COVER SHEET

SEC Registration Number: 11603

COMPANY NAME

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

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

6th Floor Republic Glass Bldg.
196 Salcedo St. Legaspi Village
Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	HRAD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
reg.ir.@repglass.net	8175011-13	09166163029

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,216	April 30	December 31

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
Florence Wong	fcw@rghc.net	8175011-13	0917-8560665

CONTACT PERSON's ADDRESS

6th Floor, Republic Glass Bldg., 196 Salcedo St., Legaspi Village, Makati City 1229

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

ANNUAL REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE AND
SRC RULE 17(2)(b) THEREUNDER

1 **June 30, 2019**
For Fiscal Year ended

2 **11603**
SEC Identification Number

3 **000-141-079-000**
BIR Identification Number

4 **REPUBLIC GLASS HOLDINGS CORPORATION**
Exact name of registrant as specified in its charter

5 **Manila, Philippines**
Incorporated in

6
Industry Classification Code

7 **6th Floor Republic Glass Bldg, 196 Salcedo St.,**
Legaspi Village, Makati City,1229
Address of principal office

8 **(632)817-5011 to 13**
Registrant's Telephone number, including area code

9 **N.A.**
Former name or former address, if changed since last report

10 **Securities registered pursuant to Section 4 and 8 of RSA**

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares Par P1.00 par value	**682,065,632**

11 **Are any or all of the securities listed on the Philippine Stock Exchange**
Yes { ✔ } No { }
If yes, state the name of such Stock Exchange and the class/es of securities listed therein.
Philippine Stock Exchange **Common Stock**

12 Indicate by check mark whether the registrant:

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	June 30, 2019 (Unaudited)	December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 13)	₱738,953	₱735,129
Short-term investments (Notes 5 and 13)	22,227	100,121
Financial assets at fair value through profit or loss (Notes 6 and 13)	564,742	448,236
Receivables (Notes 7 and 13)	8,585	14,033
Other current assets (Note 8)	4,673	4,118
Total Current Assets	1,339,180	1,301,637
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (Notes 9 and 13)	562,406	562,196
Property and equipment	5,350	6,882
Investment properties (Note 10)	933	1,672
Retirement asset	657	657
Deferred tax assets	882	882
Total Noncurrent Assets	570,228	572,289
	₱1,909,408	₱1,873,926
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 11 and 13)	₱1,467	₱3,225
Dividends payable (Notes 12 and 13)	36,137	36,428
Customers' deposits	61	61
Income tax payable	104	200
Total Current Liabilities	37,769	39,914
Noncurrent Liabilities		
Accrued retirement costs		–
Deferred tax liabilities	114,355	112,796
Total Noncurrent Liabilities	114,355	112,796
Total Liabilities	152,124	152,710

(Forward)

	2019	2018
Equity		
Capital stock (Note 12)	₱738,314	₱738,314
Additional paid-in capital	9,103	9,103
Other comprehensive income		
Cumulative translation adjustments of a foreign subsidiary	56,431	67,686
Cumulative change in value of financial asset at fair value through other comprehensive income (Note 9)	163,462	163,252
Retained earnings (Note 12):		
Unappropriated	883,884	836,771
Appropriated	–	–
Treasury stocks (Note 12)	(93,910)	(93,910)
Total Equity	1,757,284	1,721,216
	₱1,909,408	₱1,873,926

See accompanying Notes to Consolidated Financial Statements.

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share)

	January to June		April to June	
	2019	2018	**2019**	2018
REVENUE				
Investment income	**₱29,582**	₱22,159	**₱13,829**	₱11,910
Dividend income	**4,925**	638	**4,884**	157
	34,507	22,797	**18,713**	12,067
GENERAL AND ADMINISTRATIVE EXPENSES	**(14,660)**	(13,153)	**(7,578)**	(7,003)
FOREIGN EXCHANGE GAIN (LOSS) - Net	**(972)**	1,921	**(927)**	677
MARK TO MARKET GAIN (LOSS)	**17,514**	(23,285)	**8,154**	(13,362)
GAIN ON SALE OF INVESTMENT PROPERTIES	**16,391**	168	-	-
OTHER INCOME	**-**	32	**-**	8
INCOME BEFORE INCOME TAX	**52,780**	(11,520)	**18,362**	(7,613)
PROVISION INCOME TAX	**5,667**	3,035	**-1,593**	1,123
NET INCOME (LOSS)	**₱47,113**	₱(14,555)	**₱19,955**	₱(8,736)
Basic/Diluted Earnings (Loss) Per Share	**₱0.07**	₱(0.02)	**₱0.03**	₱(0.01)

See accompanying Notes to Consolidated Financial Statements.

