45,552
Miscellaneous			**2,084,191**		989,759		2,067,910
Total		₱	**15,734,516**	₱	18,982,963	₱	16,039,520

Miscellaneous expenses mainly include various marginal expenses covering office utilities, bank charge, meetings and conferences, etc.

19. Employee Benefits

Expenses recognized for salaries & employee benefits are presented below:

		2020		2019		2018
Short-term employee benefits	₱	**3,058,192**	₱	2,500,096	₱	2,706,987
Total	₱	**3,058,192**	₱	2,500,096	₱	2,706,987

The amount of salaries & employee benefits is charged to general & administrative costs (see Note 18).

Post-employment Defined Benefits

The Group has not established a formal retirement plan. As at the end of each reporting dates, the Group employs less than ten (10) employees, most of whom do not qualify or meet the minimum requirements of Retirement Pay Law. Therefore, as of reporting dates, no accrued retirement benefit obligation has been recognized. However, it is required to pay qualified employees retirement benefits under Republic Act No. 7641 once it meets the requirements of said law.

20. Finance and Other Income (Charges)

This account consists of the following:

	Note/s		2020		2019		2018
Interest income from bank deposits	9	₱	**4,797**	₱	19,753	₱	3,638
Interest income from loans	23		**–**		2,272,321		2,272,321
Foreign exchange gain (loss)	9		**(3,960)**		(969)		1,351
Interest expense	16		**(1,276,450)**		(2,177,028)		(600,000)
Total		₱	**(1,275,613)**	₱	114,077	₱	1,677,310

21. Income Tax

The computation of tax expense (benefit) as reported in the statements of comprehensive income:

		2020		2019		2018
Current tax expense	₱	**–**	₱	45,446	₱	45,446
Deferred tax benefit		**(723,109)**		(1,226,937)		(2,074,303)
Income tax benefit	₱	**(723,109)**	₱	(1,181,491)	₱	(2,028,857)

The schedule of deferred tax assets is as follows:

	Consolidated statements of Financial Position				Consolidated statements of Comprehensive Income					
		2020		2019		**2020**		2019		2018
Deferred tax assets:										
NOLCO	₱	**6,154,303**	₱	5,431,194	₱	**723,109**	₱	1,226,937	₱	2,074,303
Deferred tax assets – net	₱	**6,154,303**	₱	5,431,194						
Deferred tax benefit – net					₱	**723,109**	₱	1,226,937	₱	2,074,303

The NOLCO of the business for any taxable year shall be carried over as a deduction from gross income for the next three (3) consecutive years. In effect, therefore, a tax benefit arises on the year the losses were incurred. Such tax benefits are reported in the statement of financial position as deferred tax assets and are reported at current statutory tax rates.

The Group believes that it is not reasonably probable that future taxable profit against which the benefit of the Group's deferred tax assets can be utilized. Details of recognized and unrecognized deferred tax assets of the Group are as follows:

		2020		2019		2018
Unrecognized:						
NOLCO	₱	**4,732,786**	₱	8,848,248	₱	7,686,311
Excess MCIT		**90,892**		136,338		137,358
Total	₱	**4,823,678**	₱	8,984,606	₱	7,823,669

Recognized:						
NOLCO	₱	**6,154,303**	₱	5,431,194	₱	4,204,257
Total	₱	**6,154,303**	₱	5,431,194	₱	4,204,257

The amount of NOLCO and the applicable years these are valid and deductible from the taxable income are shown below:

Taxable Years	Valid Until		Original Amount		Used/Expired		Balance		Tax Effect
2020	2025*	₱	13,850,107	₱	–	₱	13,850,107	₱	4,155,032
2019	2022		11,250,350		–		11,250,350		3,375,105
2018	2021		11,189,840		–		11,189,840		3,356,952
2017	2020		25,157,951		(25,157,951)		–		–
Total		₱	61,448,248	₱	(25,157,951)	₱	36,290,297	₱	10,887,089

