CR07367-2019

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended

   Sep 30, 2019

2. SEC Identification Number

   12942

3. BIR Tax Identification No.

   000-104-320-000

4. Exact name of issuer as specified in its charter

   Marcventures Holdings Inc.

5. Province, country or other jurisdiction of incorporation or organization

   Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   4th Floor Citibank Center, Paseo de Roxas, Makati City

   Postal Code

   1227

8. Issuer's telephone number, including area code

   632-8314479

9. Former name or former address, and former fiscal year, if changed since last report

   -

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	3,014,820,305

11. Are any or all of registrant's securities listed on a Stock Exchange?

   (•) Yes ( ) No

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

   Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

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

(•) Yes ( ) No

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

(•) Yes ( ) No

Marcventures Holdings, Inc.
MARC

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Sep 30, 2019
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2019	Dec 31, 2018
Current Assets	1,050,130,416	551,145,763
Total Assets	6,311,412,636	5,829,382,974
Current Liabilities	1,743,568,584	1,140,620,272
Total Liabilities	2,554,508,513	1,939,236,801
Retained Earnings/(Deficit)	434,542,060	567,784,110
Stockholders' Equity	3,756,904,123	3,890,146,173
Stockholders' Equity - Parent	3,974,045,824	4,020,577,830
Book Value per Share	1.25	1.29

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	559,790,088	177,926,067	737,148,665	978,640,743
Gross Expense	469,441,266	135,905,166	878,619,432	916,013,748
Non-Operating Income	1,536,057	62,125	1,655,755	725,622
Non-Operating Expense	16,529,185	14,053,516	43,366,991	21,228,418
Income/(Loss) Before Tax	75,355,694	28,029,510	-183,182,003	42,124,199
Income Tax Expense	22,606,708	16,285,786	0	20,514,192
Net Income/(Loss) After Tax	52,748,986	11,743,724	-183,182,003	21,610,007
Net Income Attributable to Parent Equity Holder	52,748,986	11,743,724	-183,182,003	21,610,007
Earnings/(Loss) Per Share (Basic)	0.02	0	-0.06	0
Earnings/(Loss) Per Share (Diluted)	0.02	0	-0.06	0

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	-0.2	-0.03
Earnings/(Loss) Per Share (Diluted)	-0.2	-0.03

Other Relevant Information
amended to correct the figures in Net income (current year 3 months) and also in earnings per share basic and diluted in previous year (3 months and year to date)

Filed on behalf by:

Name	Raquel Frondoso
Designation	Compliance Officer

1 2 9 4 2

SEC Registration Number

M A R C V E N T U R E S H O L D I N G S I N C. A N D S U B
S I D I A R I E S

(Company's Full Name)

U N I T 4 - S3 C I T I B A N K C E N T E R C O N D .
8 7 4 1 P A S E O D E R O X A S M A K A T I C I T Y

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

Rolando Santos

(Contact Person)

(02) 831-4479

(Company Telephone Number)

1 2 3 1

Month *Day*

(Calendar Year)

1 7 - Q

(Form Type)

Month *Day*

(Annual Meeting)

N/A

Secondary License Type, If Applicable)

Dept. Requiring this Doc.

September 30, 2019

Period Ending Date

Total Amount of Borrowings

2,171

Total No. of Stockholders

Domestic	Foreign
N/A	N/A

To be accomplished by SEC Personnel concerned

File Number

LCU

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **September 30, 2019**

2. Commission identification number **12942**

3. BIR Tax Identification No. **470-000-104-320**

4. Exact name of registrant as specified in its charter: **MARCVENTURES HOLDINGS INC.**

5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**

6. Industry Classification Code: ______ **(SEC Use Only)**

7. Address of registrant's principal office:

Unit 4-3 Citibank Center Cond.
8741 Paseo de Roxas , Makati City

8. Registrant's telephone number, including area code: **(632) 8831-4479**

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

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock (₱1.00 par value)	3,014,820,305 shares

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes. The common shares are listed on the Philippine Stock Exchange.
Note: only 1,821,327,687 are listed with PSE

12. Indicate by check mark whether the registrant:

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

(b) has been subject to such filing requirements for the past 90 days.
Yes

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1- Financial Statements

The unaudited Interim Consolidated Financial Statements of Marcventures Holdings Inc. (the Company) and its Subsidiaries as of September 30, 2019 (with comparative Audited Consolidated Statements of Financial Position as at December 31, 2018) and for the three-month and nine-month period ended September 30, 2019 and 2018 are in compliance with generally accepted accounting principles. There were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Consolidated Balance Sheet as of September 30, 2019 and December 31, 2018

	Amounts in ₱'000			
	Sept. 30, 2019 Unaudited	Dec. 31, 2018 Audited	Increase (Decrease) Amount	Percentage
Current assets	**₱1,050130**	₱551,146	498,985	90.54%
Noncurrent assets	**5,261,282**	5,278,237	(16.955)	(0.32%)
Total Assets	**₱6,311,413**	₱5,829,383	482,030	8.27%
Current Liabilities	**₱1,743,569**	₱1,140,620	602,948	52.86%
Noncurrent liabilities	**810,940**	798,617	12,323	1.54%
Total Stockholders' Equity	**3,756,904**	3,890,146	(133,242)	(3.43%)
Total Liabilities and Stockholders' Equity	₱6,311,413	₱5,829,383	482,029	8.27%

Summary of Consolidated Income Statement for the three-month and nine-month period ended September 30, 2019 and 2018

	Amounts in ₱'000			
	For three months ended Sept. 30		Increase	(Decrease)
	2019	2018	Amount	Percentage
Revenues	**₱559,790**	₱177,926	₱381,864	214.62%
Cost of Sales	**389,397**	31,157	358,240	1,149.8%
Gross Profit	**170,393**	146,769	23,624	16.10%
Operating expenses				
	80,044	104,748	(24,704)	(23.58%)
Income from operations	**90,349**	42,021	48,328	115.01%
Other income (expenses)	**(14,993)**	(13,991)	1,002	7.16%
Net income before income tax	**75,356**	28,030	47,326	168.84%
Provision for income tax	**(22,607)**	(16,286)	6,321	38.81%
Net income for the period	**₱52,749**	₱11,744	₱41,005	349.16%

	Amounts in ₱'000			
	For nine months ended Sept. 30		Increase (Decrease)	
	2019	2018	Amount	Percentage
Revenues	**₱737,149**	₱978,641	₱(241,492)	(24.68%)
Cost of Sales	**(578,270)**	(598,572)	20,303	(3.39)%
Gross Profit	**158,879**	380,068	(221,189)	(58.20%)
Operating expenses	**(300,350)**	(317,441)	(44,160)	(13.91%)
Income from operations	**(141,471)**	62,627	(204,098)	(325.89%
Other income (expenses)	**(41,711)**	(20,402)	(21,309)	104.00%
Net income (loss) before income tax	**(183,182)**	42,124	(225,306)	(534.86%)
Income tax expense	**-**	(20,514)	20,514	(100.00%)
Net income (loss) for the period	**₱(183,182)**	₱21,610	₱(204,792)	(948.00%)

Summary of Consolidated Statement of Cash Flows for the nine-month period ended September 30 2018 and 2017

	Amounts in ₱'000	
	For Nine Months Ended September 30	
	2019	2018
Cash provided by operating activities	**₱256,597**	₱80,522
Cash used in investing activities	**(56,936)**	(501,088)
Cash provided by financing activities	**(19,986)**	(567,090)
Net decrease in cash	**179,675**	146,523
Cash - beginning	**27,360**	47,063
Cash - ending	**₱207,035**	₱193,586

Item 2. - Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discussion is based on the unaudited interim consolidated financial statements as at September 30, 2019 (with comparative Audited Consolidated Statements of Financial Position as at December 31, 2018) and for the three-month and nine-month period ended September 30, 2019 and 2018, prepared in conformity with Philippine Accounting Standards 34, Interim Financial Reporting and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

Financial Condition and Results of Operation:

Nine month period ended September 30, 2019 compared with nine months ended September 30, 2018

Revenues:

For the nine month period ended September 30, 2019, total revenues amounted to ₱737.15 million, lower by ₱241.5 million or 24.68% as compared with ₱978.64 million reported in the same period of prior year.

Sale of Ore:

As of September 2019, a total of 19 vessels of nickle ore were shipped out. The shipped ore was a combination of 4 vessels of saprolite and 15 vessels of limonite. In the same period last year 19 vessels were likewise shipped out but with 11 vessels of saprolite and 8 vessels of limonite. The revenue decrease was based on the drop in shipped saprolite. Shipment volume and prices are as follows;

WMT

	2019	2018	Increase (decrease)
Limonite	826,692	428,909	397,783
Saprolite	217,060	603,430	(386,370)
	1,043,752	**1,032,339**	**11,413**

Price pew wmt (in US$)

	2019	2018	Increase (decrease)
Limonite	$12.00	$8.42	$3.58
Saprolite	40.00	24.11	15.89

Cost of Sales

The 1.13% or P6.8 million increase in Cost of Sales from P598.6 million to P605.3 million was due to the following:

- Drop in Excise tax from ₱31.3 million to ₱20.73 based on the low revenue in the third quarter, compared to last year.
- Decrease in Direct Mining Cost by P12.61 million based on the low volume of nickle produced in the current period.
- Depletion decreased by P10.5 million, lower volume of saprolite ore was produced and shipped out this quarter.
- Despatch. There was no despatch or demuraged during the period compared to the P29.4 million despatch in the previous year. This was because loading was completed before laytime expiration.

The drop in costs were partly offset by the following:

- The Inventory movement presented as cost of sales. Last year the inventory movement presented as part of COS was P1.2 million. This was due to the higher volume of nickel sold than mined.
- Depreciation increased by ₱8.29 million it was due to additional provision on the obsolete assets.

Operating expenses

Operating expensed dropped by 5.38% or ₱17.092 million from ₱317.4 million to ₱300.35 million from the previous year. The drop in expenses was accounted by the following:

- Less Representation expenses. A decrease of 54.36% or ₱3.17 million, meetings/diallogue with stakeholders and clients were minimal.
- Decrease in Salaries and allowances of 25.63% or ₱23.86 million due to the management reorganization meant to promote efficiency.
- Decrease in taxes and licenses by ₱24.35 million for the Cantillan and Carrascal business permits for the given period.

- Decrease in Repair and Maintenance by ₱1.83 or 62.66% due to lower number of defective service equipment during the year.

- Other expenses such as such as Royalties, Professional fees and other Operating expenses also contributed to the total decrease in operating expenses.

The drop in expenses was offset by the following:

- Increase Depreciation increased by ₱19.16 million or 123.07% mainly due to additional provision on depreciation on the obsolete assets.

- Increase in Rental by ₱23.90 million or equivalent to 861.30% due to rental of equipment for the restoration of mine pit, waste dump site, and settling pond, road widening, repair of haul roads and causeway improvement.

Likewise there were other expenses offset by minimal upturns such as the expenses for the social development programs (SDP) and utilities. The SDP is in compliance with implementing rules and regulations on the 1995 Mining Acts which requires that 1.5% of operating cost be allocated for the development of host and neighboring mining communities.

Three months ended September 30, 2019 compared with three months ended September 30, 2018

Revenues

For the three month period ended September 30, 2019, MMDC reported a total revenue amounted to ₱599.79 million, higher by ₱381.9 million 214.62% increased of the total revenue reported in the same period of prior year which amounted to ₱177.93 million. To compared with same period in prior year, there were more number of vessels shipped. For 2019, MMDC has shipped a total of 14 vessels while in 2018, MMDC has transported a total of 3 vessels.

