

COVER SHEET

For
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A 1 9 9 8 0 6 8 6 5

COMPANY NAME

A P O L L O G L O B A L C A P I T A L , I N C .

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

U n i t 1 2 0 4 , G a l l e r i a C o r p o r a t e C e n t e r , E
D S A c o r n e r O r t i g a s A v e . , B r g y . U g o n g N o
r t e , Q u e z o n C i t y

Form Type

A A S F S

Department requiring the report

C R M D

Secondary License Type, if Applicable

N / A

COMPANY INFORMATION

Company's Email Address

-

Company's Telephone Number/s

(02) 8 532-8654

Mobile Number

N/A

No. of Stockholders

799

Annual Meeting (Month / Day)

Last Friday of June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Kristina Joyce Caro-Gangan

Email Address

main@picazolaw.com

Telephone Number/s

(02) 8 532-8654

Mobile Number

-

CONTACT PERSON'S ADDRESS

Unit 504, Galleria Corporate Center, EDSA corner Ortigas Ave., Brgy. Ugong Norte, Quezon City

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

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



Apollo Global Capital

STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR THE SEPARATE FINANCIAL STATEMENTS

The management of APOLLO GLOBAL CAPITAL, INC. (Formerly Yehey! Corporation) is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein, for the year ended December 31, 2020 with comparative figures as of December 31, 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company’s separate financial reporting process.

The Board of Directors reviews and approves the separate financial statements including the schedules attached therein and submits the same to the stockholders.

Valdes, Abad and Company, CPAs and Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2020 and 2019, respectively, has examined the separate financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signature : SALVADOR SANTOS-OCAMPO
Chairman of the Board

Signature : VITTORIO PAULO P. LIM
Chief Executive Officer

Signature : CHRISTOPHER GO
Chief Financial Officer

APR 15 2021 I, JASON G. DE BELEN, Notary Public, do hereby certify that the above-named party or parties personally appeared and showed to me / their competent evidence of identity in:

Signed this APR 15 2021 day of

Doc. No. 170
Page No. 34
Book No. 228
Series of 20 21

ATTY. JASON G. DE BELEN
Roll No. 36259
Adm. NP-019 Notary Public (2020-2021)
Unit M Panay Commercial Building
No. 7 Panay Ave. cor. Sgt. Borromeo St. Q.C.
IBPAR No. 34918197; QC 1-4-2021
PTR No. 0598847; QC 1-4-2021
MCLE VI-U022012; 4-14-22

**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



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

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

We have examined the separate financial statements of **APOLLO GLOBAL CAPITAL, INC. (Formerly Yehey! Corporation)** for the year ended December 31, 2020, on which we have rendered the attached report dated April 15, 2021.

In compliance with Revised SRC Rule 68, we are stating that the Company 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
April 15, 2021

STATEMENT OF REPRESENTATION

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the separate financial statements of **APOLLO GLOBAL CAPITAL, INC. (Formerly Yehey! Corporation)** 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

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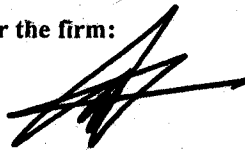
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**REPORT OF INDEPENDENT PUBLIC AUDITORS
TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY FROM THE
BASIC FINANCIAL STATEMENTS**

The Board of Directors

APOLLO GLOBAL CAPITAL, INC. (Formerly Yehey! Corporation)
Unit 504, Galleria Corporate Center, EDSA corner Ortigas Ave.,
Brgy. Ugong Norte, Quezon City

We have examined the separate financial statements of **APOLLO GLOBAL CAPITAL, INC. (Formerly Yehey! Corporation)** as of December 31, 2020 on which we have rendered the attached report dated April 15, 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 Company 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

BOA/PRC Reg. No. 0314

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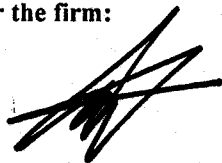
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ALFONSO L. CAY-AN

Partner

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TIN No. 213-410-741-000

PTR No. 8544054, Issued Date: January 8, 2021, Makati City

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**INDEPENDENT PUBLIC AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Board of Directors
APOLLO GLOBAL CAPITAL, INC. (Formerly Yehey! Corporation)
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 financial statements of **APOLLO GLOBAL CAPITAL, INC. (Formerly Yehey! Corporation)** as at December 31, 2020 and 2019 and have issued our report thereon dated April 15, 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 Company's financial statements as at December 31, 2020 and 2019 and no material exceptions were noted.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the separate financial statements of **APOLLO GLOBAL CAPITAL, INC. (Formerly Yehey! Corporation)** 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 then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of **APOLLO GLOBAL CAPITAL, INC. (Formerly Yehey! Corporation)** 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

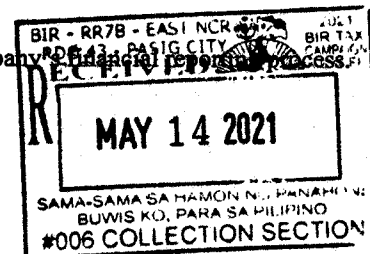
We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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.

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 the 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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



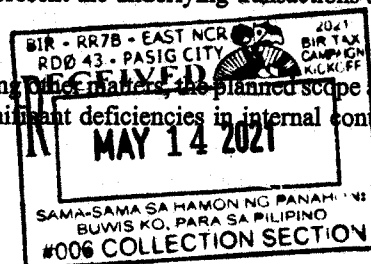
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Report on Bureau of Internal Revenue Requirement

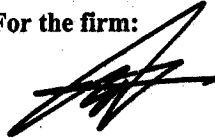
Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on Note 24 to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and are not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our 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.

Other Matters

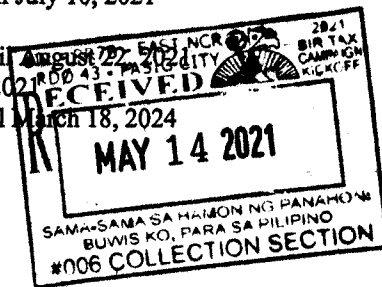
The separate financial statements of **APOLLO GLOBAL CAPITAL, INC. (Formerly Yehey! Corporation)** for the year ended December 31, 2019 were audited by another independent auditor whose report dated June 2, 2020 expressed an unqualified opinion on those financial statements.

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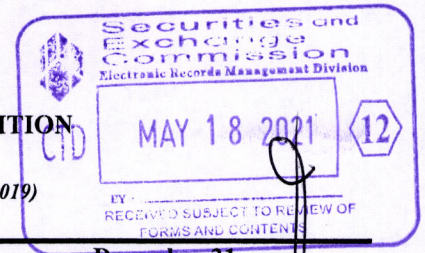
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Makati City, Philippines
April 15, 2021

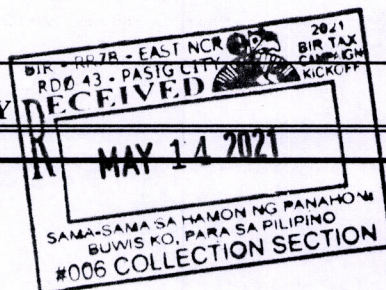
APOLLO GLOBAL CAPITAL, INC.
(Formerly Yehey! Corporation)

SEPARATE STATEMENTS OF FINANCIAL POSITION
(In Philippine Peso)
(With Comparative Figures for the Year Ended December 31, 2019)



ASSETS	Note	2020	2019
CURRENT ASSETS			
Cash in banks	8	505,834	493,216
Other current assets	9	1,980,145	1,691,329
Advances to related party	15	9,198,954	14,937,469
Total Current Assets		11,684,933	17,122,014
NON CURRENT ASSETS			
Property and equipment, net	10	1,339,041	-
Investment in subsidiary	11	2,741,567,825	2,741,567,825
Total Non Current Assets		2,742,906,866	2,741,567,825
TOTAL ASSETS		2,754,591,799	2,758,689,839
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts and other payables	12	2,263,494	2,103,351
Advances from contractor	20	3,651,000	3,651,000
Total Current Liabilities		5,914,494	5,754,351
NON CURRENT LIABILITIES			
Advances from related parties	15	1,775,024	1,682,983
EQUITY			
Share capital	13	2,803,363,493	2,803,363,493
Share premium	14	17,586,961	17,586,961
Deficit		(74,048,173)	(69,697,949)
Total Equity		2,746,902,281	2,751,252,505
TOTAL LIABILITIES AND EQUITY		2,754,591,799	2,758,689,839

See Notes to the Separate Financial Statements



APOLLO GLOBAL CAPITAL, INC.