In 2020, the Government recognized the effect of COVID 19 pandemic to various Companies, therefore, enacted the Bayanihan to Recover as One Act (RA No. 11494). Under Section 4 (bbbb) of the Act, it allows qualified businesses which incurred net operating loss for taxable years 2020 and 2021 to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The amounts of excess MCIT and the applicable years these are valid and deductible from the taxable income are shown below:

Taxable Years	Valid Until		Original Amount		Used/Expired		Balance
2019	2022	₱	45,446	₱	–	₱	45,446
2018	2021		45,446		–		45,446
2017	2020		45,446		(45,446)		–
Total		₱	136,338	₱	(46,446)	₱	90,892

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:

		2020		2019		2018
Income tax at statutory tax rate	₱	**(5,103,039)**	₱	(5,660,666)	₱	(4,308,663)
Change in unrecognized deferred tax assets		**(4,160,928)**		1,160,937		1,529,757
Tax effects of:						
Non-deductible expenses		**949,446**		2,291,487		502,967
Income subject to final tax		**(1,439)**		(5,926)		(1,091)
Expired NOLCO		**7,546,405**		986,231		248,173
Expired excess MCIT		**46,446**		46,446		–
Income tax benefit	₱	**(723,109)**	₱	(1,181,491)	₱	(2,028,857)

22. Basic Loss Per Share

Basic loss per share is computed as follows:

		2020		2019		2018
Loss attributable to common shareholders of the Parent Company	₱	**(15,149,443)**	₱	(16,001,786)	₱	(10,195,983)
Divide by: Weighted average number of common shares outstanding*		**280,336,349,297**		276,759,279,282		275,196,071,520
Basic loss per share	₱	**(0.00005)**	₱	(0.00006)	₱	(0.00004)

Weighted average number of common shares outstanding is computed as follows:

	2020	2019	2018
Balance at beginning of year	**280,336,349,297**	275,196,071,520	275,196,071,520
Effect of shares issued during the year	**–**	1,563,207,762	–
Weighted average number of shares outstanding	**280,336,349,297**	276,759,279,282	275,196,071,520

There are no potential dilutive ordinary shares outstanding as at December 31, 2020, 2019 and 2018.

23. Related Party Transactions

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

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

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

The Group, in the normal course of business, has entered into transactions with related parties principally consisting of:

				December 31, 2020	
Related Party	Nature	Terms & Conditions	Note/s	Amount of Transaction	Outstanding Receivable (Payable)
Shareholders	Advances for working capital purposes	Long-term, unsecured, non-interest bearing, repayable in cash		**₱ 207,101,733**	**₱ (208,784,715)**
	Deposits for future stock subscription	Long-term, unsecured, non-interest bearing, for future issuance of common shares of JDVC		**(207,009,692)**	**–**
Key Management personnel	Advances for working capital purposes	Long-term, unsecured, non-interest bearing, repayable in cash		**39,139,870**	**(39,139,870)**
	Deposits for future stock subscription	Long-term, unsecured, non-interest bearing, for future issuance of common shares of JDVC		**(39,139,870)**	

				December 31, 2019	
Related Party	Nature	Terms & Conditions	Note/s	Amount of Transaction	Outstanding Receivable (Payable)
Entities under Common Control	Advances to related parties – reimbursement of expenses	Long-term, unsecured, non-interest bearing, collectible in cash, not impaired		2,595,022	–
Shareholders	Advances for working capital	Long-term, unsecured, non-interest bearing, repayable in cash		(179,981)	(1,682,983)
	Deposits for future stock subscription	Long-term, unsecured, non-interest bearing, for future issuance of common shares of JDVC		(8,077,745)	(207,009,692)

Key Management personnel	Interest-bearing loan for working capital purposes	Long-term, unsecured, 0.5% monthly interest, repayable in cash	(10,000,000)	–
	Deposits for future stock subscription	Long-term, unsecured, non-interest bearing, for future issuance of common shares of JDVC	–	(39,139,870)

Advances from Related Parties
The Group often borrows funds to finance its operating expenses and working capital. The advances are unsecured, noninterest-bearing and are repayable in cash beyond 12 months. The Group has the discretion to refinance these advances on a long-term basis and expects to repay the advances when the Group has sustained sufficient financial capacity.