Cost of Sales

For the three month period ended September 30, 2019, MMDC reported cost of sales amounted to ₱389.40 million, higher by ₱358.24 million or equivalent to 1,149.80 increased of the total cost of sales reported in the same period of prior year which amounted to ₱31.16 million. To compared with same period in prior year, there were more number of nickle ore proceduced for the current quarter.

Operating Expenses

Operating expenses for the three month period ended September 30, 2019 is decreased by ₱24.70 million or approximately equivalent to 23.58% as compared with the same period in prior year of ₱104.75 million was to due to management reorganization to promote efficiency and decrease in other expenses in line with Group's effort to reduce expenses due to the implementation of controls to promore efficiency.

STATEMENTS OF FINANCIAL POSITION

September 30, 2019 vs. December 31, 2018

Assets
The consolidated total assets of the Company increased by ₱482.03 million from ₱5,829.38 million as of December 31, 2018 to ₱6,311.41 million as of September 30, 2019. The 8.27% increase was mainly due to the following:

- **Increase in Cash** from ₱27.36 million to ₱207.03 million amounting to ₱179.68 million or 656.72%, due to collection from sales of nickel ore.

- **Increase in Trade and Other Receivables** from ₱203.90 million to ₱519.15 million. The increase of ₱315.25 million or 154.60% was due to uncollected sales of nickel ore as to date.

Decreased in total noncurrent assets from ₱5,278.24 million as of December 31, 2018 to ₱5,261.28 million as of Septmber 30, 2019 or 0.32% with the amount of ₱16.95 million decreased was mainly attributable to the depreciation of property and equipment.

Liabilities

The total consolidated liabilities of the Company increased by ₱615.27 million or 31.73% from ₱1,939.24 million as of December 31, 2018 to ₱2,554.51 million as of September 30, 2019. The increased was due to outstanding trade and other payables incurred during the period.

Equity

The stockholders' equity of the Company decreased by ₱133.24 million or 3.43% from ₱3,890.15 million as of December 31, 2018 to ₱3,376.90 million as of September 30, 2019, due to decreased in retained earnings from net loss for the period.

STATEMENTS OF CASH FLOW

September 30, 2019 vs. December 31, 2018

The net cash generated from operating activities amounted to ₱256.60 million for the nine-months ended September 30, 2019 higher by ₱176.08 million as compared to the same period last year. The increase in cash from operating activities is the net result of the following:

- Increase in Trade and Other receivable
- Increase in trade and other payables
- Stockpile were sold during the period.

Net cash used in investing activities amounted to ₱56.94 million as compared to ₱501.09 million for the same period in 2018 due to decreased in mine and mining properties.

Net cash outflow in financing activities amounted to ₱19.99 million as compared to cash inflows amounting ₱567.09 million last year due to availment of bank loans.

The net effect of the foregoing operating, investing and financing activities is an increase of ₱179.68 million and a balance of ₱207.03 million in cash as of September 30, 2019 as compared to an increase of ₱146.52 million and a balance of ₱193.59 million as of September 30, 2018.

Horizontal and Vertical Analysis:

	Consolidated		Increase (Decrease)	
	September 30, 2019	**December 31 2018**	Amount	%
ASSETS				
Current Assets				
Cash	₱207,034,834	₱27,359,652	₱179,675,182	656.72%
Trade and other receivables	519,149,024	203,903,801	315,245,223	154.60%
Inventories	145,856,739	145,856,739	–	0.00%
Advances to related parties	59,947,577	53,264,597	6,682,980	12.55%
Other current assets	118,142,242	120,760,974	(2,618,732)	(2.17%)
Total Current Assets	₱1,050,130,4126	₱551,145,763	498,984,653	90.54%
Noncurrent Assets				
Property and equipment	291,167,596	344,033,024	(52,865,428)	(15.37%)
Mining rights on explored resources	4,442,709,627	4,395,753,013	46,956,614	1.07%
Net deferred tax assets	106,653,437	106,653,437	–	0.00%
Other noncurrent assets	420,751,560	431,797,737	(11,046,177)	(2.56%)
Total Noncurrent Assets	5,261,282,220	5,278,237,211	(16,954,991)	(0.32%)
TOTAL ASSETS	₱6,311,412,636	**₱5,829,382,974**	**482,029,662**	**8.27%**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	₱1,101,731,432	₱477,503,891	624,227,541	130.73%
Loans payable	512,601,479	532,587,671	(19,986,192)	(3.75%)
Advances from related parties	124,527,786	125,820,824	(1,293,038)	(1.03%)
Dividends payable	4,707,886	4,707,886	–	0.00%
Total Current Liabilities	₱1,743,568,583	₱1,140,620,272	602,948,311	52.86%
Noncurrent Liabilities				
Long-term debt - net of current portion	₱258,821,212	₱258,821,212	–	0.00%
Provision for mine rehabilitation and decommissioning	51,980,329	51,980,329	–	0.00%
Retirement benefit liability	22,552,229	22,552,229	–	0.00%
Deferred tax liability	477,586,158	465,262,759	12,323,399	2.65%
Total Noncurrent Liabilities	810,939,928	798,616,529	12,323,399	1.54%
Total Liabilities	₱2,554,508,511	₱1,939,236,801	615,271,710	31.73%
Equity				
Capital stock	₱3,014,820,305	₱3,014,820,305	–	0.00%
Additional paid-in capital	269,199,788	269,199,788	–	0.00%
Retained earnings	434,542,062	567,784,110	(133,242,048)	(23.47%)
Remeasurement gain on retirement benefit liability - net of deferred tax	38,341,970	38,341,970	–	0.00%
Total Equity	₱3,756,904,125	₱3,890,146,173	(133,242,048)	(3.43%)
TOTAL LIABILITIES AND EQUITY	**6,311,412,636**	**5,829,382,974**	**482,029,662**	**8.27%**

OTHER INFORMATION

a. There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

c. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

d. There are no material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described;

e. Aside from the volatile prices of ore in the market and USD exchange rate, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations

f. The causes for the material changes from period to period in the financial accounts were explained in the management's discussion and analysis of financial condition and results of operation.

g. There are no significant elements of income or loss that did not arise from the registrant's continuing operations.

h. There are no seasonal aspects that had a material effect on the financial condition or results of operations.

i. There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

j. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

k. There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

l. There are no contingent liabilities or contingent assets since the last annual balance sheet date.

m. There are no material contingencies and other material events or transactions during the interim period.

Key Performance Indicators

Marcventures' management uses the following KPIs for the Company' and its subsidiaries:

	Sept. 30, 2019	Sept. 30, 2018
Net income Loss	(₱183,182,003)	₱21,610,007
Quick assets	726,183,858	443,572,822
Current assets	1,050,130,416	972,331,771
Total Assets	6,311,412,636	6,068,524,245
Current liabilities	1,743,568,583	975,408,328
Total liabilities	2,554,508,511	1,763,989,097
Stockholders' Equity	3,756,904,125	4,304,535,148
Number of common shares outstanding	3,014,820,305	2,999,576,403

Liquidity ratios:		
Current ratio (1)	0.60:1	1;00:1
Quick ratio (2)	0.42:1	0.45:1
Solvency Ratios:		
Debt ratio (3)	0.40:1	0.29:1
Debt to Equity ratio (4)	0.68:1	0.41:1
Profitability ratios:		
Return on equity (5)	(1.05)	0.01
Return on assets (6)	(0.03)	0.004
Earning (loss) per share (7)	(0.06)	0.007

Note:

1. Current assets / Current liabilities
2. Quick assets / Current liabilities
3. Total liabilities / Total assets
4. Total Liabilities / Shareholders' equity
5. Net income (loss) / Ave. Shareholders' equity
6. Net income (loss) / Ave. Total Assets
7. Net Income (loss) / common shares outstanding

PART II - OTHER INFORMATION

Any information not previously reported in a report on SEC Form 17-C

NONE

PART III – FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

a. Current Ratio
   Total Current Assets/ Total Current Liabilities 0.60:1
b. Quick Ratio
   Quick asset / Total Current Laibilities = 0.42:1

Solvency Ratio

a. Debt Ratio
   Total liabilities / Total assets = 0.40:1
b. Debt to Equity Ratio
   Total liabilities / Shareholder's Equity = 0.68:1

Profitability Ratio

a. Return on Equity Ratio
   Net loss/ Average shareholder's equity = (0.05) :1
b. Return on Assets
   Net loss / Average Total assets = (0.03):1
c. Fixed Assets Turnover Ratio :
   Revenue/Property Plant and Equipment = 2.53:1
d. Asset to Equity Ratio:
   Total Assets / Ave. Stockholders' Equity = 1.57:1
e. Asset Turnover
   Revenue/Total Assets = 0.12:1

Interest Coverage Ratio

Net Loss / Interest expense = (4.22):1

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **MARCVENTURES HOLDINGS INC.**

Signature and Title: **ROLANDO S. SANTOS**
SVP-Finance

Date: Nov. 19, 2019

Signature and Title: **RENITA S. TY**
Accountant

Date: Nov. 19, 2019

Marcventures Holdings, Inc. and Subsidiaries

Unaudited Interim Consolidated Financial Statements
September 30, 2019
and for the Three Months & Nine Months Ended September 30, 2019 and 2018
(With Comparative Audited Consolidated Statements of Financial Position as at December 31, 2018)

SEC Registration Number

1 2 9 4 2

COMPANY NAME

MARCVENTURES HOLDINGS, INC.

AND SUBSIDIARIES

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

4th Floor, Citibank Center, 8741 Paseo

de Roxas, Makati City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
mhicorporate@marcventures.com.ph	(02) 831-4479	09989850229

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2171		SEPTEMBER 30, 2019

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Rolando S. Santos	rolly.santos@marcventures.com.ph	(02) 831-4479	09989850229

CONTACT PERSON'S ADDRESS

4th Floor, Citibank Center, 8741 Paseo de Roxas, Makati 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.*

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Sept. 30, 2019	Dec. 31,2018
ASSETS			
Current Assets			
Cash	5	**₱207,034,834**	₱27,359,652
Trade and other receivables	6	**519,149,024**	203,903,801
Inventories	7	**145,856,739**	145,856,739
Advances to related parties	21	**59,947,577**	53,264,597
Other current assets	8	**118,142,242**	120,760,974
Total Current Assets		**1,050,130,416**	551,145,763
Noncurrent Assets			
Property and equipment	9	**291,167,596**	344,033,024
Mining rights and other mining assets	10	**4,442,709,627**	4,395,753,013
Net deferred tax assets	23	**106,653,437**	106,653,437
Other noncurrent assets	11	**420,751,560**	431,797,737
Total Noncurrent Assets		**5,261,282,220**	5,278,237,211
		₱6,311,412,636	₱5,829,382,974
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	**₱1,101,731,432**	477,503,891
Loans payable	14	**512,601,479**	532,587,671
Advances from a related party	21	**124,527,786**	125,820,824
Dividends payable	15	**4,707,887**	4,707,886
Total Current Liabilities		**1,743,568,584**	1,140,620,272
Noncurrent Liabilities			
Long-term debt - net of current portion	14	**258,821,212**	258,821,212
Provision for mine rehabilitation and decommissioning	13	**51,980,329**	51,980,329
Retirement benefit liability	20	**22,552,230**	22,552,229
Deferred tax liability	4	**477,586,158**	465,262,759
Total Noncurrent Liabilities		**810,939,929**	798,616,529
Total Liabilities		**2,554,508,513**	1,939,236,801
Equity			
Capital stock	15	**3,014,820,305**	3,014,820,305
Additional paid-in capital (APIC)	15	**269,199,788**	269,199,788
Retained earnings		**434,542,060**	567,784,110
Other comprehensive income	20	**38,341,970**	38,341,970
Total Equity		**₱3,756,904,123**	3,890,146,173
		₱6,311,412,636	₱5,829,382,974