(Formerly Yehey! Corporation)

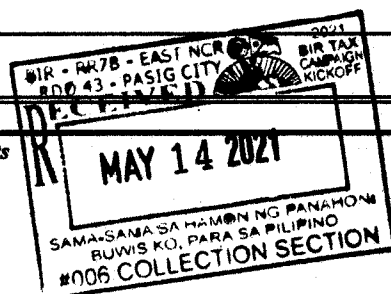
SEPARATE STATEMENTS OF INCOME

(In Philippine Peso)

(With Comparative Figures for the Year Ended December 31, 2019)

For the Years Ended December 31,	Notes	2020	2019
INTEREST INCOME	8, 17	<u>1,485</u>	<u>2,275,603</u>
EXPENSES			
Professional fees	16	1,841,650	1,394,765
Taxes and licenses	16, 24	1,116,331	4,824,386
Rent	16, 20	804,928	698,020
Advertisement	16	170,048	-
Transportation	16	80,760	-
Depreciation	10, 16	69,965	-
Office supplies	16	60,000	-
Repairs and maintenance	16	5,550	-
Interest expense	16	-	1,402,778
Association dues	16	-	155,469
Others	16	<u>202,477</u>	<u>575,396</u>
Total Operating Expenses		<u>4,351,709</u>	<u>9,050,814</u>
LOSS BEFORE TAX		(4,350,224)	(6,775,211)
INCOME TAX EXPENSE	18	-	(45,446)
NET LOSS		(4,350,224)	(6,820,657)

See Notes to the Separate Financial Statements



APOLLO GLOBAL CAPITAL, INC.

(Formerly Yehey! Corporation)

SEPARATE STATEMENTS OF CHANGES IN EQUITY

(In Philippine Peso)

(With Comparative Figures for the Year Ended December 31, 2019)

For the Years Ended December 31,	Note	2020	2019
SHARE CAPITAL	13		
Balance at beginning of year		2,803,363,493	2,751,960,715
Issued share capital		-	51,402,778
Balance at end of year		2,803,363,493	2,803,363,493
SHARE PREMIUM	14		
Balance at beginning and end of year		17,586,961	17,586,961
CUMULATIVE DEFICIT			
Balance at beginning of year		(69,697,949)	(62,877,292)
Net loss for the year		(4,350,224)	(6,820,657)
Balance at end of year		(74,048,173)	(69,697,949)
TOTAL EQUITY		2,746,902,281	2,751,252,505

See Notes to the Separate Financial Statements

APOLLO GLOBAL CAPITAL, INC.
(Formerly Yehey! Corporation)

SEPARATE STATEMENTS OF CASH FLOWS

(In Philippine Peso)

(With Comparative Figures for the Year Ended December 31, 2019)

For the Years Ended December 31,	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(4,350,224)	(6,775,211)
Adjustment for:			
Depreciation	10, 16	69,965	-
Interest income	8, 17	(1,485)	(2,275,603)
Interest expense	13, 16, 21	-	1,402,778
Operating loss before changes in working capital		(4,281,744)	(7,648,036)
Decrease (increase) in:			
Other current assets		(243,370)	(207,226)
Increase (decrease) in:			
Accrued expenses and other payables		160,143	(202,942)
Advances from a contractor	20	-	3,651,000
Cash generated from (used for) operations		(4,364,971)	(4,407,204)
Interest received	17	1,485	3,282
Income taxes paid	18	(45,446)	(45,446)
Net Cash from Operating Activities		(4,408,932)	(4,449,368)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional acquisition of ownership	11	-	(267,607,110)
Collections of:			
Loan receivable		-	254,500,000
Accrued interest receivable		-	12,834,071
Advances to a related party	15	5,738,515	-
Additions to:			
Advances to a related party		-	(14,937,469)
Property and equipment	10	(1,409,006)	-
Net Cash from Investing Activities		4,329,509	(15,210,508)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from a convertible loan	13, 21	-	50,000,000
Availments (Repayments) of advances from related party	15	92,041	(30,720,934)
Net Cash from Financing Activities		92,041	19,279,066
NET INCREASE (DECREASE) IN CASH		12,618	(380,810)
CASH IN BANKS, BEGINNING	8	493,216	874,026
CASH IN BANKS, ENDING	8	505,834	493,216
NON-CASH FINANCIAL INFORMATION			
Conversion of loan to equity	13, 21	-	51,402,778

See Notes to the Separate Financial Statements

APOLLO GLOBAL CAPITAL, INC.
(Formerly Yehey! Corporation)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
December 31, 2020 and 2019
(With Comparative Figures as of December 31, 2019)

NOTE 1 – GENERAL INFORMATION

APOLLO GLOBAL CAPITAL, INC. (the Company), 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 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 Company's application to list ₱278 million common shares by way of introduction in the second board of the Philippine Stock Exchange (PSE) at an initial price of P1 per share. On October 18, 2012, the Parent Company was listed in the PSE.

As of December 31, 2014, the Company is 66.95% owned by Vantage Equities, Inc. (Vantage), a company also incorporated in the Philippines and listed in the PSE. On July 7, 2015, Vantage entered into a Sale and Purchase Agreement (SPA), with third party buyers for the sale of the entire shares owned by Vantage. Under the SPA, the closing of the transfer of the Sale Shares is subject to and conditioned upon the conduct and completion of a mandatory tender offer as well as the payment of the purchase price, which conditions have been complied with on October 15, 2015. Accordingly, on October 15, 2015, the 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 Company approved on October 30, 2015 the assignment of the noncash assets and liabilities of the Company to Vantage. Total amount assigned is a net liability of ₱2,693,438. Such amount was recognized as miscellaneous income in the Parent Company's 2015 separate statement of comprehensive income.

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

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.

Approval of financial statements

The separate financial statements for the years ended December 31, 2020 and 2019 were authorized for issuance by the BOD on April 15, 2021.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

The accompanying separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the

International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC).

2.2 Basis of presentation

The separate financial statements of the Company have been prepared on the historical cost basis.

2.3 Going Concern Assumption

The preparation of the accompanying separate financial statements of the Company is based on the premise that the Company 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.

2.4 Functional and presentation currency

The separate financial statements are presented in Philippine peso (₱), which is the functional currency of the Company. All values are rounded off to the nearest peso.

2.5 Use of judgment and estimates

The preparation of the Company's separate financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Company significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where significant judgments and estimates have been made in preparing the separate financial statements and their effects are disclosed in Note 4.

2.6 Adoption of new and revised accounting standards

New and Revised Accounting Standards Effective in 2020

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2020:

- *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.

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

the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

- *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 PFRS* – The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting.

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

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

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

- *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.

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 Company intends to adopt the following pronouncements when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new pronouncements to have a significant impact on the financial statements.

Effective beginning on or after June 1, 2020

Amendments to PFRS 16, COVID-19-related Rent Concessions – the amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. When there is a change in lease payments, the accounting consequences will depend on whether that change meets the definition of a lease modification, which PFRS 16 Leases defines as “a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term)”.

The changes in Covid-19-Related Rent Concessions amend PFRS 16 to:

- 1) provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
- 2) require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;
- 3) require lessees that apply the exemption to disclose that fact; and
- 4) require lessees to apply the exemption retrospectively in accordance with PAS 8, but not require them to restate prior period figures.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020. Earlier 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.

The amendments have no effect or impact to the Company's financial statements.

Effective beginning on or after January 1, 2021

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 Company 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.