Loan from Related Party
In 2017, the Group obtained an unsecured loan from a related party amounting to ₱10.0-million for working capital purposes. The loans bear a monthly interest rate of 0.5%. The loan was paid in full in 2019.

Deposits for Future Stock Subscription
This account refers to amounts collected from existing shareholders of JDVC to issue a specified number of common shares of JDVC at par value. Deposits for future subscription were classified as non-current liabilities since the BOD of JDVC expects to apply for an increase in capital stock beyond 12 months from reporting date and it has not yet complied with all the criteria pursuant to SEC Financial Reporting Bulletin 006 to be classified as equity. The deposits are refundable upon the request of the shareholder if they wish to withdraw.

On July 6, 2020, the Board of Directors of JDVC has discarded its plans to apply for an increase in capital stock and have subsequently decided to reclassify the Deposits for Future Stock Subscription to Advances from Shareholders account. The advances are intended for temporary financing to JDVC and shall be noninterest-bearing, unsecured and repayable in cash within 2 years, with option to extend terms. These advances are classified as non-current liabilities since the Group expects to repay these advances when the Group can generate positive cash flows from operations.

Key Management Personnel Compensation
Since the Group is in its pre-operating stages, there are no key management personnel compensation recognized in December 30, 2020, 2019 and 2018, since the officers offer their services pro-bono to save on operating costs. Likewise, the Group does not provide post-employment benefit plans or equity-based compensation benefits to any of its directors or executive officers.

24. Commitments and Other Matters

Lease Agreements
In 2016, JDVC 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 JDVC 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 upon renewal. Security deposit amounted to ₱71,772 as at December 31, 2020 and 2019 (see Note 9).

Total expense from these leases amounted to ₱804,928 in 2020, ₱698,020 in 2019, and ₱762,941 in 2018 which was charged to general & administrative costs (see Note 17).

Royalty Agreement

On September 1, 2014, JDVC entered in a royalty agreement with Agbiag, operating contractor of JDVC, 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 JDVC in various areas in Cagayan Province, for twenty-five (25) years or the life of JDVC'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.

As consideration, JDVC 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, JDVC 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 JDVC to Agbiag. This was presented under "Advances from contractor" account in the consolidated statement of financial position.

Social and Environmental Responsibilities

In 2019, JDVC 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 Group 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 Group.

JDVC will start implementing these programs upon commencement of operations.

25. Fair Value Measurement

Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of certain assets and liabilities presented in the consolidated statements of financial position are as follows:

		December 31, 2020		December 31, 2019	
	Note/s	Carrying amounts	Fair Values	Carrying amounts	Fair Values
Financial assets:					
At amortized cost:					
Cash	9	₱ 889,057	₱ 889,057	₱ 1,264,390	₱ 1,264,390
Security deposit	10	71,772	71,772	71,772	71,772
Construction bond	10	50,000	50,000	–	–
Total		₱ 1,010,829	₱ 1,010,829	₱ 1,336,162	₱ 1,336,162

	Note/s								
Financial liabilities:									
At amortized cost:									
Loans & borrowings		₱	37,550,000	₱	37,550,000	₱	13,950,000	₱	13,950,000
Accounts & other payables	16		40,342,841		40,342,841		39,070,821		39,070,821
Deposits for future stock subscriptions	15		–		–		246,149,562		246,149,562
Advances from related parties	23		247,924,585		247,924,585		1,682,983		1,682,983
Total	23	₱	325,817,426	₱	325,817,426	₱	300,853,366	₱	300,853,366

Cash excludes petty cash fund. Accounts & other payables exclude statutory obligations.