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Three Months Ended September 30		Nine Months Ended September 30	
	Note	**2019**	2018	**2019**	2018
REVENUE	16	**₱559,790,088**	₱177,926,067	**₱737,148,665**	₱978,640,743
COST OF SALES	17	**(389,397,162)**	(31,156,804)	**(578,269,706)**	(598,572,396)
GROSS INCOME (LOSS)		**170,392,926**	146,769,263	**158,878,959**	380,068,347
OPERATING EXPENSES	18	**(80,044,104)**	(104,748,362)	**(300,349,726)**	(317,441,353)
INCOME (LOSS) FROM OPERATIONS		**90,348,822**	42,020,901	**(141,470,767)**	62,626,994
OTHER INCOME (CHARGES) - Net	19	**(14,993,148)**	(13,991,391)	**(41,711,236)**	(20,502,795)
INCOME (LOSS) BEFORE INCOME TAX		**75,355,694**	28,029,510	**(183,182,003)**	42,124,199
BENEFIT FROM (PROVISION FOR) INCOME TAX	23	**(22,606,708)**	(16,285,786)	**-**	(20,514,192)
NET INCOME (LOSS)		**₱52,748,986**	₱11,743,724	**(₱183,182,003)**	₱21,610,007
Basic and diluted earnings (loss) per share	24	**₱0.02**	₱0.004	(₱0.06)	₱0.007

see accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	**September 30, 2019**	September 30, 2018
CAPITAL STOCK - ₱1 par value	15		
Authorized - 4,000,000,000 shares			
Issued and outstanding:			
Balance at beginning of year		**₱2,969,088,599**	₱2,969,088,599
Issuance during the year		**45,731,706**	45,731,706
Balance at end of year		**3,014,820,305**	3,014,820,305
ADDITIONAL PAID-IN CAPITAL	15		
Balance at the beginning of the year		**239,931,494**	239,931,494
Proceeds in excess of par value		**29,268,294**	29,268,294
Balance at end of year		**269,199,788**	269,199,788
RETAINED EARNINGS	15		
Balance at beginning of year		**567,784,110**	963,441,676
Effect of transition to PFRS 9		**49,939,953**	–
		617,724,063	963,441,676
Net income (loss)		**(183,182,003)**	21,610,007
Balance at end of year		**434,542,060**	985,051,683
OTHER COMPREHENSIVE INCOME			
Balance at beginning of year		**38,341,970**	35,463,374
Balance at end of year		**38,341,970**	35,463,374
		₱3,756,904,123	₱4,304,535,148

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Nine Months Ended September 30	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**(₱183,182,003)**	₱42,124199
Adjustments for:			
Depletion	10	**52,865,428**	49,576,956
Depreciation	9	**21,025,374**	25,571,240
Interest expense	14	**43,366,991**	21,228,418
Interest income	5	**(30,798)**	(121,109)
Provision (benefit) for deferred taxes		**12,323,399**	-
Operating income before working capital changes		**(53,631,609)**	138,379,705
Decrease (increase) in:			
Trade and other receivables		**(265,305,268)**	(17,193,722)
Inventories		**-**	(107,951,198)
Advances to related parties		**(6,682,980)**	9,525,343
Other current assets		**2,618,732**	(64,327,877)
Increase (decrease) in:			
Trade and other payables		**624,227,541**	188,674,681
Advances from related party		**(1,293,038)**	-
Net cash generated from operations		**299,933,378**	147,106,931
Income tax paid		**-**	(45,477,965)
Interest paid		**(43,366,991)**	(21,228,418)
Interest received		**30,798**	121,109
Net cash provided by operating activities		**256,597,185**	82,521,657
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment	9	**-**	(27,205,582)
Mine and mining properties	10	**(67,981,988)**	(477,073,371)
Other noncurrent assets		**11,046,177**	3,190,504
Net cash used in investing activities		**(56,935,811)**	(501,088,450)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of loan		**-**	720,775,353
Payments of:			
Loans		**(19,986,192)**	(153,685,383)
Net cash provided by (used in) financing activities		**(19,986,192)**	567,089,970
NET DECREASE IN CASH		**179,675,182**	146,523,178
CASH AT BEGINNING OF THE PERIOD		**27,359,652**	47,062,535
CASH AT END OF THE PERIOD		**₱207,034,834**	₱193,585,713

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

General Information

Marcventures Holdings, Inc. (the Parent Company), singly and collectively with its subsidiaries, is referred herein as "the Company".

The Parent Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 7, 1957. Its primary purpose is to deal with properties of every kind and description to the extent permitted by law without engaging in the business of an investment company as defined in the Investment Company Act (Republic Act 2629), or act as a securities broker or dealer. On August 7, 2007, the SEC approved the extension of the Parent Company's corporate life for another 50 years.

The Parent Company's shares of stock were initially listed in the Philippine Stock Exchange, Inc. (PSE) on January 10, 1958. As at September 30, 2018 and December 31, 2017, 1,821,358,599 shares of the Parent Company's shares of stock are listed in the PSE.

The registered address of the Parent Company is at 4th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City.

Merger of the Parent Company, Brightgreen Resources Holdings Inc. (BHI) and Asia Pilot Mining Phils. Corp. (APMPC)

On December 29, 2017, the SEC approved the application for merger of the Parent Company, BHI and APMPC, with the Parent Company as the surviving entity and the increase in authorized capital stock of the Parent Company to accommodate the merger from 2,000,000,000 shares at ₱1 par value to 4,000,000,000 shares at ₱1 par value a share. Out of this increase, a total of 1,125,000,000 of the Parent Company's common shares were issued to BHI and APMPC shareholders at ₱1 per share.

BHI owns 100% interest in BrightGreen Resources Corporation (BGRC) and APMPC owns 100% interest in Alumina Mining Philippines, Inc. (AMPI) and Bauxite Resources, Inc. (BARI).

Information about the Subsidiaries

All of the subsidiaries of the Parent Company are wholly-owned.

Marcventures Mining and Development Corporation (MMDC). MMDC was incorporated and registered with the SEC on January 18, 1995 primarily to engage and/or carry on the business of extracting, mining, smelting, refining and converting mineral ores such as, but not limited to nickel, chromites, copper, gold, manganese and other similar ores and/natural metallic or non-metallic resource.

MMDC has been granted by the Department of Environment and Natural Resources (DENR) Mineral Production Sharing Agreement (MPSA) No. 016-93-X (SMR) covering an area of approximately 4,799 hectares located in the municipalities of Carrascal, Cantilan and Madrid, Surigao Del Sur.

Originally, the MPSA was granted to Ventura Timber Corporation (VTC) on June 19, 1992. In January 1995, VTC executed a deed of assignment (the Deed) to transfer to MMDC all its rights and interest in and title to the MPSA. On January 15, 2008, the Deed was approved by the Mines and Geosciences Bureau (MGB).

On June 24, 2016, the DENR issued an order approving the extension of MMDC's MPSA for a period of 9 years starting from the expiration of the first 25-year term.

On February 13, 2017, MMDC received an order dated February 8, 2017 from the DENR cancelling its MPSA. Management and its legal counsel believe that the order has no basis and the outcome of legal actions taken will not have a material adverse effect on the Company's operations (see Note 25). Accordingly, the Company has continued its mining operations in areas covered by the MPSA.

BGRC. BGRC was incorporated and registered with the SEC on July 20, 1989 to engage in the mining business.

On July 1, 1993, the DENR approved BGRC's application for MPSA No. 015-93-XI (SMR) covering an area of approximately 4,860 hectares located in the municipalities of Carrascal and Cantilan, Surigao del Sur. BGRC is undertaking its continuous exploratory drilling program to block mineral resources at indicated and measured category.

AMPI. AMPI was incorporated and registered with the SEC on August 31, 2001 to engage in the mining business.

On December 5, 2002, the DENR approved AMPI's application for MPSA No. 179-2002-VIII-SBMR covering 6,694 hectares in the municipalities of San Jose de Buan and Paranas Samar in Eastern Visayas (Region VIII) , valid for 25 years and renewable for another 25 years.

BARI. was incorporated and registered with the SEC on August 31, 2001 to engage in the mining business.

On December 5, 2002, the DENR approved BARI's application for MPSA No. 180-2002-VIII-SBMR covering 5,519 hectares in the Municipalities of Gandara, San Jose de Buan, Matuguinao, and San Jorge, Province of Samar (formerly known as Western Samar) in Eastern Visayas (Region VIII) , valid for 25 years and renewable for another 25 years.

BGRC, AMPI and BARI received Show-Cause Orders dated February 13, 2017 from the DENR to explain why their MPSA should not be cancelled pursuant to an alleged violation (see Note 25).

BGRC submitted a reply explaining that it has prior legal right.

AMPI and BARI submitted replies that their contract areas are not part of any watershed and are even declared as Bauxite Mineral Reservations which allows development of bauxite deposits (see Note 25).

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, which is the Company's functional currency. All values are in absolute amounts, unless otherwise indicated.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might 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 as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further disclosures are included in Note 26, Financial Risk Management Objectives and Policies.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following relevant amended PFRS which the Company adopted effective for annual periods beginning January 1, 2018:

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

  PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

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

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

- Amendment to PFRS 15 - *Clarification to PFRS 15* – The amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration* – The interpretation provides guidance clarifying that the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency is the one at the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

New and Amended PFRS in Issue But Not Yet Effective
Relevant new PFRS which are not yet effective for the year ended December 31, 2018 and have not been applied in preparing the consolidated financial statements are summarized below. The Company intends to adopt these standards when they become effective.

Effective for annual periods beginning January 1, 2019:

- PFRS 16, *Leases* – This standard replaces PAS 17, *Leases* and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees' statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

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

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at September 30, 2019 and December 31, 2018 and for the periods ended September 30, 2019 and 2018.

Subsidiaries
A subsidiary is an entity that is controlled by the Parent Company. A subsidiary is consolidated from the date on which control is transferred to the Parent Company directly or through the holding companies. Control is achieved when the Company is exposed or has rights to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee. A subsidiary is deconsolidated from the date on which control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as that of the company using uniform accounting policies. Significant intercompany transactions and balances, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest in a subsidiary, without a change in control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, the Company: (a) derecognizes the assets and liabilities of the subsidiary; (b) derecognizes the carrying amounts of any non-controlling interest; (c) derecognizes the cumulative translation differences recorded in equity; (d) recognizes the fair value of consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; and (g) reclassifies the Company's share of components previously recognized in other comprehensive income to profit or loss.

Financial Assets and Liabilities

Recognition. Financial assets and liabilities are recognized in the consolidated statements of financial position when the Company becomes a party to the contractual provision of a financial instrument. Financial instruments are initially recognized at fair value. In the case of regular way purchase or sale of financial asset, recognition and derecognition, as applicable, is done using trade date accounting. The initial measurement of the financial instruments, except for those classified at fair value through profit or loss (FVPL), includes transaction costs.

"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 the profit or loss unless it qualifies for recognition as some other types of assets. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the 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 amount.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) available-for-sale (AFS) financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred and whether or not the instruments are quoted in an active market. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As at September 30, 2019 and December 31, 2018, the Company does not have financial assets and liabilities at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities and that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS financial assets or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables 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 any transaction cost which are directly attributable in the acquisition of the financial instrument. The amortization is included in profit or loss.

This category includes cash, trade and other receivables (excluding advances to officers and employees), advances to related parties, and rehabilitation cash fund (RCF), monitoring trust fund (MTF) and rental deposit (classified under "Other noncurrent assets").