Effective beginning on or after January 1, 2022

Amendments to PAS 16, Property, Plant and Equipment - Proceeds before Intended Use - the purpose of the amendments is to prohibit 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 management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendments to PAS 37, Onerous Contracts - Cost of Fulfilling a Contract – the amendment is regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to PFRS 3, Reference to the Conceptual Framework with amendments to PFRS 3 'Business Combinations – the amendments update an outdated reference in PFRS 3 without significantly changing its requirements. The changes are: update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, an acquirer applies PAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to PFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The Company is still assessing the impact of the preceding amendments to the financial statements.

Effective beginning on or after January 1, 2023

Amendments to PAS 1, Classification of Liabilities as Current or Non-current – the amendments provide a more general approach to the classification of liabilities under PAS 1 based on the contractual arrangements in place at the reporting date. The amendments affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. To:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to PFRS 17, Insurance Contracts – the amendments' purpose is to address concerns and implementation challenges that were identified after PFRS 17 'Insurance Contracts' was published in 2017. The main changes are: deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2023; additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk; recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance-acquisition cash flows recognized in a business acquired in a business combination; extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives; amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held; simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts; and several small amendments regarding minor application issues.

The Company is still assessing the impact of the preceding amendments to the financial statements.

Deferred

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.

Annual Improvements to PFRS

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

2018-2020 Cycle

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

- PFRS 1, Subsidiary as a first-time adopter - The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs. 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).

- PFRS 9, Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The Company 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 financial statements.

- PFRS 16, Lease Incentives - The amendment removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- PAS 41, Taxation in fair value measurements - The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial assets and financial liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

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

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

As of December 31, 2020 and 2019, the Company does not have financial assets and liabilities measured at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following

conditions are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As of December 31, 2020 and 2019, the Company's cash, and security and bond deposits, and advances to related party are included under this category.

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 statements of financial position at fair value with net changes in fair value recognized in the statements of comprehensive income. As at December 31, 2020 and 2019, the Company has no financial assets at FVPL.

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

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

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As of December 31, 2020 and 2019, the Company's has no financial assets at FVOCI.

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

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

As of December 31, 2020 and 2019, the Company's accounts and other payables and advances from related parties are included under this category.

3.2 Reclassification

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

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

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

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

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

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

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

3.3 Impairment of financial assets at amortized cost and FVOCI

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

For loan receivables, the Company has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Company 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.

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

recognition.

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

3.4 Derecognition of financial assets and liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

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

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

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

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

3.5 Offsetting financial instrument

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

3.6 Classification of financial instrument between liability and equity

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

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

3.7 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification.

An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period, or
- Cash on hand and in banks unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as noncurrent.

3.8 Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Company at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the statements of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in the OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the par value is determined.

3.9 Fair value measurements

The Company measures a number of financial and non-financial assets and liabilities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) in the principal market for the asset or liability; or (b) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

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

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company 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.

3.10 Cash in banks

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

3.11 Other current assets

Other current assets are recognized when the Company expects to receive future economic benefit from them, and the amount can be measured reliably. Other assets are classified in the statements of financial position as current assets when the cost of goods or services related to the assets are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer.

Other current assets consist of input value-added tax (VAT), creditable withholding taxes (CWTs) and security deposit.

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

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

Security and bond deposits 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.

3.12 Property and equipment, net

Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period in 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 an additional cost of property and equipment.

Depreciation on other assets is charged to allocate the cost of assets less their fair value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Office furniture & fixtures	3 years
Leasehold improvements	5 years

Depreciation 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 the management. Depreciation and depletion ceases at the earlier of the date that the item is classified as held for sale in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated recoverable reserves, useful lives, and depreciation and depletion methods are reviewed periodically to ensure that the estimated recoverable reserves, residual values, periods and methods of depreciation and depletion are consistent with the expected pattern of economic benefits from items of property and equipment. The residual values, if any, are reviewed and adjusted, if appropriate, at each end of reporting period. If there is an indication that there has been a significant change in depreciation and depletion rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When properties are retired or otherwise disposed of, the cost and related accumulated depreciation and depletion and any allowance for impairment loss are eliminated from the accounts and any resulting gain or loss is credited or charged to statements of comprehensive income.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the items) is included in the statements of comprehensive income in the year the asset is derecognized.

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

3.13 Investment in subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Parent Company. The Parent Company has control over an entity if it has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investment in subsidiary in the Parent Company financial statements is carried at cost, less any impairment in the value of the individual investment.

3.14 Impairments of non-financial assets

General

An assessment is made at each balance sheet date of whether there is any indication of impairment of an asset, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the assets recoverable amount is calculated as the higher of the assets value in use or net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the period which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but only to the extent of the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is credit to current operations.

Property and equipment

The Company assesses at each financial reporting date whether there is an indication that an asset may be impaired. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amounts, the assets or cash generating units (CGU) are written down to their estimated recoverable amounts. The estimated recoverable amount of an asset is the greater of the fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the cost of disposal, while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the CGU to which the asset belongs. Impairment losses of continuing operations are recognized in the statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date 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 by a credit to current operations (unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the same asset) to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation and depletion) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statements of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on systematic basis over its remaining useful life.

3.15 Advances from/to related parties

Advances from/to related parties are non-interest-bearing borrowings. These are measured initially at their nominal values and subsequently recognized at amortized costs less settlement payments.

3.16 Accounts and 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 which are unpaid. Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed upon by the supplier, including amounts due to employees. Accounts payable and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business of longer and recognized at fair value). If not, they are presented as non-current liabilities.

Accounts payables and accruals are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.17 Revenue recognition

Revenue from contracts with customers

The Company is principally engaged in the business of producing beneficiated nickel ore. It also generates revenue from sale of fuel to its contractors. 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 Company expects to be entitled in exchange for those goods or services.

To determine whether to recognize revenue, the Company 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:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- 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,
- collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company 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:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Company's performance does not create an asset with an alternative use to the Company 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 4.

Other income

Other income is recognized in the statements of comprehensive income as they are earned.

Finance income

Interest income is recorded using the EIR which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. Interest income is included in "other income" in the statements of comprehensive income.

Contract balances

Receivable from customers

A receivable represents the Company'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 Company 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 Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

3.18 Cost and expenses recognition

Cost 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 decreases 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.

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.

3.19 Related party transactions and relationship

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Company and close members of the family of any individuals owning directly or indirectly a significant voting power of the Company that gives them significant influence in the financial and operating policy decisions of the Company are also considered to be related parties.

An entity is related to the Company if any of the following conditions apply:

- The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member)
- Both entities are joint ventures of the same third party
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company
- The entity is controlled or jointly controlled by a person identified above
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Company and include that person's children and spouse or domestic partner, and dependents of that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Company when it directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with the Company. Transactions between related parties are based on terms similar to those offered to non-related entities in an economically comparable market, except for non-interest-bearing advances with no definite repayment terms.

3.20 Equity

Share capital is measured at par value for all shares issued. When the shares are sold out at a premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings represent the cumulative balance of periodic net income or loss, dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When retained earnings account has a debit balance, it is called "deficit", and presented as a deduction from equity.

Dividends are recognized when they become legally payable. Dividend distribution to equity shareholders is recognized as liability in the Company's financial statements in the period in which the dividends are declared and approved by the Company's Board of Directors.

3.21 Income taxes

Current income tax

Current income tax assets and liabilities for the current period is 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 are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statements of comprehensive income. 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.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for reporting purposes.

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled 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 of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carry over (NOLCO), and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits from MCIT and NOLCO and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary differences 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).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 asset 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 asset to be recovered.

Deferred tax assets and 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 at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

3.22 Value-added Tax (VAT)

Revenue, expenses and assets 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.

For acquisition of capital goods over ₱1,000,000, the VAT is deferred and amortized over the useful life of the related capital goods or 60 months, whichever is shorter, commencing on the date of the acquisition.

Output tax pertains to the 12% VAT received or receivable on the local sale of goods or services by the Company. Input tax pertains to the 12% VAT paid or payable by the Company 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.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of 'prepayments and other current assets' or 'trade and other payables' in the statements of financial position.

3.23 Employee benefits

Employee benefits are all forms of considerations given by the Company in exchange for service rendered by the employees. It includes short-term employee benefits and post-employment benefits.

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Company'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.

Retirement benefits

The Company 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 Company. The Company's defined benefit post-employment plan covers all regular full-time employees.