Fair Value Hierarchy

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

The fair value hierarchy has the following levels:

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

The following table summarizes the fair value hierarchy of the Group's financial assets and liabilities, which are measured at fair value or requires disclosure as prescribed by other PFRS, as at December 31, 2020 and 2019:

		December 31, 2020							
	Note/s		**Level 1**		**Level 2**		**Level 3**		**Total**
Financial assets:									
At amortized cost:									
Cash	9	₱	889,057	₱	–	₱	–	₱	889,057
Security deposit	10		–		–		71,772		71,772
Construction bond	10		–		–		50,000		50,000
Total		₱	889,057	₱	–	₱	121,772	₱	1,010,829
Financial liabilities:									
At amortized cost:									
Loans & borrowings	16	₱	–	₱	–	₱	37,550,000	₱	37,550,000
Accounts & other payables	15		–		–		40,342,841		40,342,841
Deposits for future stock subscription	23		–		–		–		–
Advances from related parties	23		–		–		247,924,585		247,924,585
Total		₱	–	₱	–	₱	325,817,426	₱	325,817,426

		December 31, 2019							
	Note/s		Level 1		Level 2		Level 3		Total
Financial assets:									
At amortized cost:									
Cash	9	₱	1,264,390	₱	–	₱	–	₱	1,264,390
Security deposit	10		–		–		71,772		71,772
Construction bond	10		–		–		–		–
Total		₱	1,264,390	₱	–	₱	71,772	₱	1,336,162
Financial liabilities:									
At amortized cost:									
Loans & borrowings	16	₱	–	₱	–	₱	13,950,000	₱	13,950,000
Accounts & other payables	15		–		–		39,070,821		39,070,821
Deposits for future stock subscription	23		–		–		246,149,562		246,149,562
Advances from related parties	23		–		–		1,682,983		1,682,983
Total		₱	–	₱	–	₱	300,853,366	₱	300,853,366

As at December 31, 2020 and 2019, there are no financial assets or financial liabilities measured at fair value. There were no transfers between levels in 2020 and 2019.

Financial Instruments Not Measured at Fair Value for Which Fair Value is Disclosed
For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine fair value of such instruments are not based on observable market data.

26. Financial Risk Management Policies and Objectives

Introduction
The Group's principal financial instruments comprise of cash and cash equivalents, receivable and payables. The main purpose of these financial instruments is to raise finances for the Group's operations. The risks arising from the use of financial instruments are managed through a process of on-going identification, measurement, and monitoring. This process of risk management is critical to the Group's continuing profitability.

The BOD is ultimately responsible for overall risk management approach, monitoring risk exposures, and approving risk mitigation strategies and policies.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

Interest Rate Risk
Interest rate risk is the risk that future cash flows from financial instruments or its fair value will fluctuate because of changes in market interest rates. As at December 31, 2020 and 2019, the Group does not have any repriceable financial instruments subject to variable interest rates. There are no significant interest rate risk exposures since the interest-bearing loans & borrowings are subject to fixed interest rates and all other financial assets and liabilities are non-interest bearing.

Credit Risk
Credit risk is the risk that the Group will incur a loss because its customers or counter parties failed to discharge their contractual obligations. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis and appropriate credit treatments are executed for overdue accounts. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.

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

As at December 31, 2020 and 2019, the Group has no financial assets for which credit risk has increased significantly since initial recognition and that are credit-impaired.

Credit Risk Exposure
The table below shows the gross maximum exposure to credit risk of the Group as at December 31, 2020 and 2019, without considering the effects of collaterals and other credit risk mitigation techniques:

	Note/s		2020		2019
Cash in banks	9	₱	889,057	₱	1,264,390
Security deposits	10		71,772		71,772
Construction bond	10		50,000		–
Total		₱	1,010,829	₱	1,336,162

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 per depositor per banking institution.

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash.