Other Financial Liabilities at Amortized Cost. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

This category includes trade and other payables (excluding excise tax and other statutory payables), loans payable, long-term debt, advances from a related party and dividends payable.

Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risk and rewards of the assets, but has transferred control over the asset.

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

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

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

Impairment of Financial Assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The carrying amount of the impaired account is reduced to the extent that it exceeds the asset's net realizable value. Impairment losses are recognized in full in profit or loss. If in a subsequent period, the amount of accumulated impairment losses has decreased because of an event occurring after impairment was recognized, the decline is allowed to be reversed to profit or loss to the extent that the resulting carrying amount will not exceed the amortized cost determined had no impairment been recognized.

Cash
Cash in the consolidated statements of financial position comprise cash on hand and in banks, excluding any restricted cash. Restricted cash, which includes RCF and MTF, is not available for use by the Company and therefore is not considered highly liquid.

Inventories
Inventories, which consist of ore stockpiles, are physically measured or estimated and valued at the lower of cost and net realizable value (NRV). Cost consists of contractual services, personnel costs, depletion, depreciation and other costs that are directly attributable in bringing the ore in its saleable conditions. Cost is determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

Other Current Assets
Other current assets include prepaid income tax, mining and office supplies, prepaid expenses and

advances to contractors and suppliers.

Prepaid Income Tax. Prepaid income tax represents creditable withholding tax and other tax credits of the Parent Company.

Mining and Office Supplies. Mining and office supplies comprise purchase costs of mechanical, electrical and other materials determined on a moving average method.

Prepaid Expenses. Prepayments represent expenses not yet incurred but paid in advance and are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise these are classified as noncurrent assets.

Advances to Contractors and Suppliers. Advances to contractors and suppliers represent advance payments on goods or services to be purchased in connection with the mining operation. These are reclassfied to proper asset account in the consolidated statements of financial position or charged to expense in the consolidated statements of comprehensive income upon actual receipt of goods or services, which is normally within 12 months or within the normal operating cycle. Otherwise these are classified as noncurrent assets.

Property and Equipment
Property and equipment, except for land, are initially measured at cost less accumulated depreciation and any impairment in value. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Cost also includes any asset retirement obligation and capitalized interest on borrowed funds used in the case of a qualifying asset. Land is stated at cost less any impairment in value.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expense in the period in which these are incurred.

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

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Building and improvements	5-20
Office furniture, fixtures and equipment	2-5
Heavy and transportation equipment	4-10

The estimated useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Construction-in-progress is included in property and equipment and stated at cost which includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time the relevant assets are ready for operational use.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation are credited or charged to current operations.

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

Mining Rights and Other Mining Assets

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

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

Deferred Exploration Costs. Deferred exploration costs include costs incurred in connection with exploration activities. Deferred exploration cost is carried at cost less accumulated impairment losses.

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

Exploration and evaluation activities include:

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

Once the reserves are established and development is sanctioned, deferred exploration costs are tested for impairment and reclassified to mine development costs.

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

Deferred development costs and construction-in-progress related to an already operating mine are reclassified to mine and mining properties and stated at cost. Such costs pertain to expenses incurred in sourcing new resources and converting these into reserves, which are not depleted or amortized until the development has been completed and become available for use.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and if the carrying amount exceeds the estimated recoverable amount, the asset or cash-generating unit (CGU) is written down to its recoverable amount, which is the greater of 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. In assessing value in use, the estimated future cash flows are discounted to present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of any depreciation and depletion, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and depletion charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Employee Benefits

Short-term Benefits. The Company provides short-term benefits to its employees in the form of basic and 13th month pay, bonuses, employer's share on government contribution and other short-term benefits.

Retirement Benefits. The Company has an unfunded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits expense is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and net interest cost in profit or loss. Net interest cost is calculated by applying the discount rate to the retirement benefit liability.

Current service costs are the increase in the present value of the defined benefit obligation resulting from employee service and are recognized in profit or loss.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment; and the date that the Company recognizes restructuring related costs.

Remeasurements comprising actuarial gains and losses and any change in the effect of the asset ceiling (excluding net interest cost on retirement benefit liability) are recognized immediately in other comprehensive income (OCI) in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement benefit liability is the aggregate of the present value of the defined benefit obligation which is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement benefit liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Borrowing Costs

Borrowing costs directly attributable to the development, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the asset. Capitalization of borrowing costs commences when activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred.

Capitalization ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Borrowing costs consist of interest and other financing costs that the Company incurs in connection with the borrowing of funds.

All other borrowing costs are recognized and charged to profit or loss as incurred.

Equity

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

APIC. APIC is the excess over par value of consideration received for the subscription and issuance of shares of stock. Incremental costs directly attributable to the issuances of capital stock are recognized as a deduction from equity.

Retained Earnings. Retained earnings represent the cumulative balance of the Company's operating results, dividend distributions, effect of change in accounting policy and other capital adjustments.

OCI. OCI comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. OCI pertains to remeasurement gain or loss on retirement benefit liability.

Deposit for Future Stock Subscription

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

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;

- There is BOD and stockholders' approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);

- The application for the approval of the proposed increase has been filed with the SEC.

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

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is recognized as follows:

Sale of Ore. Sale of ore is recognized upon delivery of goods to and acceptance by customers.

Reservation Fee for Ore Allocation. Revenue is recognized when the grant of right to ore to be provided in the future is established.

Interest Income. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably.

Cost of Sales. Cost of sales is recognized when the related goods are sold.

Operating Expenses. Operating expenses constitute costs of administering the business and costs incurred to sell and market goods and services. These are expensed as incurred.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date, whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Operating Lease - Company as Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. For income tax purposes, expenses under operating lease agreements are treated as deductible expense in accordance with the terms of the lease agreements.

Foreign Currency-Denominated Transactions
Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate at reporting date. Exchange rate differences arising from the translation or settlement of monetary items at rates different from those at which these were initially recorded during the period are recognized in the profit or loss in the period these arise.

For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses in the period such are realized.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate used to compute the amount is the one that has been enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of any unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and any unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it 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.

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 to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as other comprehensive income.

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

Value Added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax 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 tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Other noncurrent assets" in the consolidated statements of financial position.

Deferred Input VAT
In accordance with the Revenue Regulation (RR) No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Related Parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Provisions and Contingencies
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Provisions for Mine Rehabilitation and Decommissioning. The Company recognizes provisions when there is partial fulfillment of obligation to restore operating locations at the end of the reporting period. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste site and restoration, reclamation and revegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location.

Where applicable, the Company recognizes a mine rehabilitation asset under the mine and mining properties related to the obligation arising from the mine rehabilitation and decommissioning. The cost of such asset corresponds to the present value of future cost of rehabilitation and decommissioning and amortized over expected settlement of the obligation using units of production method. The estimated future costs of rehabilitation and decommissioning are reviewed annually and adjusted prospectively. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. Any amount deducted from the cost of asset shall not exceed its carrying amount. In case the decrease in the obligation exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

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

Earnings Per Share

Basic. Basic earnings per share is calculated by dividing the net income by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares, if any.

Diluted. Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential dilutive common shares during the period.

Events After the Reporting Date

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

Segment Reporting

The Company has one operating segment which consists of mining exploration, development and production. The Company's asset producing revenues are located in the Philippines.

3. Significant Judgment, Accounting Estimates and Assumptions

PFRS requires management to make judgment and estimates that affect the amounts reported in the consolidated financial statements. The judgment and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgment

In the process of applying the Company's accounting policies, management has made the following judgment, apart from those involving estimates, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Assessing the Ability of the Company to Continue as a Going Concern. The Company received an order from the DENR for the cancellation of its MPSA. The management and its legal counsel believe that the order has no basis and the outcome of the legal actions taken will not have a material adverse effect on the Company's operations (see Note 1). Accordingly, the management has assessed that the company will continue as a going concern.

Establishing Control over the Subsidiaries. The Parent Company determined that it has control over the 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.

Determining Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso, which is the currency of the primary economic environment in which the Company operates.

Determining Operating Segments. Determination of operating segments is based on the information about the components that management uses to make decisions about the operating matters of the Company. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker, which is defined to be the Company's BOD, in order to allocate resources to the segment and assess its performance.

Management has assessed that the Company has only one operating segment which consists of mining exploration, development and production.

Accounting for Operating Lease - Company as Lessee. The Company has an operating lease agreement for its office space. The Company has determined that the risks and benefits of ownership related to the leased properties are retained by the lessor. Accordingly, the lease is accounted for as an operating lease.

Rent expense amounted to ₱26.7 mllion and ₱2.8 million for the period ended September 30, 2019 and 2018, respectively (see Note 18).

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

Estimating Allowance for Impairment of Trade and Other Receivables and Advances to Related Parties. The Company maintains allowance for receivable impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customer, the customer's payment behavior and known market factors. The Company identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

Allowance for receivable impairment amounted to ₱46.6 million and ₱11.0 as at September 30, 2019 and December 31, 2018 respectively. (see Note 6).

The carrying amounts of the Company's receivables are as follows:

	Note	**2019**	2018
Trade and other receivables	6	**₱519,149,024**	**₱203,903,801**
Advances to related parties	21	**59,947,577**	**53,264,597**

Estimating NRV of Inventories. The Company recognizes loss on inventories whenever NRV becomes lower than costs due to damage, physical deterioration, obsolescence, changes in price levels or other causes. NRV is reviewed on a monthly basis to reflect the accurate valuation in the financial records.

The carrying amount of inventories, which is measured at the lower of cost and NRV, amounted to ₱145.9 million as at September 30, 2019 and December 31, 2018. (see Note 7).

Estimating the Realizability of Input VAT. The Company assesses the realizability of input VAT based on its ability to utilize the asset. The assessment is made on a continuing basis year on year.

The carrying amount of input VAT, which is included as part of "Other noncurrent assets" account in the consolidated statements of financial position, amounted to ₱304.26 million and ₱303.7 million as at September 30, 2019 and December 31, 2018, respectively (see Note 11).

Estimating Useful Lives of Property and Equipment. The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets.

There were no changes in estimated useful lives of property and equipment as at September 30, 2019 and December 31, 2018. Property and equipment, net of accumulated depreciation, amounted to ₱291.17 million and ₱344.03 million as at September 30, 2019 and December 31, 2018, respectively (see Note 9).

Estimating Depletion Rate and Recoverable Reserves. Depletion rates used to amortize mine and mining properties and mining rights under "Mining rights and other mining assets" account presented in the consolidated statements of financial position are assessed on an annual basis based on the results of latest estimate of recoverable reserves, which is subject to future revisions. Recoverable reserves and resource estimates for development project are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of cost based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors. Proven reserve estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. The Company's reserves are estimated based on local regulatory guidelines provided under the Philippine Mineral Reporting Code and duly reviewed and verified by a competent person.

The carrying amounts of mining rights and other mining assets are as follows:

	Note	**2019**	2018
Mining rights	10	**₱2,596,442,799**	₱2,604,171,944
Mine and mining properties	10	**1,704,041,922**	1,649,356,162

Estimating Provision for Mine Rehabilitation and Decommissioning. The Company recognizes provision for its obligation to decommission and rehabilitate mine sites at the end of term of its MPSA. The provision represents the best estimate of the expenditures required to settle the present obligation at the current reporting date. The amount of provision depends on the completeness of rehabilitation and decommissioning activities performed by the Company during and immediately after every mining operation. Changes in rehabilitation and decommissioning costs are recognized as additions or charges to the corresponding provision when these occur.

While the Company has made its best estimate in establishing the decommissioning and rehabilitation provision, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning and rehabilitation activities, the ultimate provision requirements could either increase or decrease significantly from the Company's current estimates. The obligation to rehabilitate and decommission a mine generally arises when the ground/environment is disturbed at the production location.