As of December 31, 2020 and 2019, the Company has not yet provided retirement benefits for its employees since the Company has no employees.

3.24 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company assesses whether the contract meets three key evaluations which are whether:

- a) the contract contains an *identified asset*, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company,
- b) the Company has the *right to obtain substantially all of the economic benefits* from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- c) the Company has the *right to direct the use* of the identified asset throughout the period of use.

The Company shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

As a 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.

(a) Right-of-use asset

At the initial application date, the Company recognizes a right-of-use asset on the statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

(b) Lease liability

At the initial application date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

The Company 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.

3.25 Provisions and contingencies

General

The Company recognizes a provision of a present obligation has arisen as a result of a past event, payment is probable and the amount can be measured reliably. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount the Company would rationally pay to settle the obligation to a third party.

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

3.26 Earnings per share (EPS) attributable to equity holders

Basic EPS is calculated by dividing the profit attributable to the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding and assume conversion of all dilutive potential ordinary shares.

If the number of ordinary or potential shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted EPS for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

The Company has no dilutive potential common shares outstanding.

3.27 Events after the end of the reporting period

Post year-end that provides additional information about the Company's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in conformity with PFRS requires the Company's management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates, assumptions and judgments are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Judgments

Going concern

As of December 31, 2020, the Company's management has made an assessment on the Company's ability to continue as a going concern in the current evolving environment especially on the impact of COVID-19 pandemic and is satisfied that the Company has the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Determination of functional currency

The financial statements are presented in the Philippine Peso, which is also the Company's functional currency. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Fair value measurements

A number of the Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Company uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

Classifying financial instruments

The Company exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

Assessing significant influence and control over investee.

The Company determines that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following are also considered:

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

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

Determination whether an agreement contains a lease

The determination of whether a contract is, or contains a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Accounting for lease commitments – Company as lessee

The Company has a lease agreement for its office space with a term of 12 months and is renewable upon mutual agreement of both parties. The Company 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 ₱804,928 and ₱698,020 in 2020 and 2019, respectively (see Note 20).

4.2 Estimates and assumptions

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

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 Company 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 7 to the financial statements.

Assessing ECL on financial assets

The Company applies the general approach in measuring the ECL. For cash in banks the Company assessed that cash is deposited with reputable banks that possess good credit ratings. For loan receivable, accrued interest receivable, advances to contractors and related parties, the Company considers the financial capacity of the counterparty. No ECL was recognized in 2020 and 2019. The carrying amounts of the Company's financial assets are as follows:

	Note	2020	2019
Cash in banks	8	₱ 505,834	₱ 493,219
Security deposit	9	71,772	71,772
Construction bond	9	50,000	-
Advances to related parties	15	9,198,954	14,937,469

Assessing impairment of investment in a subsidiary

The Company assesses impairment on investment in a subsidiary whenever events or changes in circumstances indicate that the carrying amount of its investment may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant negative industry or economic trends; and
- Significant changes in the manner of use of the acquired assets or the strategy for overall business.

In determining the present value of estimated future cash flows expected to be generated from the investment, the Company is required to make judgment and estimates that can materially affect the separate financial statements.

No impairment loss on investment in a subsidiary was recognized in 2020 and 2019.

The carrying amount of the Company's investment in a subsidiary amounted to ₱2,741,567,825 both as of December 31, 2020 and 2019. (see Note 11)

Estimating residual values and useful lives of property and equipment

The Company 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.

The carrying amounts of property and equipment amounted to ₱1,339,041 and nil as of December 31, 2020 and 2019, respectively (see Note 10). Useful lives of property and equipment is disclosed in Note 3.12.

Estimating impairment losses on property and equipment

The Company assesses impairment on its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from continued use of the assets, the Company is required to make estimates that can materially affect the financial statements. The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For purposes of assessing impairment, assets are assessed at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized and charged to statements of loss if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the market rate for a term consistent with the period of expected cash flows. There was no provision for impairment loss on property and equipment recognized in 2020 and 2019.

Estimating allowance for impairment losses on non-financial assets (except property and equipment)

The Company provides allowance for impairment losses on non-financial assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease related assets.

There was no indication of impairment noted on the Company's non-financial assets in 2020 and 2019.

Assessing realizability of deferred income tax assets

The Company 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 Company did not recognize deferred tax assets on the carryforward benefits of NOLCO since management believes that it is more likely that the Company will not be able to realize their benefits in the future or prior to their expiration.

4.3 Provision and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 3.

NOTE 5 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments are composed of cash in banks, receivables and payables. The main purpose of these financial instruments is to raise finances for the Company'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 Company'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 Company's financial instruments are interest rate risk, credit risk and liquidity risk.

5.1 Objectives and policies

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

- Interest rate risk
- Liquidity risk
- Credit risk

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

The principal non-trade related financial instruments of the Company is cash. This financial instrument is used mainly for working capital management purposes. Trade-related financial assets and financial liabilities of the Company such as trade and other receivables and trade and other payables, excluding statutory liabilities, arise directly from and are used to facilitate its daily operations.

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

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

5.2 Interest rate risk

The Company's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Company's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Company follows prudent policies in managing its exposures to interest rate fluctuation, and constantly monitors its exposure to fluctuation in interest rates to estimate the impact of interest rate movements on its interest expense.

As at December 31, 2020 and 2019, the Company does not have any repricable 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 of 6% and all other financial assets and liabilities are non-interest bearing.

5.3 Liquidity risk

Liquidity risk pertains to the risk that the Company will encounter difficulty to meet payment obligations when they fall due under normal and stress circumstances.

The Company's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Company constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

	December 31, 2020			
	Carrying Amount	On demand	Less than 1 Year	Over 1 Year
Financial assets at amortized cost				
Cash in banks (Note 8)	P 505,834	P 889,057	P -	P -
Security deposit (Note 9)	71,772	-	71,772	-
Construction bond (Note 9)	50,000	-	50,000	-
Advances to related parties (Note 15)	9,198,954	-	-	9,198,954
Total	P 9,826,560	P 889,057	P 121,772	P 9,198,954
Financial liabilities at amortized cost				
Accounts and other payables* (Note 12)	P 1,167,692	P 1,167,692	P -	P -
Advances from related parties (Note 15)	1,775,024	-	-	1,775,024
Total	P 2,942,716	P 1,167,692	P -	P 1,775,024
<i>*excluding government liabilities</i>				

	December 31, 2019			
	Carrying Amount	On demand	Less than 1 Year	Over 1 Year
Financial assets at amortized cost				
Cash in banks (Note 8)	P 493,216	P 493,216	P -	P -
Security deposit (Note 9)	71,772	-	71,772	-
Advances to related parties (Note 15)	14,937,469	-	-	14,937,469
Total	P 15,502,457	P 493,216	P 71,772	P 14,937,469
Financial liabilities at amortized cost				
Accounts and other payables* (Note 12)	P 1,095,421	P 1,095,421	P -	P -
Advances from related parties (Note 15)	1,682,983	-	-	1,682,983
Total	P 2,778,404	P 1,095,421	P -	P 1,682,983
<i>*excluding government liabilities</i>				

5.3 Credit risk

Credit risk is the risk of financial loss to the Company when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables. The Company manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Company's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Company has regular internal control reviews to monitor the granting of credit and management of credit exposures.

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

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

Credit quality per class of financial assets

The following table show a comparison of the credit quality of the Company's financial assets by class as at the reporting date:

	As at December 31, 2020				
	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High Grade	Standard Grade			
Financial assets at amortized cost					
Cash in banks (Note 8)	₱ 505,834	₱ -	₱ -	₱ -	₱ 505,834
Security deposit (Note 9)	71,772	-	-	-	71,772
Construction bond (Note 9)	50,000	-	-	-	50,000
Advances to related party (Note 15)	<u>9,198,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,198,954</u>
Total	<u>₱ 9,826,560</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 9,826,560</u>

	As at December 31, 2019				
	Neither past due nor impaired		Past due but not impaired	Impaired	Total
	High Grade	Standard Grade			
Financial assets at amortized cost					
Cash in banks (Note 8)	₱ 493,216	₱ -	₱ -	₱ -	₱ 493,216
Security deposit (Note 9)	71,772	-	-	-	71,772
Advances to related party (Note 15)	<u>14,937,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,937,469</u>
Total	<u>₱ 15,502,457</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ -</u>	<u>₱ 15,502,457</u>

The Company 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 Company determines if credit risk have increased significantly when financial assets are more than 30 days past due.