Credit Quality per Class of Financial Assets
The tables below show a comparison of the credit quality of the Group's financial assets as at December 31, 2020 and 2019:

	Neither Past Due Nor Impaired		Past Due But		
December 31, 2020	High Grade	Standard Grade	Not Impaired	Impaired	Total
Cash in bank	₱ 889,057	₱ –	₱ –	₱ –	₱ 889,057
Security deposits	71,772	–	–	–	71,772
Construction bond	50,000	–	–	–	50,000
Total	₱ 1,010,829	₱ –	₱ –	₱ –	₱ 1,010,829

	Neither Past Due Nor Impaired		Past Due But		
December 31, 2019	High Grade	Standard Grade	Not Impaired	Impaired	Total
Cash in bank	₱ 1,264,390	₱ –	₱ –	₱ –	₱ 1,264,390
Security deposits	71,772	–	–	–	71,772
Construction bond	–	–	–	–	–
Total	₱ 1,336,162	₱ –	₱ –	₱ –	₱ 1,336,162

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.

Security deposits and Construction bond. 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.

Maturity Profile of Financial Assets and Liabilities

The tables below summarize the maturity profile of the Group's financial liabilities December 31, 2020 and 2019 based on the remaining undiscounted contractual cash flows:

	December 31, 2020			
	Carrying Value	On Demand	Within 1 year	Beyond 1 year
Financial assets:				
At amortized cost:				
Cash	₱ 889,057	₱ 889,057	₱ –	₱ –
Security deposits	71,772	–	71,772	–
Construction bond	50,000	–	50,000	–
Total	₱ 1,010,829	₱ 889,057	₱ 131,772	₱ –
Financial liabilities:				
At amortized cost:				
Loans & borrowings	₱ 37,550,000	₱ –	₱ 13,950,000	₱ 23,600,000
Accounts & other payables	40,342,841	37,500,000	2,842,841	–
Deposits for future stock subscription	–	–	–	–
Advances from related parties	247,924,585	–	–	247,924,585
Total	₱ 325,817,426	₱ 37,500,000	₱ 16,792,841	₱ 271,524,585

	December 31, 2019			
	Carrying Value	On Demand	Within 1 year	Beyond 1 year
Financial assets:				
At amortized cost:				
Cash	₱ 1,264,390	₱ 1,264,390	₱ –	₱ –
Security deposits	71,772	–	71,772	–
Construction bond	–	–	–	–
Total	₱ 1,336,162	₱ 1,264,390	₱ 71,772	₱ –
Financial liabilities:				
At amortized cost:				
Loans & borrowings	₱ 13,950,000	₱ –	₱ –	₱ 13,950,000
Accounts & other payables	39,070,821	37,500,000	–	–
Deposits for future stock subscription	246,149,562	–	–	246,149,562
Advances from related parties	1,682,983	–	–	1,682,983
Total	₱ 300,853,366	₱ 37,500,000	₱ –	₱ 261,782,545

27. Capital Management Objectives, Policies, & Procedures

The Group's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders or issue new shares. The Group considers its equity and loans & borrowings as capital.
The Group monitors its financial leverage using the debt-to-equity which is computed as total liabilities divided by total equity as shown in the table below:

	2020	2019
Total liabilities	₱ 382,202,161	₱ 357,170,665
Total equity	₱ 2,965,228,510	₱ 2,981,515,530
Debt-to-equity ratio	0.13:1	0.12:1

The Group is not subject to any externally imposed capital requirements. There were no changes in the Group 's approach to capital management during the year.

28. Supplemental Disclosure of Cash Flow Information

Changes in Liabilities Arising from Financing Activities

The disclosure requirements enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities of the Group.

The movement of liabilities from financing activities are as follows:

December 31, 2020	January 1, 2020	Cash Flows	Reclassification	Interest Expense	December 31, 2020
Loans & borrowings	₱ 13,950,000	₱ 23,600,000	₱ –	₱ –	₱ 37,550,000
Advances from related parties	1,682,983	92,040	246,149,562	–	247,924,585
Deposits for future stock subscriptions	246,149,562	–	(246,149,562)	–	–
Interest payable	–	(1,276,450)	–	1,276,450	–
Total liabilities from financing activities	₱ 261,782,545	₱ 22,415,590	₱ –	₱ 1,276,450	₱ 285,474,585