Mine rehabilitation asset, recognized under the mine and mining properties and presented as part of "Mining assets" in the statements of financial position, amounted to ₱37.04 million as at September 30, 2019 and December 31, 2018 (see Note 10).

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets 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;
- significant negative industry or economic trends.

No impairment loss was recognized in 2019 and 2018.

The carrying amounts of the Company's nonfinancial assets are as follows:

	Note	**2019**	2018
Mining rights and other mining assets	10	**₱4,442,709,627**	₱4,395,753,013
Property and equipment	9	**291,167,596**	344,033,024
Other current assets	8	**118,142,242**	120,760,974
Other noncurrent assets (excluding financial assets and input VAT)	11	**110,874,182**	122,437,795

Estimating Retirement Benefit Liability. The determination of the Company's retirement benefit liability and costs is dependent on the selection by management of assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rate and salary increase rate.

Actual results that differ from the Company's assumptions are recorded as addition to or deduction from retirement benefit liability and recognized in profit or loss or other comprehensive income. One or more of the actuarial assumptions may differ significantly and as a result, the actuarial present value of the retirement benefit obligation estimated as at reporting date may differ significantly from the amount reported.

Retirement benefit liability amounted to ₱22.55 million as at September 30, 2019 and December 31, 2018, (see Note 20).

Recognizing of Deferred Tax Assets. The Company reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

The Company's recognized deferred tax assets amounted to ₱106.65 million as at September 30, 2019 and December 31, 2018 (see Note 23).

Deferred tax assets were not recognized on NOLCO, MCIT and retirement benefit liability as at December 31, 2018 because the management believes that there will be no sufficient future taxable profits against which the deferred tax asset can be utilized.

4. Acquisition of Group of Assets

On December 29, 2017, the SEC approved the application for merger of the Parent Company, BHI and APMPC, with the Parent Company as surviving entity (see Note 1). As at the acquisition date, BHI's and APMPC's assets consist mainly of mining rights and deferred exploration costs. Management determined that based on the substance of the underlying circumstances at that date, BHI and APM did not constitute a business and, accordingly, was not accounted for as a business combination. The transaction was accounted for as an acquisition of a group of assets, wherein the acquisition cost was allocated among the individual identifiable assets net of liabilities assumed in the group based on their relative fair values.

Allocation of the acquisition cost of the group of assets and liabilities of BHI and APM are as follows:

	BHI	APM	Allocation
Assets			
Current assets	₱2,862,560	₱111,725	₱2,974,285
Mining rights	695,649,865	945,163,500	1,640,813,365
Deferred exploration costs	75,640,185	2,195,389	77,835,574
Property and equipment	2,062,499	–	2,062,499
	776,215,109	947,470,614	1,723,685,723
Liabilities			
Due to related parties	111,856,563	14,897,589	126,754,152
Deferred tax liability	211,153,999	254,108,760	465,262,759
Loans payable	1,742,257	–	1,742,257
Other liabilities	1,462,290	3,464,265	4,926,555
	326,215,109	272,470,614	598,685,723
Net assets acquired	₱450,000,000	₱675,000,000	₱1,125,000,000

The consideration for the acquisition cost consists of 1,125,000,000 common shares of the Parent Company issued at ₱1 per share.

The fair value of the mining rights used as basis for allocating the acquisition cost are based on report by Competent Persons (CP) dated June 30, 2017 and was arrived at using the Discounted Cash Flow method (DCF) under the income approach methodology. Under this approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. Under the DCF method, the forecasted cash flows is discounted back to the valuation date, resulting in a present value of the asset.

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy of the Group's mining rights follows:

	BHI	APM
Mining life	10	20
Discount rate	12%	12%
Estimated mineral ore reserves (WMT):		
Nickel ore	9,513,459	–
Bauxite ore	–	28,904,888

Market price (per WMT)	₱850 to ₱1,550	₱1,350 to ₱1,550
Estimated annual shipment of mineral ore (WMT)	951,345	1,445,244
Production costs:		
Average variable cost	₱477 to ₱479	₱663
Fixed	₱448	₱490
Operating costs (percentage of gross revenue)	18%	19% to 33%
Estimated project costs	₱976,901,820	₱1,693,192,588
Exchange rate of Philippine Peso to US Dollar	₱50: $1	₱50: $1

Discount Rate. The risk inherent in the pre-feasibility study stage and scale of production was considered in determining the Risk Adjusted Discount Rate that was used to discount the net cash flows generated from shipments during the period of analysis.

Estimated Mineral Ore Reserves. Ore reserve estimation is performed by the CP in accordance with Philippine Mineral Reporting Code.

Market Prices. Market prices are based on the Bloomberg conservative Nickel ore price forecast and Shanghai metal market for the nickel and bauxite mineral ore, respectively.

Production Costs. Estimated costs incurred in extracting mineral ores that composed of variable and fixed costs.

Operating Cost. Estimated cost of administering the business and costs incurred to sell and market goods.

Estimated Project Costs. Project costs pertain to project-related capital expenditures such as mining equipment fleet, mine support services equitment and tools, mine development works and infrastructures, safety equipment, environmental facilities, exploration expenses, permits and licenses and final mine rehabilitiation and decommissioning program.

Sensitivity Analysis

Significant increases (decreases) in estimated mineral ore reserves, market price and exchange rate in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate, production and operating costs and estimated project costs in isolation would result in a lower (higher) fair value measurement.

Information about the absorbed companies

BHI. BHI was incorporated and registered with SEC on January 11, 2017 to deal with any and all properties of every kind and description to the extent permitted by law provided it shall not engage in the business of an investment company as defined in the Republic Act 2629, Investment Company Act, or act as a securities broker or dealer. BHI owns 100% interest in BGRC (see Note 1).

APMPC. APMPC was incorporated and registered with SEC on August 14, 2013 to engage in mining activities. APM owns 100% interests in AMPI and BARI (see Note 1).

5. Cash

This account consists of:

	September 30, 2019	December 31, 2018
Cash on hand	**₱135,638**	₱260,546
Cash in banks	**206,899,196**	27,099,106
	₱207,034,834	₱27,359,652

Cash in banks earn interest at prevailing bank deposit rates. Interest income was earned from the following sources:

	Note	**September 30, 2019**	**December 31, 2018**
Cash in banks		**₱193,341,597**	**₱156,379**
Other noncurrent assets	11	**5,619,668**	**55,898**
		₱198,961,265	**₱212,277**

6. Trade and Other Receivables

This account consists of:

	September 30, 2019	December 31, 2018
Trade receivables	**₱524,609,964**	₱209,219,163
Advances to officers and employees	**26,339,547**	31,176,945
Advances to suppliers	**2,379,698**	721,395
Others	**12,451,399**	9,417,884
	565,780,608	250,535,387
Allowance for impairment	**(46,632,584)**	(46,631,586)
	₱519,149,024	₱203,903,801

Trade receivables are noninterest-bearing and usually collected within 30 days.

Advances to officers and employees are unsecured, noninterest-bearing and subject to liquidation within one year.

Others primarily include advances to former related parties which are fully provided with allowance.

No provision for impairment loss was recognized in 2019 and 2018.

Aging of Trade Receivables as at September 30, 2019

Current	*1 to 30 days past due*	*31 to 60 days past due*	*61 to 90*	*120+ past due*	*Total*
₱'000	*₱'000*	*₱'000*	*₱'000*	*₱'000*	*₱'000*
₱524,609	*₱–*	*₱–*	*₱–*	*₱*	*₱524,609*

7. Inventories

This account consists of beneficiated nickel ore amounting to ₱145.86 million which is stated at cost as at September 30, 2019 and December 31, 2018. The cost of inventories is lower than its NRV.

8. Other Current Assets

This account consists of:

	September 30,2019	December 31, 2018
Prepaid income tax	**₱49,481,456**	₱49,677,756
Mining and office supplies	**19,237,037**	24,528,416
Prepaid expenses	**18,761,041**	19,238,339
Advances to contractors and suppliers	**12,880,404**	15,168,471
Others	**17,782,304**	12,147,992
	₱118,142,242	₱120,760,974

Prepaid income tax represents creditable withholding tax and other tax credits of the Parent Company.

Mining and office supplies include mechanical, electrical and other materials that will be used in the Company's mining operation.

Prepaid expenses pertain to insurance and rent.

Advances to contractors and suppliers include materials and fuel and oil to be supplied for the use of the heavy equipment and are deductible against future billings.

Others pertain to advances made to National Commission of Indigenous People (NCIP).

9. Property and Equipment

Movements in this account are as follows:

	September 30, 2019					
	Land	**Building and Improvements**	**Office Furniture, Fixtures and Equipment**	**Heavy and Transportation Equipment**	**Construction in-progress**	**Total**
Cost						
Balance at beginning of year	**₱58,597,484**	**₱169,727,732**	**₱98,672,406**	**₱382,296,725**	**₱45,188,518**	**₱754,482,863**
Reclassification				**(1,414,730)**	**–**	**(1,414,730)**
Balance at end of year	**58,597,484**	**169,727,732**	**98,672,406**	**380,881,995**	**45,188,518**	**753,068,133**
Accumulated Depreciation						
Balance at beginning of year	**–**	**62,962,064**	**80,555,340**	**266,932,435**		**410,449,839**
Depreciation	**–**	**8,856,730**	**9,657,490**	**32,936,479**	**–**	**51,450,699**
Balance at end of year	**–**	**71,818,794**	**90,212,830**	**299,868,914**	**–**	**461,900,538**
Net Carrying Amount	**₱58,597,484**	**₱97,908,936**	**₱8,459,576**	**₱81,013,081**	**₱45,188,518**	**₱291,167,595**

	December 31, 2018					
	Land	Building and Improvements	Office Furniture, Fixtures and Equipment	Heavy and Transportation Equipment	Construction in-progress	Total
Cost						
Balance at beginning of year	₱57,933,414	₱168,864,919	₱81,028,227	₱376,871,520	₱36,453,775	₱721,151,855
Additions	664,070	–	17,644,179	5,425,205	61,736,505	85,469,959
Transfers	–	862,811	–	–	(53,001,762)	(52,138,951)
Balance at end of year	58,597,484	169,727,730	98,672,406	382,296,725	45,188,518	754,482,863
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	51,153,091	66,069,105	222,665,662	–	339,887,858
Depreciation and amortization	–	11,808,973	14,486,235	44,266,773	–	70,561,981
Balance at end of year	–	62,962,064	80,555,340	266,932,435	–	410,449,839
Net Carrying Amount	₱58,597,484	₱106,765,666	₱18,117,066	₱115,364,290	₱45,188,518	₱344,033,024

Construction-in-progress pertains to on-going mine developments which are expected to be completed in 2019.

Heavy and transportation equipment with carrying value of ₱56.87 million and ₱92.4 million as at September 30, 2019 and December 31, 2018, respectively, are held as collaterals for loans payable. In 2017, the Company obtained additional long-term debt with transportation equipment held as collateral with carrying amount of ₱1.5 million (see Note 14).

In 2017, the Company disposed of property and equipment with a carrying value of ₱47.5 million, resulting to loss of ₱19.5 million (see Note 19). No disposals were made during the nine month period ended September 30, 2019.

Depreciation is allocated to profit or loss as follows:

	Note	**September 30, 2019**	December 31, 2018
Charged to:			
Cost of sales	17	**₱13,298,123**	₱12,541,427
Operating expenses	18	**34,726,175**	55,195,555
		48,024,298	67,736,982
Capitalized to mine development costs	10	**3,426,401**	2,824,999
		₱51,450,699	₱70,561,981

Fully depreciated property and equipment with cost of ₱92.9 million as at September 30, 2019 and December 31, 2018 are still being used by the Company and retained in the accounts.