The Company'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.

Advances to related party

This pertain to receivable from counterparties which are not expected to default in setting its obligations, hence there is no perceived credit risk.

Maximum Credit Risk Exposure

Financial information on the Company's maximum exposure to credit risk without considering the effects of collaterals and other risk mitigation techniques, is presented below.

	December 31,	
	2020	2019
Financial assets at amortized cost		
Cash in banks (Note 8)	₱ 505,834	₱ 493,216
Security deposit (Note 9)	71,772	71,772
Construction bond (Note 9)	50,000	-
Advances to related party (Note 15)	<u>9,198,954</u>	<u>14,937,469</u>
Total	<u>₱ 9,826,560</u>	<u>₱ 15,502,457</u>

The Company does not hold any collateral as security or other credit enhancements attached to its financial assets.

The credit risk for is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Company's exposure to credit risk arises from default of counterparty. Generally, the maximum credit risk exposure of receivables is its carrying amount without considering collaterals or credit enhancements, if any. The Company has no significant concentration of credit risk since the Company deals with a large number of homogenous counterparties. The Company does not execute any credit guarantee in favor of any counterparty.

NOTE 6 – CAPITAL MANAGEMENT OBJECTIVES, POLICIES, & PROCEDURES

The Company'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 Company maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares.

The Company considers its equity as capital.

The Company 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:

	<u>2020</u>	<u>2019</u>
Total liabilities	P 7,689,518	P 7,437,334
Total equity	<u>2,746,902,281</u>	<u>2,751,252,505</u>
Debt-to-equity ratio	<u>2.80:1</u>	<u>2.70:1</u>

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

NOTE 7 – FAIR VALUE MEASUREMENT

7.1 Carrying amounts and fair values by category

The table below presents a comparison by category of carrying amounts and fair values of the Company's financial instruments as of years ended December 31, 2020 and 2019:

	2020		2019	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial assets at amortized cost				
Cash in banks (Note 8)	P 505,834	P 505,834	P 493,216	P 493,216
Security deposit (Note 9)	71,772	71,772	71,772	71,772
Construction bond (Note 9)	50,000	50,000	-	-
Advances to related party (Note 15)	<u>9,198,954</u>	<u>9,198,954</u>	<u>14,937,469</u>	<u>14,937,469</u>
Total	<u>P 9,826,560</u>	<u>P 9,826,560</u>	<u>P 15,502,457</u>	<u>P 15,502,457</u>
Financial liabilities at amortized cost				
Accounts and other payables* (Note 12)	P 1,167,692	P 1,167,692	P 1,095,421	P 1,095,421
Advances from related parties (Note 15)	<u>1,775,024</u>	<u>1,775,024</u>	<u>1,682,983</u>	<u>1,682,983</u>
Total	<u>P 2,942,716</u>	<u>P 2,942,716</u>	<u>P 2,778,404</u>	<u>P 2,778,404</u>

*excluding statutory liabilities

Cash, Accrued Expenses and Other Payables (excluding statutory payables). The carrying values of these financial instruments approximate their fair values due to the relatively short-term maturity of these financial instruments.

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

7.2 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy Company's financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

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 Company'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			
	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:				
Cash in banks (Note 8)	P 505,834	P -	P -	P 505,834
Security deposit (Note 9)	-	-	71,772	71,772
Construction bond (Note 9)	-	-	50,000	50,000
Advances to related party (Note 15)	-	-	9,198,954	9,198,954
Total	P 505,834	P -	P 9,320,726	P 9,826,560
Financial liabilities at amortized cost:				
Accounts and other payables* (Note 12)	P -	P -	P 1,167,692	P 1,167,692
Advances from related parties (Note 15)	-	-	1,775,024	1,775,024
Total	P -	P -	P 2,942,716	P 2,942,716
<i>*excluding statutory liabilities</i>				
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost:				
Cash in banks (Note 8)	P 1,264,390	P -	P -	P 1,264,390
Security deposit (Note 9)	-	-	71,772	71,772
Construction bond (Note 9)	-	-	-	-
Advances to related party (Note 15)	-	-	14,937,469	14,937,469
Total	P 1,264,390	P -	P 15,009,241	P 16,273,631
Financial liabilities at amortized cost:				
Accounts and other payables* (Note 12)	P -	P -	P 1,095,421	P 1,095,421
Advances from related parties (Note 15)	-	-	1,682,983	1,682,983
Total	P -	P -	P 2,778,404	P 2,778,404
<i>*excluding statutory liabilities</i>				

As at December 31, 2020 and 2019, there are no financial assets or financial liabilities measured at fair value. There were no transfers between Level 1, Level 2, and Level 3 fair value measurements 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.

NOTE 8 – CASH IN BANKS

As of December 31, 2020 and 2019, this account amounted to P505,834 and P493,216, respectively.

Cash in bank earns interest at the respective bank deposit rates. Interest income from bank deposits amounted to P1,485 and P3,282 for the years ended December 31, 2020 and 2019, respectively (Note 17).

NOTE 9 – OTHER CURRENT ASSETS

As of December 31, this account consists of the following:

Particulars	2020	2019
Input taxes (Note 24)	P 620,864	P 382,048
Prior year's excess tax credit	1,237,509	1,237,509
Security deposit	71,772	71,772
Construction bonds	50,000	-
Total	P 1,980,145	P 1,691,329

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.

NOTE 10 – PROPERTY AND EQUIPMENT, NET

The movement of the property and equipment is as follows:

Particulars	December 31, 2020			
	Beginning Balance	Additions	Disposal	Ending Balance
Cost:				
Office furniture and fixtures	P -	P 1,358,606	P -	P 1,358,606
Leasehold improvements	-	50,400	-	50,400
Sub-total	-	P 1,409,006	-	1,409,006
Accumulated depreciation:				
Office furniture and fixtures	-	P 69,218	-	69,218
Leasehold improvements	-	747	-	747
Sub-total	-	69,965	-	69,965
Net Book Value	P -			P 1,339,041

As of December 31, 2019, the property and equipment amounted to nil.

The Company elected to use the cost model in accounting for property and equipment. They also believed that the carrying amount of its property and equipment during the year are not impaired.

Depreciation charged in the statements of income for the years ended December 31, 2020 and 2019 amounted to P69,965 and nil (Note 16), respectively.

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

NOTE 11 – INVESTMENT IN SUBSIDIARIES

Movements of this account are as follows:

	No. of shares		Amount	
	2020	2019	2020	2019
At January 1,	₱ 4,523,270	4,133,740	2,741,567,825	₱ 2,473,960,715
Acquisitions during the year	-	389,530	-	267,607,110
At December 31,	₱ <u>4,523,270</u>	<u>4,523,270</u>	<u>2,741,567,825</u>	₱ <u>2,741,567,825</u>

In 2017, the Company acquired 82.67% ownership interest or 4,133,740 shares of JDVC Resources Corporation (the Subsidiary or JDVC) from existing shareholders of JDVC through a share swap agreement approved by the SEC on October 9, 2017. The aggregate transfer value based on the appraised value of JDVC's net assets at acquisition date is ₱2,473,960,715 or ₱598.48 a share.

In December 2019, the Company purchased additional 389,530 shares of JDVC from its existing shareholders for ₱267.6 million resulting to an increase in ownership of JDVC to 90.47% as at December 31, 2019. JDVC is a domestic corporation registered with the Philippine SEC on June 10, 1998 to engage in the business of offshore exploring, prospecting and operating mines and quarries of magnetite iron sand and other kinds of ores and minerals. JDVC is a holder of Mineral Production Sharing Agreement (MPSA) No. 338-2010-II-Amended A which grants the Subsidiary the right to explore and develop magnetite resources within a specified area in Cagayan province.