December 31, 2019	January 1, 2019	Cash Flows	Reclassification	Interest Expense	December 31, 2019
Loans & borrowings	₱ 10,000,000	₱ 53,950,000	₱ (50,000,000)	₱ –	₱ 13,950,000
Advances from related parties	1,862,964	(179,981)	–	–	1,682,983
Deposits for future stock subscriptions	254,227,307	(8,077,745)	–	–	246,149,562
Interest payable	–	(774,250)		774,250	–
Total liabilities from financing activities	₱ 266,090,271	₱ 44,918,024	₱ (50,000,000)	₱ 774,250	₱ 261,782,545

Non-cash Activities

The Group had no material non-cash investing or financing activity-related transactions for the period ended December 31, 2020 except for the reclassification of deposits for future subscription to advances from related parties (see Note 19).

The Group had no material non-cash investing or financing activity-related transactions for the year ended December 31 2019, except for the conversion of interest bearing loans and borrowing amounting to ₱50.0 million and accrued interest amounting to ₱1,402,778 into share capital with a par value of ₱0.01 per share with an equivalent of 5,140,277,777 shares.

29. Events After the End of the Reporting Period

Corporate Recovery and Tax Incentive for Enterprises (CREATE) Act

On March 26, 2021, the President of the Republic of the Philippines signed into law R.A. No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act, which amends certain provisions of the National Internal Revenue Code of 1997, as amended, with veto on certain provisions and shall be effective 15 days after its publication. The CREATE Act seeks to reduce the corporate income tax rate and rationalize the current fiscal incentives by making them time-bound, targeted and performance-based.

Among others, the key changes of the CREATE Act relevant to the Company are as follows:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.0-million and with total assets not exceeding ₱100-million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%;
- Minimum corporate income tax (MCIT) is reduced from 2% to 1% for the period beginning July 1, 2020 until June 30, 2023;

- Imposition of improperly accumulated earnings tax of 10% is repealed;
- Allowable deduction for interest expense is reduced by 20% (from 33%) of the interest income subjected to final tax.

As clarified by the Philippine Financial Reporting Standards Council (FRSC) in its Philippine Interpretations Committee (PIC) Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive application on July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as at and for the year ended December 31, 2020 was computed and measured using the applicable income tax rates prior to CREATE i.e., 30% RCIT or 2% MCIT, for financial reporting purposes.

Applying the provisions of CREATE Act, the Company would have been subjected to lower RCIT rate of 27.5%. Management estimates the following impact on the balances of current and deferred income taxes as of December 31, 2020:

	Carrying Amount	Effect of Change in Tax Rate	Adjusted Carrying Amount
Deferred tax assets	₱ 6,154,303	₱ (1,025,717)	₱ 5,128,586

The effects of change in tax rates and any excess accrual of RCIT and MCIT will be considered in the 2021 financial statements.

Continuing COVID-19 Pandemic

From March 29, 2021 to April 4, 2021, following the spike in the number of new COVID-19 cases, the Philippine Government has placed cities comprising the Greater Metro Manila Region (NCR, Bulacan, Rizal, Cavite and Laguna) back to Enhanced Community Quarantine and was later extended to April 11, 2021.

The scale and duration of these developments remain uncertain as at reporting date. The COVID-19 pandemic could have a material impact on the Company's financial results for the rest of 2021 and even periods thereafter. Considering the evolving nature of the pandemic, the Company will continue to monitor the situation.

Commencement of Operations

JDVC has effectively deployed and positioned the first deep sea siphon mining vessel, MB Siphon 1, into the offshore mining tenement area of operation as of April 14, 2021. MB Siphon 1 has completed all the necessary offshore commissioning stages and necessary permits to start production. JDVC will proceed into the developmental stage on the mining tenement area in preparation for commercial export shipments.