10. Mining Rights and Other Mining Assets

This account consists of:

	September 30, 2018					
			Mine and Mining Properties			
	Mining Rights	Deferred Exploration Costs	Mine Development Costs	Mine Rehabilitation Asset	Total	Total
Cost						
Balance at beginning of year	**₱2,935,579,522**	**₱142,224,907**	**₱1,904,405,593**	**₱44,167,841**	**₱1,948,573,434**	**₱5,026,377,863**
Additions			**67,981,986**	**–**	**67,981,986**	**67,981,986**
Balance at end of year	**2,935,789,522**	**142,224,907**	**1,972,387,579**	**44,167,841**	**2,016,555,420**	**5,094,359,849**
Accumulated Depletion						
Balance at beginning of year	**331,407,578**	**–**	**292,093,028**	**7,124,244**	**299,217,272**	**630,624,850**
Depletion	**7,729,145**	**–**	**13,296,227**	**–**	**13,296,227**	**21,025,372**
Balance at end of year	**339,136,723**	**–**	**305,389,255**	**7,124,244**	**312,513,499**	**651,650,222**
Net Carrying Amount	**₱2,596,442,799**	**₱142,224,907**	**₱1,666,998,325**	**₱37,043,597**	**₱1,704,041,922**	**₱4,442,709,627**

	December 31, 2018					
			Mine and Mining Properties			
	Mining Rights	Deferred Exploration Costs	Mine Development Costs	Mine Rehabilitation Asset	Total	Total
Cost						
Balance at beginning of year	₱2,935,579,522	₱77,835,574	₱1,383,428,703	₱42,170,134	₱1,425,598,837	₱4,439,013,933
Additions	–	64,389,333	468,837,939	1,997,707	470,835,646	535,224,979
Transfers	–	–	52,138,951	–	52,138,951	52,138,951
Balance at end of year	2,935,579,522	142,224,907	1,904,405,593	44,167,841	1,948,573,434	5,026,377,863
Accumulated Depletion						
Balance at beginning of year	310,222,217	–	256,636,424	6,309,613	262,946,037	573,168,254
Depletion	21,185,361	–	35,456,604	814,631	36,271,235	57,456,596
Balance at end of year	331,407,578	–	292,093,028	7,124,244	299,217,272	630,624,850
Net Carrying Amount	₱2,604,171,944	₱142,224,907	₱1,612,312,565	₱37,043,597	₱1,649,356,162	₱4,395,753,013

Mining Rights

Mining rights of the Company consist of:

	Note	**Sept. 30, 2019**	December 31,2018
Mining rights on explored resources		**₱952,765,899**	₱963,358,579
Mining rights of BGRC, AMPI and BARI	4	**1,640,813,365**	1,640,813,365
		₱2,593,579,264	₱2,604,171,944

Mining Rights of MMDC. Mining rights of MMDC represent the excess of the fair value of shares issued by the Parent Company over the book value of the net assets of MMDC when the Parent Company acquired 100% ownership in MMDC.

A third party was commissioned for a fairness opinion on the fair and reasonable value of MMDC, primarily for the explored mineral resources covered by MMDC's MPSA. The assumptions used on the valuation include, among others, discount rate of 25% and a constant nickel price of US$11,000 per metric ton over a ten-year projection period.

Deferred Exploration Costs

Deferred exploration costs pertains to the capitalized expenditures associated with finding specific mineral resources such as acquisition of rights to explore, geological and geophysical studies and exploration drilling and sampling.

Mine and Mining Properties

Mine Development Costs. Mine development costs include the costs incurred on an already operating mine area. Such costs pertain to expenses incurred in sourcing new resources and converting these into reserves, road developments and developing additional mine yards. Carrying value of mine and mining properties amounted to ₱1,704.0 million and ₱1,649.4 million as at September 30, 2019 and December 31, 2018, respectively.

The additions in mine and mining properties include depreciation of heavy equipment used for developing additional mine yards and road improvements amounting to ₱93.8 million, ₱2.8 million and ₱10.7 million in 2019, 2018, 2017 and 2016, respectively (see Note 9).

Mine Rehabilitation Asset. Mine rehabilitation asset is the estimated rehabilitation cost of MMDC's mine site upon termination of MMDC's ore activities, as required in MMDC's MPSA (see Note 13).

11. **Other Noncurrent Assets**

This account consists of:

	September 30, 2019	December 31, 2018
Input VAT	**₱304,257,709**	₱303,632,311
Advances to a contractor	**101,139,441**	101,139,441
Rehabilitation cash fund	**5,454,960**	5,454,960
Monitoring trust fund	**164,709**	164,709
Rental deposit	**450,145**	407,145
Others	**9,284,596**	20,999,171
	₱420,751,560	₱431,797,737

Advances to a contractor are advance payments made to the contractor to build and operate a nickel processing plant.

Rehabilitation cash fund is reserved as part of the Company's compliance with the approved rehabilitation activities and schedules for specific mining project phase, including research programs as defined in the Environmental Protection and Enhancement Program.

Monitoring trust fund is exclusively used in activities approved by the Mine Rehabilitation Fund Committee.

Interest income from RCF and MTF amounted to Nil and ₱43,491 in September 30, 2019 and December 31, 2018, respectively (see Note 5).

12. Trade and Other Payables

This account consists of:

	September 30, 2019	December 31, 2018
Trade payables	**₱453,502,914**	₱374,632,931
Advances from customers	**527,693,392**	26,440,022
Excise tax and other statutory payables	**25.907.654**	30,977,298
Accrued expenses:		
Interest	**277,094**	277,094
Others	**87,759,703**	39,153,711
Others	**6,590,676**	6,022,835
	₱1,101,731,433	₱477,503,891

Trade payables primarily consist of liabilities arising from transactions with contractors and suppliers related to the normal course of business and are generally noninterest bearing. Trade payables are generally on a 90-day credit term.

Advances from customers pertain to advanced payments made by customer for ores not yet shipped out.

Other statutory payables include other taxes payable and mandatory contributions. These are normally settled within one month after the end of the reporting period.

Other accrued expenses include accrual of expenditures for social development management program as required by the MGB.

13. Provision for Mine Rehabilitation and Decommissioning

The movements in this account are as follows:

	Note	Sept. 30, 2019	December 31, 2018
Balance at beginning of year		**₱51,980,329**	₱49,796,810
Accretion of interest	14	–	2,183,519
		₱51,980,329	₱51,980,329

A provision is recognized for the estimated rehabilitation costs of the Company's mine site upon termination of the Company's ore extraction activities, which is about 13 years. The provision is calculated by the Company's engineers based on an estimate of the expected cost to be incurred to rehabilitate the mine site. The provision is presented at discounted value using the Philippine bond yield of 4.53% as the effective interest rate.

14. Loans Payable

This account consists of:

	Sept. 30, 2019	December 31, 2018
Short-term loan - MMDC	**₱505,000,000**	₱505,000,000

Long-term debt:		
AMPI	**₱198,638,282**	₱198,638,282
MMDC	**84,452,387**	86,685,072
BGRC	**1,085,529**	1,085,529
	284,176,198	286,408,883
Less current portion	**25,354,986**	27,587,671
	₱258,821,212	₱258,821,212

Short-term Loan

MMDC obtained short-term loans from local banks to finance working capital requirements. The short-term loans bear interest rates ranging from 5.00% to 8.00% to be repriced normally every month and has maturity of not more than one year.

On January 12, 2015, MMDC obtained a credit facility amounting to ₱200.0 million and domestic bills purchase line amounting to ₱5.0 million from a local bank. The credit facilities are secured by the interests and rights of the Parent Company over 647,692 shares of stocks of MMDC.

In 2018, MMDC obtained credit facilities limited to ₱400.0 million. The facilities will be used to finance MMDC's sales contracts or purchase order. The credit facility is secured by shares of the Parent Company in MMDC covering 150% of the credit facility limit.

Outstanding balance of these credit facilities are summarized below:

Classification	**Sept. 30, 2019**	December 31, 2018
200.0 million credit facility	**₱79,000,000**	₱79,000,000
400.0 million credit facilities	**400,000,000**	400,000,000
	₱479,000,000	₱479,000,000

In 2018, MMDC obtained a short-term loan from a related party amounting to ₱26.0 million which will be utilized for MMDC's business operations and project development and bears an interest rate of 10.00% (see Note 21).

Long-term Debt

AMPI

On September 21, 2018, AMPI obtained a five-year promissory note of ₱200.0 million which will be used to finance the AMPI's ongoing development project. The loan is secured by a real estate mortgage on properties held by the Parent Company and a related party and bears annual interest of 9.5%. The principal is due on maturity.

MMDC

On July 15, 2015, MMDC obtained a five-year promissory note amounting to ₱100.0 million from a local financing company, which is covered by a chattel mortgage on transportation equipment and bears an annual interest rate of 6%. The principal payments and interest are payable monthly until maturity.

The carrying amount of heavy and transportation equipment held as collateral amounted to ₱54.2 million and ₱63.8 million as at September 30, 2019 and December 31, 2018, respectively (see Note 9).

On July 11, 2017, MMDC obtained a five-year promissory note amounting to ₱1.6 million from a local bank, which is covered by a chattel mortgage on MMDC's transportation equipment and bears an annual interest rate of 10.34%.

The carrying amount of transportation equipment held as collateral amounted to ₱1.3 million as at September 30, 2019 and December 31, 2018 (see Note 9).

BGRC

On June 30, 2016, BGRC obtained a four-year promissory note from a local bank amounting to ₱2.6 million, which is covered by a chattel mortage and bears an annual interest rate of 9.02%.

Interest expense of the Company was incurred from the following sources:

	Note	**2019**	2018
Loans payable		**₱26,837,806**	₱38,579,497
Provision for mine rehabilitation and decommissioning	13	**–**	2,183,519
		₱26,837,806	₱40,763,016

Interest payable amounted to ₱0.3 million as at September 30, 2019 and 2018, respectively (see Note 12).

The expected loan repayments over the remaining term of the loans are as follows:

	Amounts
Not later than one year	₱532,587,671
Later than one year but not less than five years	258,821,212
	₱791,408,883

15. **Equity**

Movements in this account are as follows:

	Sept. 30, 2019	December 31, 2018
Authorized capital stock - ₱1 par value	**₱4,000,000,000**	₱4,000,000,000
Capital stock		
Balance at beginning of year	**₱3,014,820,305**	₱2,969,088,599
Issuance during year:		
Issuance	–	45,731,706
Additional subscription by a stockholder	–	–
Balance at end of year	**₱3,014,820,305**	₱3,014,820,305
Additional paid-in capital		
Balance at beginning of year	**₱239,931,494**	₱239,931,494
Proceeds in excess of par value	**29,268,294**	29,268,294
Balance at end of year	**₱269,199,788**	₱269,199,788

On December 29, 2017, the SEC approved the increase in authorized capital stock of the Parent Company to accommodate the merger, as discussed in Note 1, from 2,000,000,000 shares at ₱1 par value a share to 4,000,000,000 shares at ₱1 par value a share. Out of this increase, a total of 1,125,000,000 of the Parent Company's common shares were issued to BHI and APMPC shareholders at ₱1 par value a share.

In 2017, a stockholder subscribed to additional 22,730,000 shares of the Parent Company at ₱2.20 a share. The proceeds for the subscription amounting to ₱50.0 million resulted to an excess in par value of ₱27.3 million.