On August 6, 2019, the DENR approved the Declaration of Mining Project Feasibility of JDVC and has authorized the Subsidiary to proceed to the development, including extraction and commercial disposition of magnetite iron sand other associated minerals at the offshore areas in the Province of Cagayan covered by the MPSA. The Company's management believes that future economic benefits will be available once the Subsidiary commences its operations in 2021.

As at December 31, 2020 and 2019, the Subsidiary has not yet started its offshore mining operations and has a deficit of ₱38.9 million and ₱28.2 million, respectively.

There were no dividends received from the investment in 2020 and 2019. The following summarizes the financial information of JDVC:

Particulars	2020	2019
Current assets	₱ 2,365,089	₱ 2,734,402
Noncurrent assets	841,142,556	833,669,240
Current liabilities	113,962,037	104,571,238
Noncurrent liabilities	269,749,562	260,099,562
Revenue	-	-
Net loss	11,936,796	10,866,738

NOTE 12 – ACCOUNTS AND OTHER PAYABLES

As of December 31, this account consists of the following:

Particulars	2020	2019
Deferred output VAT	₱ 818,036	₱ 818,036
Accounts payable	611,361	574,090
Accrued expenses	556,331	521,331
Statutory payables	277,766	189,894
Total	₱ <u>2,263,494</u>	₱ <u>2,103,351</u>

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 unsecured liabilities arising from transactions with contractors and suppliers related to the normal course of business.

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

NOTE 13 – SHARE CAPITAL

As of December 31, the share capital of the Company is as follows:

Particulars	2020		2019	
	No. of shares	Amount	No. of shares	Amount
Authorized ₱0.01 par				
Balance at beginning and end of year	<u>600,000,000,000</u>	<u>₱ 6,000,000,000</u>	<u>600,000,000,000</u>	<u>₱ 6,000,000,000</u>
Issued and Outstanding				
Balance at beginning of year	<u>280,336,349,297</u>	<u>₱ 2,803,363,493</u>	<u>275,196,071,520</u>	<u>₱ 2,751,960,715</u>
Conversion of loan	<u>-</u>	<u>-</u>	<u>5,140,277,777</u>	<u>51,402,778</u>
Balance at end of year	<u>280,336,349,297</u>	<u>₱ 2,803,363,493</u>	<u>280,336,349,297</u>	<u>₱ 2,803,363,493</u>

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

Date of Approval	Nature	Number of shares		
		Authorized	Issued/ Subscribed	Issue/ Offer Price
October 18, 2012	Listing of shares	100,000,000,000	27,800,000,000	1.00
October 9, 2017	Share swap	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

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 ₱1,000,000,000 divided into 100,000,000,000 shares to ₱6,000,000,000 divided into 600,000,000,000 shares both with a par value of ₱0.01.

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 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 Securities and Exchange Commission (SEC) on the 7th day of December 2020.

The total number of stockholders of the Parent Company is 799 as of December 31, 2020.

NOTE 14 – SHARE PREMIUM

As of December 31, the movements of additional paid-in capital are as follows:

	<u>2020</u>	<u>2019</u>
At January 1	P 17,586,961	P 17,586,961
Share premium on common shares issued during the year		
Gross proceeds	-	-
Par value of issued shares	-	-
End	<u>P 17,586,961</u>	<u>P 17,586,961</u>

Share premium arises when the amount subscribed is in excess of nominal value.

NOTE 15 – RELATED PARTY TRANSACTIONS

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

<u>Name of related party</u>	<u>Relationship</u>	<u>Country of incorporation</u>
JDVC Resource Corporation	Subsidiary	Philippines
Individuals	Key management personnel/shareholders	-

Significant transactions with related parties are as follows:

As of December 31, 2020,

<u>Related Party</u>	<u>Transactions</u>	<u>Outstanding Balance</u>	<u>Nature</u>	<u>Terms and Conditions</u>
Advances to related party				
JDVC Resource Corporation	P <u>(5,738,515)</u>	P <u>9,198,954</u>	Reimbursement of Expenses	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash
Advances from related parties				
Stockholders	P <u>92,041</u>	P <u>1,775,024</u>	Portion is cash advances for temporary financing and other portion is reimbursement of expenses	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash

As of December 31, 2019,

<u>Related Party</u>	<u>Transactions</u>	<u>Outstanding Balance</u>	<u>Nature, terms and Conditions</u>	<u>Nature of Consideration</u>
Advances to related party				
JDVC Resource Corporation	P <u>14,937,469</u>	P <u>14,937,469</u>	Reimbursement of Expenses	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash
Advances from related parties				
Stockholders	P <u>(30,720,934)</u>	P <u>1,682,983</u>	Portion is cash advances for temporary financing and other portion is reimbursement of expenses	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash

Terms and Conditions of Transactions with Related Parties

Advances to (from) Related Parties

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

Compensation of Key Management Personnel

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

NOTE 16 – GENERAL AND ADMINISTRATIVE EXPENSES

As of December 31, this account consists of the following:

<u>Particulars</u>	<u>2020</u>	<u>2019</u>
Professional fees	P 1,841,650	P 1,394,765
Taxes and licenses (Note 24)	1,116,331	4,824,386
Rent (Note 20)	804,928	698,020
Advertising	170,048	-
Travel and transportation	80,760	-
Depreciation (Note 10)	69,965	-
Office supplies	60,000	-
Repairs and maintenance	5,550	-
Association dues	-	155,469
Interest expense	-	1,402,778
Others	202,477	575,396
Total	P 4,351,709	P 9,050,814

Others mainly include expenses incurred for Company's utilities, dues, and bank service charges, etc.

NOTE 17 – INTEREST INCOME

As of December 31, this account consists of the following:

<u>Particulars</u>	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	P 1,485	P 3,282
Interest income from loans receivable	-	2,272,321
Other income	P 1,485	P 2,275,603

The loan was due from a former stockholder at 12% interest rate per year which were collected in full in 2019 including its related interest.

NOTE 18 – INCOME TAXES

Tax expense (benefit) consists of the following:

Particulars	2020	2019
Current tax expense	P -	P 45,446
Deferred tax income, net	-	-
Income tax benefit	P -	P 45,446

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. Hence, no deferred tax benefit was recognized.

Details of the Company's NOLCO are as follows:

Year incurred	Valid Until	Original Amount	Used/Expired	Balance	Tax Effect
2020	2025	P -	P 4,351,709	P 4,351,709	P 830,651
2019	2022	3,873,124	-	3,873,124	1,161,937
2018	2021	3,448,254	-	3,448,254	1,034,476
2017	2020	22,172,784	(22,172,784)	-	-
		P 29,494,162	P (17,821,075)	P 11,673,087	P 3,027,064

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover as One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The Company is subject to Minimum Corporate Income Tax (MCIT) which is computed at 2% of gross income, as defined under tax regulations, or RCIT, whichever is higher. In 2020, the Company does not have gross income hence not liable to MCIT nor RCIT. In 2019, the Company is liable of MCIT as the MCIT was higher than the RCIT.

Details of the Company's MCIT are as follows:

Year incurred	Valid Until	Beginning balance	Incurred	Expired	Ending Balance	Tax Effect
2020	2023	P -	P -	P -	P -	-
2019	2022	2,272,321	-	-	2,272,321	45,446
2018	2021	2,272,321	-	-	2,272,321	45,446
2017	2020	2,272,321	-	(2,272,321)	-	-
		P 6,816,963	P 2,768,837	P (2,272,321)	P 4,544,642	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:

	<u>2020</u>	<u>2019</u>
Income tax at statutory tax rate	P (1,305,067)	P (2,032,563)
Tax effects of:		
Non-deductible expenses	(5,346,323)	1,988,102
Income subject to final tax	(445)	(985)
Expired NOLCO	<u>6,651,835</u>	<u>-</u>
Income tax benefit	P <u>-</u>	P <u>(45,446)</u>

NOTE 19 – LOSS PER SHARE

As of December 31, the financial information pertinent to the derivation of the basic and diluted earnings per share are as follows:

	<u>2020</u>	<u>2019</u>
Net loss attributable to the equity holders of the Company	P <u>(4,350,224)</u>	P <u>(6,820,657)</u>
Weighted average number of shares outstanding:		
Balance at beginning of year	280,336,349,297	275,196,071,520
Effect of share issuances	<u>-</u>	<u>1,563,207,762</u>
Balance at end of year	<u>280,336,349,297</u>	<u>276,759,279,282</u>
Basic/Diluted loss per share	P <u>(0.00002)</u>	P <u>(0.00002)</u>

Diluted earnings per share is equal to the basic earnings per share since the Company does not have potential dilutive shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial reporting date and the date of authorization of these consolidated financial statements.