Valdes Abad &
Company
(Formerly: Valdes Abad & Associates)
certified public accountants

CJV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

Branches:
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INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Shareholders and Board of Directors
APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY
(Formerly Yehey! Corporation and Its Subsidiary)
Unit 504, Galleria Corporate Center, EDSA corner Ortigas Ave.,
Brgy. Ugong Norte, Quezon City

We have examined the consolidated financial statements of **APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY** ***(Formerly Yehey! Corporation and Its Subsidiary)*** for the year ended December 31, 2020, on which we have rendered the attached report dated May 11, 2021.

In compliance with Revised SRC Rule 68, we are stating that the Group has seven hundred ninety-nine (799) stockholders owning one hundred (100) or more shares each as of December 31, 2020.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on October 4, 2018, Valid until July 10, 2021
BIR Accreditation No. 08-002126-000-2021
Issued on March 19, 2021, Valid until March 18, 2024
SEC Accreditation No.0361-F
Issued on August 23, 2018 Valid until August 22, 2021

For the firm:

ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805, Valid until December 14, 2023
TIN No. 213-410-741-000
PTR No. 8544054, Issued Date: January 8, 2021, Makati City
BOA/PRC Reg. No. 0314
Issued on October 4, 2018, Valid until July 10, 2021
SEC Accreditation No. 1701-A
Issued on August 23, 2018, Valid until August 22, 2021
BIR Accreditation No. 08-002126-005-2021
Issued on March 19, 2021, Valid until March 18, 2024

Makati City, Philippines
May 11, 2021

Valdes Abad &
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INDEPENDENT PUBLIC AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Shareholders and Board of Directors
APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY
(Formerly Yehey! Corporation and Its Subsidiary)
Unit 504, 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** ***(Formerly Yehey! Corporation and Its Subsidiary)*** as at December 31, 2020 and 2019 and have issued our report thereon dated May 11, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company'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 the purpose 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 December 31, 2020 and 2019 and no material exceptions were noted.

VALDES ABAD & COMPANY, CPAs
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For the firm:

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Makati City, Philippines
May 11, 2021

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Supplementary Schedules under Annex 68-E

Pursuant to the Revised Securities Regulation Code (SRC) Rule 68
As at December 31, 2020 and 2019

Schedule of Financial Soundness Indicators

		2020		2019
Liquidity Ratios:				
Current Ratio				
Current Assets	₱	4,851,067	₱	4,918,947
Current Liabilities	₱	110,677,576	₱	95,388,120
		0.04 : 1		0.05 : 1
Acid Test Ratio				
Liquid Assets	₱	909,057	₱	1,284,390
Current Liabilities	₱	110,677,576	₱	95,388,120
		0.01 : 1		0.01 : 1
Solvency Ratios:				
Debt-to-Equity Ratio				
Total Liabilities	₱	382,202,161	₱	357,170,665
Total Equity	₱	2,965,228,510	₱	2,981,515,530
		0.13 : 1		0.12 : 1
Asset-to-Equity Ratio				
Total Assets	₱	3,347,430,671	₱	3,338,686,195
Total Equity	₱	2,965,228,510	₱	2,981,515,530
		1.13 : 1		1.12 : 1
Profitability Ratios:				
Interest Coverage Ratio				
Earnings Before Interest and Taxes	₱	N/A	₱	N/A
Interest Expense	₱	1,276,450	₱	2,177,028
		N/A		N/A
Return on Assets				
Net Profit	₱	N/A	₱	N/A
Total Assets	₱	3,347,430,671	₱	3,338,686,195
		N/A		N/A
Return on Equity				
Net Profit	₱	N/A	₱	N/A
Total Equity	₱	2,965,228,510	₱	2,981,515,530
		N/A		N/A
Net Profit Margin				
Net Profit	₱	N/A	₱	N/A
Revenues	₱	N/A	₱	N/A
		N/A		N/A

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REPORT OF INDEPENDENT PUBLIC AUDITORS TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY FROM THE BASIC FINANCIAL STATEMENTS