In 2017, the Parent Company received an advance from a stockholder for future stock subscription of ₱75.0 million. In 2018, the advances was applied as payment for the subscription of 45,731,706 shares and resulted to additional paid-in capital of ₱29.3 million.

Cash dividends declared by the Company are as follows:

Date Approved	Per Share	Total Amount	Stockholders of Record Date	Payment Date
				On or after
November 14, 2014	₱0.15	₱273,203,790	December 19, 2014	January 16, 2015
September 19, 2014	0.15	273,203,790	October 1, 2014	October 22, 2014

Dividends payable amounted to ₱4.7 million as at June 30, 2019 and December 31, 2018.

16. **Revenue**

This account consists of:

	Nine Months Ended September 30,	
	2019	2018
Sale of ore	**₱737,148,665**	₱978,640,743
Reservation fee for ore allocation	–	–
	₱737,148,665	₱978,640,743

17. **Cost of Sales**

This account consists of:

		Nine Months Ended September 30,	
	Note	**2019**	2018
Direct Mining Cost		**₱523,217,509**	535,825,085
Depletion	10	**21,025,374**	49,576,956
Demurrage (despatch) costs		**–**	(29,385,470)
Excise tax		**20,728,700**	31,313,457
Depreciation	9	**13,298,123**	10,003,785
		₱578,269,706	597,333,813
Net movement in inventories		**–**	1,238,583
		₱578,269,706	₱598,572,396

Direct Mining cost pertain to activities directly related to mining. The services include, among others, mine extraction, loading, hauling, barging and stevedoring.

Production overhead consists of repairs and maintenance of heavy equipments, utilities, mining supplies used, among others.

Demurrage costs are fees charged by the chartered ship for failure to load the mineral ores to ship within the agreed period.

18. **Operating Expenses**

This account consists of:

		Nine Months ended September 30,	
	Note	**2019**	2018
Salaries and allowances		**₱64,231,660**	₱93,096,106
Environmental expenses		**30,844,189**	31,371,395
Depreciation	9	**34,726,175**	15,567,455
Taxes and licenses		**34,222,985**	58,575,025
Professional fees		**20,799,118**	21,700,260
Rent expense		**26,673,059**	2,774,696
Outside services		**9,596,750**	8,213,887
Social Development Program		**19,246,233**	17,018,719
Communication, light and water		**5,324,885**	4,823,560
Royalties		**10,441,284**	12,101,669
Representation		**2,657,687**	5,822,847
Community relations		**231,500**	2,897,030
Repairs and maintenance		**1,092,494**	2,925,946
Advertisement		**236,938**	1,648,884
Office supplies		**875,869**	1,778,662
Others		**34,148,900**	37,125,211
		₱300,349,726	₱317,441,352

Others include insurance, trainings and seminars, security services, among others.

19. **Other Income (Charges)** - Net

This account consists of:

	Nine Months Ended September 30,	
	2019	2018
Foreign exchange gain(loss)	**₱39,106**	(₱1,015,537)
Interest income	**30,798**	121,109
Interest expense	**(43,366,991)**	(21,228,418)
Others	**1,585,851**	1,620,051
	(₱41.711.236)	(₱20,502,795)

20. **Retirement Benefit Liability**

The Company has an unfunded, noncontributory defined benefit plan covering all its permanent employees. Under this plan, the employees are entitled to retirement benefits ranging from 50% to 200% of the final monthly salary for each year of credited service. This plan is in accordance with Republic Act No. 7641, which mandates a minimum retirement benefit equivalent to one-half month salary per year of service.

An independent actuary conducted a valuation of the retirement benefit obligation using the projected unit credit method. The latest actuarial valuation is for the year ended December 31, 2018.

The retirement benefit liability recognized in the consolidated statements of financial position as at September 30, 2019 and December 31, 2018 and changes in the present value of defined benefit obligation are as follows:

	Sept. 30, 2019	December 31, 2018
Balance at beginning of year	**₱36,400,994**	₱36,400,994
Retirement benefits expense recognized in profit or loss:		
Current service cost	**5,354,636**	5,354,636
Net interest cost	**2,064,314**	2,064,314
Settlement gain	**(2,546,807)**	(2,546,807)
Remeasurement losses (gains) recognized in OCI arising from:		
Changes in financial assumptions	**(2,921,581)**	(2,921,581)
Deviations of experience from assumptions	**(1,190,700)**	(1,190,700)
Changes in demographic assumptions	**–**	–
Benefits paid	**(14,608,627)**	(14,608,627)
Balance at end of year	**₱22,552,229**	₱22,552,229

The principal actuarial assumptions used to determine retirement benefit liability as at September 30, 2019 and December 31, 2018 are as follows:

	Sept. 30, 2019	December 31, 2018
Discount rates	**7.36%**	7.36%
Salary increase rates	**5.00%**	5.00%

The plan exposes the Company to actuarial risks, such as interest rate risk and salary risk.

Sensitivity analysis on defined benefit obligation as at September 30, 2019 and December 31, 2018 are as follows:

	Change in basis points	Effect on defined benefit obligation
Discount rate	+1%	(₱1,389,134)
	-1%	1,668,984
Salary increase rate	+1%	1,718,083
	-1%	(1,494,430)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit obligation at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged.

The changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed more responsive.

The average duration of the expected benefit payments at the end of the reporting period is 16.5 years.

21. Related Party Transactions

Significant transactions with related parties include the following:

Related Parties under Common Management

	Note	Transaction Amounts		Outstanding Balances		Nature and Terms
		09.30.2019	12.31.2018	**09.30.2019**	12.31.2018	
Advances to related parties		**₱6,682,980**	₱12,126,769	**₱59,947,577**	₱53,264,597	Working fund; unsecured; noninterest-bearing; Collectible on demand
Advances from related parties		**(₱1,293,038)**	₱115,820,824	**₱124,527,786**	₱125,820,824	Working fund; unsecured; noninterest-bearing; payable on demand
Loans payable	14	**₱26,000,000**	₱26,000,000	**₱26,000,000**	₱26,000,000	Short-term loan; unsecured; interest-bearing; payable in installments

As at September 30, 2019 and December 31, 2018, the Company has not provided any allowance for impairment losses for amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

Compensation of Key Management Personnel

Compensation of key management personnel, which consists of salaries and other benefits, amounted to ₱83.2 million in 2019 and 2018. Retirement benefit expense of key management personnel amounted to ₱1.4 million in 2019 and 2018.

22. **Commitments**

<u>Social and Environmental Responsibility</u>

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

The Company's implemented social development programs to host communities amounted to ₱19.25 million and ₱17.02 million in September 30, 2019 and 2018, respectively (see Note 18).

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

The Company implemented projects amounting to ₱30.84 million and ₱31.4 million in September 30, 2019 and 2018, respectively (see Note 18).

Royalty Agreement
In July 2008, the Company entered into a memorandum of agreement with the Indigenous Cultural Communities/Indigenous People (ICC/IP) and NCIP pursuant to the requirements, the Company pays royalties equivalent to a certain percentage of gross revenue to the ICC/IP.

<u>Lease Commitment</u>
The Company leases an office space for its operations. In 2017, the lease agreement was renewed for two (2) years. Rental deposit amounted to ₱0.4 million and ₱0.4 million as at September 30, 2019 and December 31, 2018 (see Note 11).

Rental expense charged to operations amounted to ₱26.6 million and ₱2.7 million in Sept. 30, 2019 and 2018 (see Note 18).

At September 30, 2019 and 2018, the Company has outstanding commitments under noncancellable operating lease that fall due as follows:

	2019	2018
Within 1 year	**₱100,000**	₱100,000
More than 1 year but within 5 years	**–**	–
	₱100,000	₱100,000

23. Income Taxes

The Company's net deferred tax assets arising from temporary differences as at September 30, 2019 and December 31, 2018 are summarized as follows:

	Sept. 30, 2019	December 31, 2018
Deferred tax assets:		
NOLCO	**₱86,880,348**	₱86,880,348
Allowance for impairment loss on receivables	**12,020,408**	12,020,408
Retirement benefit liability	**4,358,077**	4,358,077
Provision for mine rehabilitation	**2,454,659**	2,454,659
Excess MCIT over RCIT	**1,770,009**	1,770,009
	107,483,501	107,483,501
Deferred tax liabilities:		
Debt issue cost	**(408,515)**	(408,515)
Unrealized foreign exchange gain	**(421,549)**	(421,549)
	(830,064)	(830,064)
	₱106,653,437	₱106,653,437

The Company's adoption of PFRS 9 resulted to an adjustment to the opening balance of deferred tax assets as at January 1, 2019 amounting to ₱6.9 million.

The presentation of net deferred tax assets are as follows:

	Sept. 30, 2019	December 31, 2018
Through profit or loss	**₱120,149,804**	₱120,149,804
Through other comprehensive income	**(16,432,273)**	(16,432,273)
Through retained earnings	**2,935,906**	2,935,906
	₱106,653,437	₱106,653,437

24. Earnings Per Share

Earnings per share are computed as follows:

	Sept. 30, 2019	June 30, 2018
Net income (loss) shown in the consolidated statements of comprehensive income (a)	**(₱183,182,003)**	₱9,866,283
Weighted average number of common shares (b)	**3,014,820,305**	3,014,820,305
Basic earnings (loss) per share (a/b)	**(₱0.06)**	₱0.003

The Company does not have potentially dilutive common shares.

25. Contingencies

Cancellation of MMDC's MPSA

On February 13, 2017, MMDC received an order from the DENR cancelling its MPSA due to alleged impairment of the functions of the watershed caused by MMDC's operation, failure to comply with the penalty of planting three million seedlings and violation of environment-related laws and regulations.

The management and its legal counsel have assessed that the Order is without basis in fact and in law. Foremost, MMDC is engaged in clean and responsible mining. It has implemented all the necessary measures to ensure that it is environmentally compliant. While its operation is within a proclaimed watershed, Presidential Proclamation No. 1747 recognizes its prior legal right to mine in the area considering that its MPSA was approved in 1993 prior to the issuance of the said proclamation in 2009.

As to the alleged non-compliance to the planting of three million seedlings, MMDC was prevented from implementing the same due to previous inaction of the DENR. The Company submitted the program for the tree planting of three million seedlings as early as February 24, 2015. There were several communications between MMDC and the DENR/MGB regarding this matter. In a letter dated April 22, 2016, MMDC informed MGB that there is a strong objection from the LGU in the host communities of MMDC since they will not benefit from the Program as MGB directed MMDC to plant in different regions. Thereupon, MMDC suggested DENR/MGB to implement the program through its National Greening Project to be funded by MMDC. After several follow-ups, on December 21, 2016, MMDC received a letter from Secretary Lopez dated December 1, 2016 finally directing MMDC to plant the three million seedlings in its host communities. MMDC immediately coordinated with the Regional Director of DENR. Hence, an inventory of seedlings available in the area was then made. Based on the report of DENR Region XIII, a total of 1,513,928 seedlings are available in the area. To ensure immediate and proper implementation of the tree planting activity, MMDC entered into a Memorandum of Agreement with the mayors of the municipalities in its host communities on February 9, 2017. This action demonstrates MMDC's readiness and willingness to implement program. Thus, no fault can be attributed to MMDC with regard to the implementation of the three million seedlings.

With regard to alleged violations of environmental laws and regulations, the DENR failed to specify the facts and the provisions of law which MMDC allegedly violated.

The Technical Committee Report on MMDC shows only a recommendation for fine and suspension. Thus, the management strongly believes that the cancellation of MMDC's MPSA is unwarranted and should be overturned. Thus, on February 17, 2017, MMDC filed a Notice of Appeal to the Office of the President. Subsequently, on March 17, 2017, MMDC filed its Appeal Memorandum.