NOTE 20 – SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Lease Agreements

In 2016, the Subsidiary entered into a cancellable lease agreement with a third party for its office space. The lease term is for a period of 2 years commencing on December 15, 2016 until January 14, 2018. The contract was renewed thereafter but was terminated by the Subsidiary on February 15, 2018. Upon termination of the lease agreement, the Parent Company allows its Subsidiary to use its office space at no cost to the Subsidiary.

In 2019, the Parent Company entered into a lease agreement with a third party for its office space with a term of one year and is renewable upon mutual agreement of both parties. The lease agreement has an escalation clause of 5% per annum. Security deposit amounted to P0.1 million as at December 31, 2020 (see Note 9). As discussed in Note 2, the asset pertaining to such lease was classified as a short-term lease and its related rental payments are recognized in profit or loss on a straight-line basis.

Rent expense amounted to P804,928 and P698,020, for the years ended December 30, 2020 and 2019, respectively. (see Note 16)

COVID-19 Impact

In early 2020, the world was adversely affected by the COVID-19, which was declared a pandemic by the World Health Organization. In a move to contain the COVID-19 outbreak, the Philippine government initiated directives to impose stringent social distancing measures and guidelines under different levels of community quarantine depending on the assessment of the situation in the numerous parts of the country. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continues to evolve.

The Company's timeline for the commencement of the operations were delayed due to limited movement within the region and the start of monsoon season.

The overall impact of the COVID-19 pandemic is still uncertain and dependent on the progression of the virus and on actions taken by the government, businesses and individuals, which could result in different outcomes. Considering the evolving nature of the outbreak, the Company will continue to monitor the situation in subsequent periods.

NOTE 21 – OTHER MATTERS

21.1 Retirement benefits

The Company does not yet provide post-employment benefits to its employees. Management believes that the retirement expense is not significant since the Company has no employees as of period ended December 31, 2020.

21.2 Note to statement of cash flows

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

<u>Particulars</u>	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Reclassification</u>	<u>Interest expense</u>	<u>December 31, 2020</u>
Advances from related parties	P 1,682,983	P 92,041	P -	P -	P 1,775,024
Total liabilities from financing activities	P 1,682,983	P 92,041	P -	P -	P 1,775,024

<u>Particulars</u>	<u>January 1, 2019</u>	<u>Cash flows</u>	<u>Reclassification</u>	<u>Interest expense</u>	<u>December 31, 2019</u>
Loans and borrowings	P 50,000,000	P -	P (50,000,000)	P -	P -
Advances from related parties	32,403,917	(30,720,934)	-	-	1,682,983
Interest payable	-	-	(1,402,778)	1,402,778	-
Total liabilities from financing activities	P 82,403,917	P (30,720,934)	P (51,402,778)	P 1,402,778	P 1,682,983

Non-cash Activities

The Company had no non-cash investing or financing activity-related transactions for the year ended December 31, 2020.

The Company 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 P50.0 million and accrued interest amounting to P1,402,778 into share capital with a par value of P.01 per share with an equivalent of 5,140,277,777 shares.

NOTE 22 – CONTINGENCIES

The Company is a not party to any legal proceedings. There are no taxes, assessment and charges of whatsoever nature levied upon or against the Company, or against its properties, revenues, and assets.

NOTE 23 – EVENTS AFTER 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%.

The Company did not recognize any deferred tax as of December 31, 2020. Hence, the effects of change in tax rates would have no impact to 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

The Company 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. The Company will proceed into the developmental stage on the mining tenement area in preparation for commercial export shipments.

NOTE 24 – SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

I. Information required under revenue Revenue Regulation (RR) No. 15-2010

In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year.

24.1 Output tax

The Company has not declared any output VAT during the year as there are no transactions that would be subject to these taxes.

The Company has no zero-rated and exempt sales for the year ended December 31, 2020 pursuant to the provisions of Sections 106 (A) (2) and 108 (B) of the Tax Code.

24.2 Input tax

The amount of VAT Input taxes claimed are broken down as follows:

a. Beginning of the year (Note 9)	P	382,048
b. Current year's domestic purchases:		-
Services lodged under other accounts		238,816
c. Claims for tax credit/refund and other adjustments		-
d. Balance at the end of year (Note 9)	P	<u>620,864</u>

24.3 Importation

The Company has not paid any custom duties and tariff fees during the year as there are no transactions that would be subject to these taxes.

24.4 Excise taxes

The Company has not paid any excise taxes during the year as there are no transactions that would be subject to these taxes.

24.5 Documentary stamp tax

No documentary stamp tax paid (DST) paid in 2020.

24.6 Other taxes and licenses

<u>Particulars</u>	<u>Amount</u>
Filing and processing fee	866,331
Annual listing fee	<u>250,000</u>
Total	P <u>1,116,331</u>

24.7 Withholding taxes

The Company did not file withholding taxes during 2020. Accordingly, it shall file and pay in 2021 the withholding tax and its corresponding penalties.

24.8 Deficiency tax assessments

As of reporting date, the Company has no pending tax court cases or tax notices received from the BIR.

24.9 Deficiency tax assessments

As at December 31, 2020, the Company has no pending tax court cases nor has received tax assessment notices from the BIR.

II. BIR Revenue Regulation (RR) 34-2020

On December 18, 2020, BIR issued RR 34-2020 which prescribed the guidelines and procedures for the submission of BIR Form 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending the pertinent provision of RR No. 19-2020 and RR No. 15-2010.

The Company is covered by the requirements and procedures for related party transactions under the said regulation as it is one of the following taxpayers required to file and submit the RPT Form together with the Annual Income Tax Return (AITR) as provided under Section 2 thereof:

- a. Large taxpayer;
- b. Taxpayers enjoying tax incentives, i.e. Board of Investments (BOI)-registered and economic zone enterprises, those enjoying Income Tax Holiday (ITH) or subject to preferential income tax rate;
- c. Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and
- d. A related party, as defined under Section 3 of Revenue Regulations (RR) No. 19- 2020, which has transactions with (a), (b) or (c). For this purpose, key management personnel (KMP), as defined under Section 3(7) of RR No. 19-2020, shall no longer be required to file and submit the RPT Form, nor shall there be any requirement to report any transaction between KMP and the reporting entity/parent company of the latter in the RPT Form.

APOLLO GLOBAL CAPITAL, INC.
(Formerly Yehey! Corporation)
As of year ended December 31, 2020

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS REQUIRED BY REVISED SRC RULE 68 ANNEX 68-E