The Shareholders and Board of Directors
APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY
(Formerly Yehey! Corporation and Its Subsidiary)
Unit 504, Galleria Corporate Center, EDSA corner Ortigas Ave.,
Brgy. Ugong Norte, Quezon City

We have examined the consolidated financial statements of **APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY** ***(Formerly Yehey! Corporation and Its Subsidiary)*** as of December 31, 2020 on which we have rendered the attached report dated May 11, 2021. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedules of the Group as of December 31, 2020 and for the year then ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VALDES ABAD & COMPANY, CPAs
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For the firm:

ALFONSO L. CAY-AN
Partner
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Makati City, Philippines
May 11, 2021

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Reconciliation of Retained Earnings Available for Dividend Declaration

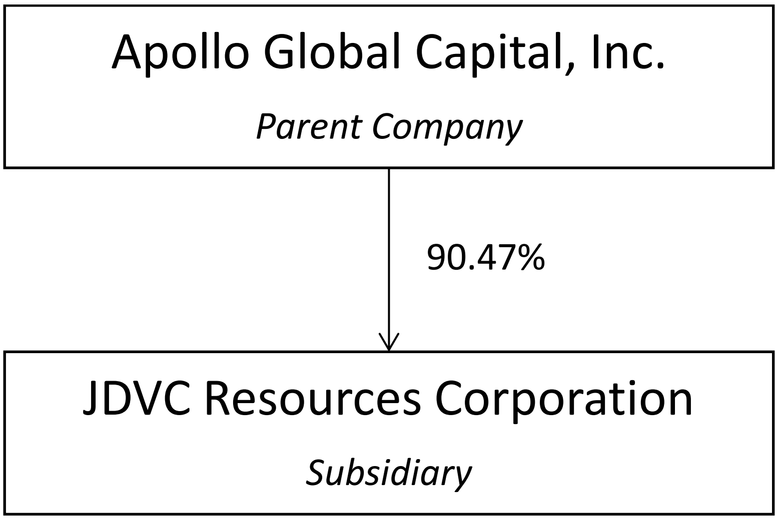
Pursuant to Revised Securities Regulation Code (SRC) Rule 68
As of December 31, 2020

Unappropriated retained earnings at beginning of year			₱	(86,178,648)
Prior years' outstanding reconciling items, net of tax				
Unrealized forex exchange gains – net				(382)
Unappropriated retained earnings available for dividend declaration at beginning of year, as adjusted			₱	(86,179,030)
Net income realized during the year				
Profit for the year	₱	(15,149,443)		
Non-actual or unrealized losses (gains):				
Unrealized foreign exchange losses – net		3,960		(15,145,483)
Unappropriated retained earnings available for dividend declaration at end of year			₱	(101,324,513)

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Conglomerate Map of Companies

Pursuant to Revised Securities Regulation Code (SRC) Rule 68
As of December 31, 2020



APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY

Supplementary Schedules under Annex 68-J

Pursuant to the Revised Securities Regulation Code (SRC) Rule 68
As of December 31, 2020

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statements of financial position	Value based on market quotation at end of reporting period	Income received and accrued
Cash	N/A	₱909,057	N/A	₱4,796
Security deposits	N/A	71,772	N/A	–
Construction bond	N/A	50,000	N/A	–

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Current	Non-current	Balance at end of period
			Amounts collected	Amounts written-off			
N/A	–	–	–	–	–	–	–

Schedule C. Amounts Receivable from Related Parties which are eliminated during Consolidation of Financial Statements

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Current	Non-current	Balance at end of period
			Amounts collected	Amounts written-off			
JDVC Resources Corporation	14,937,469	N/A	(5,738,515)	N/A	N/A	9,198,954	9,198,954

Schedule D. Long-Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related statement of financial position	Amount shown under caption "Long-term debt" in related statement of financial position
Interest - bearing loans & borrowings	–	13,950,000	23,600,000

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
Shareholders and Key Management Personnel	1,682,983	247,924,585

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Group for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement 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
Common	600,000,000,000	280,336,349,297	–	–	46,507,293,501	233,829,055,796