As at September 30, 2019, there is no development regarding the cancellation. The Company has continued mining operations in areas covered by the MPSA (see Note 1).

Show-Cause Orders of BGRC, AMPI and BARI

On February 17, 2017, BGRC, AMPI and BARI received Show-Cause Orders dated February 13, 2017. In the Show-Cause Orders, it was alleged that the contract area covered by their MPSAs is within a watershed, such that if mining operations will be conducted therein, its ecological functions will be impaired.

On February 27, 2017, the Company submitted a reply to the Show-Cause Orders explaining that BGRC, AMPI and BARI have prior legal right considering that the BGRC's MPSA was approved on July 1, 1993 and AMPI and BARI's MPSAs were approved on December 5, 2002, while Proclamation No. 1747 on the proclamation of watershed areas was only issued on March 23, 2009. Notably, Proclamation No. 1747 provides that prior rights should be respected. Thus, BGRC, AMPI and BARI should be allowed to continue their operations over their contract areas. On the same year, AMPI and BARI obtained certifications from the Forest Management Bureau that its mining tenement is outside officially designated proclaimed watersheds. This was further confirmed by the MGB in its letter dated August 10, 2017.

As at September 30, 2019, there is no development regarding the Show-Cause Orders. However, the management and its legal counsel believes that subsequent certifications obtained in 2017 have rendered the Show-Cause Orders moot and academic.

26. Financial Risk Management Objectives and Policies

General

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash, loans payable and long-term debt. The primary purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as trade and other receivables (excluding advances to officers and employees), RCF, MTF, trade and other payables (excluding excise tax and other statutory payables and advances from customers), dividends payable, advances from and to related parties and rental deposit, which arise directly from operations. The main risks arising from the use of these financial instruments are foreign currency risk, interest rate risk, credit risk, and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Foreign Currency Risk. The Company's foreign exchange risk results primarily from movements of the Philippine peso against the US dollar with respect to US dollar-denominated financial assets.

The Company's transactional currency exposures arise from its cash in banks and trade receivables which are denominated in US dollar. The Company periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk.

The following table shows the Company's US dollar-denominated financial assets and their Philippine Peso equivalent as at September 30, 2018 and December 31, 2018:

	September 30, 2019		December 31, 2018	
	Philippine Peso	**US Dollar**	Philippine Peso	US Dollar
Cash in banks	**₱207,034,834**	**$3,992,957**	₱27,359,652	$520,343
Trade receivables	**519,149,024**	**10,012,517**	203,903,801	3,877,973
	₱209,673,342	**$4,032,180**	₱231,263,453	$3,984,407

For purposes of restating the outstanding balances of the Company's US dollar-denominated financial assets as at September 30, 2019 and December 31, 2018, the exchange rates applied were ₱51.85 and ₱52.58 per US$1, respectively.

The table below demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's income before tax as at September 30, 2019 and 2018 (due to changes in the fair value of financial assets). There is no other impact on the Company's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
September 30, 2019	**+0.04**	**₱161,132**
	-0.04	**(161,132)**
December 31, 2018	+0.04	₱161,132
	-0.04	(161,132)

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows on the fair values of financial instruments. The Company follows a prudent policy on managing its assets or liabilities so as to ensure that exposures to fluctuations in interest rate are kept within acceptable limits.

The Company's short-term loan and long-term debt are exposed to changes in market interest rates since the loans are subject to variable interest rates.

The table below set forth the estimated change in the Company's income before tax to a reasonably possible change in the market prices of loans payable brought about by reasonably possible change in interest rates as at September 30, 2019.

	Increase/Decrease in Interest Rate	Effect on Income before Tax
September 30, 2019	**+5.24%**	**₱2,137,052**
	-5.24%	**(2,137,052)**
December 31, 2018	+5.24%	₱2,137,052
	-5.24%	(2,137,052)

Credit Risk. Credit risk arising from the inability of a counterparty to meet the terms of the Company's financial instrument is generally limited to the amount, if any, by which the counterparty's obligations exceed the obligation of the Company. With respect to credit risk arising from the other financial assets of the Company, which comprise cash in banks, trade and other receivables (excluding advances to officers and employees) and advances to related parties, RCF, MTF and rental deposit, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The tables below show the credit quality per class of financial assets as at September 30, 2019 and December 31, 2018.

	September 30, 2019						
			Past Due				
	High Grade	Standard Grade	1 – 30 Days	31 – 90 Days	More than 90 Days	Total	Allowance for Impairment Loss
Lifetime ECL (not credit impaired):							
Trade and other receivables*	₱–	₱315,390,801	₱14,831,097	₱11,790,630	₱197,428,533	₱539,441,061	₱46,631,586
12 - month ECL:							
Cash in banks	206,899,196	–	–	–	–	206,899,196	–
Advances to related parties	–	59,947,577	–	–	–	59,947,577	–
RCF and MTF	5,619,669	–	–	–	–	5,619,669	–
Rental deposit	–	407,145	–	–	–	407,145	–
	212,518,865	60,354,722	–	–	–	272,873,587	–
	₱212,518,865	₱375,745,523	₱14,831,097	₱11,790,630	₱197,428,533	₱812,314,648	₱46,631,586

	December 31, 2018						
			Past Due				
	High Grade	Standard Grade	1 – 30 Days	31 – 90 Days	More than 90 Days	Total	Allowance for Impairment Loss
Lifetime ECL (not credit impaired):							
Trade and other receivables*	₱–	₱10,139,279	₱11,790,630	₱36,242,717	₱161,185,816	₱219,358,442	₱46,631,586
12 - month ECL:							
Cash in banks	27,099,106	–	–	–	–	27,099,106	–
Advances to related parties	–	53,264,597	–	–	–	53,264,597	–
RCF and MTF	5,619,669	–	–	–	–	5,619,669	–
Rental deposit	–	407,145	–	–	–	407,145	–
	32,718,775	53,671,742	–	–	–	86,390,517	–
	₱32,718,775	₱63,811,021	₱11,790,630	₱36,242,717	₱161,185,816	₱305,748,959	₱46,631,586

**Excluding advances to officers and employees.*

Customer credit risk from trade and other receivables is managed by the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation of provision rates reflects the information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. Generally, trade receivables are written-off if the Company has actually ascertained that these are worthless and uncollectible as of the end of the year.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

For other financial assets consisting of cash in banks, advances to related parties, RCF and MTF and rental deposit, the Company manages credit risk based on the Company's policy and uses judgment in making assumptions for estimating the risk of default and expected loss rates. This is based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The credit quality of the financial assets is managed by the Company using internal credit quality ratings. High grade accounts consist of receivable from debtors with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered standard grade accounts. Receivables that are still collectible but require persistent effort from the Company to collect are considered substandard grade accounts.

Cash in banks, RCF and MTF are classified as high grade since these are deposited in reputable banks having good credit rating and low probability of insolvency. While the advances to related parties is classified under standard grade since the counterparties are reputable related parties with low credit risk.

Liquidity Risk. The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, including debt principal and interest payments. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary in accordance with internal policies.

The tables below summarize the maturity profile of the Company's financial liabilities as at September 30, 2019 and December 31, 2018, based on contractual undiscounted payments. Loans payable consist of principal and estimated future interest payments.

	On Demand	Less than three months	Three to six months	More than six months to one year	More than one year	Total
September 30, 2019						
Trade and other payables*	**70,591,988**	**66,919,445**	**322,582,155**	**–**	**–**	**₱460,093,588**
Dividends payable	**4,707,886**	**–**	**–**	**–**	**–**	**4,707,886**
Loans payable**	**105,000,000**	**195,708**	**103,882,963**	**265,211,610**	**297,132,410**	**771,422,691**
Advances from a related party	**124,527,786**	**–**	**–**	**–**	**–**	**124,527,786**
	₱304,827,660	**₱67,115,153**	**₱426,465,118**	**₱265,211,610**	**₱297,132,410**	**₱1,360,751,951**
December 31, 2018						
Trade and other payables*	50,584,971	46,919,445	322,582,155	–	–	₱420,086,571
Dividends payable	4,707,886	–	–	–	–	4,707,886
Loans payable**	105,000,000	195,708	208,777,963	265,211,610	336,741,025	915,926,306
Advances from a related party	125,820,824	–	–	–	–	125,820,824
	₱286,113,681	₱47,115,153	₱531,360,118	₱265,211,610	₱336,741,025	₱1,466,541,587

**Excluding excise tax and other statutory payables and advances from customers.*
***Including interest payable up to maturity.*

Fair Value of Financial Assets and Financial Liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the consolidated financial statements:

	September 30, 2019		December 31, 2018	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Cash	**₱207,034,834**	**₱207,034,834**	₱27,359,652	₱27,359,652
Trade and other receivables*	**492,809,477**	**492,809,477**	172,726,856	172,726,856
Advances to related parties	**59,947,577**	**59,947,577**	53,264,597	53,264,597
RCF and MTF	**5,619,669**	**5,619,669**	5,619,669	5,619,669
Rental deposit	**407,145**	**407,145**	407,145	407,145
	₱765,818,702	**₱765,818,702**	₱259,377,919	₱259,377,919

**Excluding advances to officers and employees.*

	September 30, 2019		December 31, 2018	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Trade and other payables*	**₱460,093,588**	**₱460,093,588**	₱420,086,571	₱420,086,571
Dividends payable	**4,707,886**	**4,707,886**	4,707,886	4,707,886
Loans payable	**771,422,691**	**771,422,691**	791,408,883	839,299,141
Advances from related parties	**124,527,786**	**124,527,786**	125,820,824	125,820,824
	₱1,360,751,951	**₱1,360,751,951**	₱1,342,024,164	₱1,389,914,422

**Excluding excise tax and other statutory payables and advances from customers.*

Cash, Trade and Other Receivables (excluding advances to officers and employees), RCF and MTF, Advances to Related Parties, Trade and Other Payables (excluding excise tax and other statutory payables and advances from customers), Dividends Payable and Advances from Related Parties. Due to the short-term nature of transactions, the fair values approximate the amount of consideration at reporting period.

Rental Deposit. The fair value of rental deposit has not been determined using observable market data because management believes that the difference between fair value and carrying amount is not significant.

Loans Payable and Long-term Debt. Estimated fair values have been calculated on the instruments' expected cash flows using the prevailing PDST-R2 rates that are specific to the tenor of the instruments' cash flows at reporting dates (Level 2).

27. Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. The Company monitors its capital using debt to equity ratio. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or by conversion of related party advances to an equity component item.

	Sept. 30, 2019	Dec. 31, 2018
Total debt	**₱2,554,508,513**	₱1,939,236,801
Total equity (excluding remeasurement gain on retirement benefit liability)	**3,756,904,124**	3,851,804,203
Debt-to-equity ratio	**0.68:1.00**	0.50:1.00

There were no changes in the Company's objectives, policies or processes in September 30, 2019 and December 31, 2018.

28. Notes to Statements of Cash Flows

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

				Noncash Changes		
	Note	Balance as at December 31, 2018	Net Cash Flows from Financing Activities	Subscription of Shares	Interest expense	Balance as at September 30, 2019
Capital stock		₱3,014,820,305	₱–	₱–	₱–	₱3,014,820,305
APIC		269,199,788	–	–	–	269,199,788
		3,284,020,093	–	–		3,284,020,093
Loans payable	14	791,408,883	(19,986,192)	–	–	771,422,691
Accrued interest	14	277,094	–	–	–	277,094
		791,685,977	(19,986,192)	–		771,699,785
Dividends payable		4,707,886	–	–	–	4,707,886
Deposit for future stock subscription		–	–		–	–
		₱4,080,413,956	(₱19,986,192)	₱–	₱–	₱4,060,427,764