Ratio	Formula	As of December 31,	
		2020	2019
Current Ratio	Total current assets	₱ 11,684,933	₱ 17,122,014
	Divided by: Total current liabilities	5,914,494	5,754,351
	Current ratio	<u>1.98</u>	<u>2.98</u>
Acid test ratio	Total current assets	₱ 11,684,933	₱ 17,122,014
	Less: Other current assets	1,980,145	1,691,329
	Quick assets	₱ 9,704,788	₱ 15,430,685
	Divide by: Total current liabilities	5,914,494	5,754,351
	Acid test ratio	<u>1.64</u>	<u>2.68</u>
Solvency Ratio	Net loss	₱ (4,350,224)	₱ (6,820,657)
	Add: Depreciation	69,965	-
		₱ (4,280,259)	₱ (6,820,657)
	Divide by: Total liabilities	7,689,518	7,437,334
Solvency ratio	<u>(0.56)</u>	<u>(0.92)</u>	
Debt-to-Equity Ratio	Total liabilities	₱ 7,689,518	₱ 7,437,334
	Divided by: Total Equity	2,746,902,281	2,751,252,505
	Debt-to-equity ratio	<u>0.003</u>	<u>0.003</u>
Asset-to-equity ratio	Total assets	₱ 2,754,591,799	₱ 2,758,689,839
	Divided by: Total equity	2,746,902,281	2,751,252,505
	Asset-to-equity ratio	<u>1.00</u>	<u>1.00</u>
Interest rate coverage ratio	Loss before income tax	₱ (4,350,224)	₱ (6,775,211)
	Add: Interest expense	-	1,402,778
		₱ (4,350,224)	₱ (5,372,433)
	Divided by: Interest expense	-	1,402,778
Interest rate coverage ratio	<u>N/A</u>	<u>(3.83)</u>	
Return on equity	Net loss	₱ (4,350,224)	₱ (6,820,657)
	Divided by: Total equity	2,746,902,281	2,751,252,505
	Return on equity	<u>(0.0016)</u>	<u>(0.002)</u>
Return on assets	Net loss	₱ (4,350,224)	₱ (6,820,657)
	Divided by: Total assets	2,754,591,799	2,758,689,839
	Return on assets	<u>(0.0016)</u>	<u>(0.0025)</u>
Net profit margin	Net loss	₱ (4,350,224)	₱ (6,820,657)
	Net sales	N/A	N/A
	Net profit margin	<u>N/A</u>	<u>N/A</u>

APOLLO GLOBAL CAPITAL, INC. AND ITS SUBSIDIARY
(Formerly Yehey! Corporation and its Subsidiary)
As of year ended December 31, 2020

**IV. SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS REQUIRED BY REVISED SRC
 RULE 68 ANNEX 68-E**

Ratio	Formula	As of December 31,	
		2020	2019
<i>Other ratios</i>			
Basic earnings (loss) per share ratio	Net loss attributable to the equity holders of the Parent Company Divided by: Weighted average number of shares outstanding	₱ (4,350,224)	₱ (6,820,657)
		<u>280,336,349,297</u>	<u>276,759,279,282</u>
	Basic earnings (loss) per share ratio	<u>(0.00002)</u>	<u>(0.00002)</u>
Diluted earnings (loss) per share ratio	Net loss attributable to the equity holders of the Parent Company Divided by: Weighted average number of diluted shares outstanding	₱ (4,350,224)	₱ (6,820,657)
		<u>280,336,349,297</u>	<u>276,759,279,282</u>
	Diluted earnings (loss) per share ratio	<u>(0.00002)</u>	<u>(0.00002)</u>

APOLLO GLOBAL CAPITAL, INC.
(Formerly Yehey! Corporation)

**SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS
AS AT DECEMBER 31, 2020**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2020		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendment to PFRS 1: Meaning of Effective PFRSs	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendment to PFRS 2: Definition of Vesting Condition			✓
	Amendment of PFRS 2: Classification and Measurement of Share-Based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting to Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Sale of Controlling Interest in the Subsidiary			✓
	Amendment to PFRS 5: Changes in methods of disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
	Amendment to PFRS 6: Transition Relief			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2020		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendment to PFRS 7: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in PFRS 9			✓
	Amendment to PFRS 7: Servicing Contracts and Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
	Operating Segments			✓
	Amendments to PFRS 8: Disclosures of Operating Segments			✓
PFRS 9	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
	Financial Instruments	✓		
	Financial Instruments: Classification and Measurement of Financial Liabilities	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Reissue to incorporate a hedge accounting chapter and permit early application of the requirements for presenting in other comprehensive income the "own credit" gains or losses on financial liabilities designated under the fair value option without early applying to other requirements of PFRS 9			✓
	Financial Instruments (final version), incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition			✓
PFRS 10	Amendments to PFRS 9: Prepayment Features with Negative Compensation			✓
	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance	✓		
	Amendments to PFRS 10: Investment Entities	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2020				
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisition of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Applying the Consolidation Exception			✓
	Amendments to PFRS 12: Clarification of the Scope of the Standard			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short- Term Receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers			✓
PFRS 16	Leases			✓
	Amendments to PFRS 16: Rent Concessions			✓
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	✓		
(Revised)	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Classification of Derivatives as Current or Non-Current			✓
	Amendments to PAS 1 - Classification of Liabilities as Current	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of Statement of Changes in Equity	✓		
	Amendments to PAS 1: Comparative information	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS
Effective as of December 31, 2020

Adopted

Not Adopted

Not Applicable

	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓	
	Amendments to PAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses	✓	
PAS 16	Property, Plant and Equipment		✓
	Amendments to PAS 16: Revaluation Method – Proportionate Restatement of Accumulated Depreciation on Revaluation		✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓
	Amendments to PAS 16 and PAS 41, Agriculture; Bearer Plants		✓
PAS 17	Leases		✓
	Amendments to PAS 17: Classification of Land Leases		✓
PAS 18	Revenue	✓	
	Amended by IAS 39 Financial Instruments: Recognition and Measurement	✓	
	Amendments to PAS 18: Guidance for Determining Whether an Entity is Acting as a Principal or as an Agent.		✓
PAS 19	Employee Benefits		✓
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures		✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contribution		✓
	Amendments to PAS 19: Discount Rate: Regional Market		✓
PAS 19 (Amended)	Employee Benefits		✓
	Amendments to PAS 19: Plan Amendment, Curtailment or Settlement		✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance		✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓	
	Amendment: Net Investment in a Foreign Operation		✓
PAS 23 (Revised)	Borrowing Costs		✓
	Amendment to PAS 23: Requirement of Capitalization of Borrowing Cost		✓
PAS 24 (Revised)	Related Party Disclosures	✓	
	Amendments to PAS 24: Key Management Personnel	✓	
PAS 26	Accounting and Reporting by Retirement Benefit Plans		✓
PAS 27 (Amended)	Separate Financial Statements	✓	
	Amendments for Investment Entities		✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements		✓
PAS 28	Investments in Associates and Joint Ventures		✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2020		Adopted	Not Adopted	Not Applicable
PAS 28 (Amended)	Amendments to PAS 28: Investment Entities – Applying the Consolidation Exception			✓
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax effect of Equity Distributions	✓		
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Disclosure of information ‘Elsewhere in the Interim financial report’			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Disclosure of Estimates Used to Determine a Recoverable Amount	✓		
	Amendments to PAS 36: Units of Accounting for Goodwill Impairment Testing Using Segments Under PFRS 8 Before Aggregation			✓
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Proportionate Restatement of Accumulated Depreciation on Revaluation			✓
	Amendments to PAS 38: Revaluation Method – Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 38: Measurement of Intangible Assets in Business Combinations			✓
	Amendments to PAS 38: Proportionate Restatement of Accumulated Depreciation Under the Revaluation Method			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2020	Adopted	Not Adopted	Not Applicable
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	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets		✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition		✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives		✓
	Amendment to PAS 39: Eligible Hedged Items		✓
	Amendments to PAS 39: Reclassifications of Financial Assets		✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting		✓
PAS 40	Investment Property		✓
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-Occupied Property		✓
PAS 41	Agriculture		✓
	Amendments to PAS 16 and PAS 41, Agriculture: Bearer Plants		✓
Philippine Interpretations			
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities		✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments		✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease		✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds		✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment		✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies		✓
IFRIC 8	Scope of PFRS 2		✓
IFRIC 9	Reassessment of Embedded Derivatives		✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives		✓
	Amendments to IFRIC 9: Prepayment Features with Negative Compensation		✓
IFRIC 10	Interim Financial Reporting and Impairment		✓
IFRIC 11	PFRS 12 - Group and Treasury Share Transactions		✓
IFRIC 12	Service Concession Arrangements		✓
IFRIC 13	Customer Loyalty Programmes		✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction		✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
	Amendments to Philippine Interpretations IFRIC 16: Entity That Can Hold Hedging Instruments			✓
IFRIC 17	Distributions of Non-Cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Investment			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty Over Income Tax Treatments			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC-12: Scope of SIC-12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease			✓
SIC 29	Service Concession Arrangements: Disclosures			✓
SIC 31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC 32	Intangible Assets - Web Site Costs			✓