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	January to June		April to June	
	2019	2018	**2019**	2018
NET INCOME (LOSS)	**₱47,113**	₱(14,555)	**₱19,955**	₱(8,736)
OHER COMPREHENSIVE INCOME (LOSS)				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:				
Change in cumulative translation adjustments of a foreign subsidiary	**(11,255)**	30,777	**(19,350)**	10,803
Unrealized gain on valuation of available-for-sale financial assets	**210**	404	**210**	36
	(11,045)	31,181	**(19,140)**	10,839
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱36,068**	₱16,626	**₱815**	₱2,103

See accompanying Notes to Consolidated Financial Statements.

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands, Except Cash Dividends Per Share)

				Other Comprehensive Income		Retained Earnings			
	Capital Stock (Note 13)	Additional Paid-in Capital	Cumulative Translation Adjustments of a Foreign Subsidiary	Cumulative change in Value of Financial Assets at Fair Value through Other Comprehensive Income	Cumulative Unrealized Gain (Loss) on Valuation of Available-for-Sale Financial Assets	Appropriated	Unappropriated	Treasury Stocks	Total Equity
Balance at December 31, 2018	₱738,314	₱9,103	₱67,686	₱163,252	₱–	₱–	₱836,771	(₱93,910)	₱1,721,216
Net income for the period	–	–	–	–	–	–	47,113	–	47,113
Other comprehensive income (loss)	–	–	(11,255)	210	–	–	–	–	(11,045)
Balance at June 30, 2019	₱738,314	₱9,103	₱56,431	₱163,462	₱-	₱-	₱883,884	(₱93,910)	₱1,757,284
Balance at December 31, 2017	₱738,314	₱9,103	₱43,432	₱–	₱1,172	₱308,954	₱578,773	(₱93,910)	₱1,585,838
Net income (loss) for the period	–	–	–	–	–	–	(14,555)	–	(14,555)
Other comprehensive income (loss)	–	–	30,777	–	404	–		–	31,181
Balance at June 30, 2018	₱738,314	₱9,103	₱74,209	₱–	₱1,576	₱308,954	₱564,218	(₱93,910)	₱1,602,464
Balance at December 31, 2017, as previously presented	₱738,314	₱9,103	₱43,432	₱–	₱1,172	₱308,954	₱578,773	(₱93,910)	₱1,585,838
Effect of adoption of PFRS 9									
Gain on financial assets designated at fair value through other comprehensive income - net of tax	–	–	–	148,199	–	–	–	–	148,199
Unrealized loss on valuation of available-for-sale financial assets	–	–	–	–	(229)	–	229	–	–
Reclassification of cumulative unrealized gain on valuation of AFS financial assets	–	–	–	943	(943)	–	–	–	–
Balance at January 1, 2018, as restated	738,314	9,103	43,432	149,142	–	308,954	579,002	(93,910)	1,734,037
Net loss for the year	–	–	–	–	–	–	(1,397)	–	(1,397)
Other comprehensive income	–	–	24,254	14,110		–	1,343	–	39,707
Reversal of appropriation	–	–	–	–	–	(308,954)	308,954	–	–
Cash dividends - ₱0.075 per share	–	–	–	–	–	–	(51,131)	–	(51,131)
Balance at December 31, 2018	₱738,314	₱9,103	₱67,686	₱163,252	₱–	₱–	₱836,771	(₱93,910)	₱1,721,216

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Period Ended June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	₱52,780	(₱11,520)
Adjustments to reconcile income before income tax to net cash flows:		
Interest and dividend income	(34,506)	(22,797)
Unrealized foreign exchange gain(loss) - net	972	(1,921)
Depreciation	1,702	1,817
Bank charges	334	886
Gain on sale of investment properties	(16,391)	(168)
Mark-to-market loss (gain) on financial assets at fair value through profit or loss	(17,514)	23,285
Working capital adjustments:		
Decrease (increase) in:		
Financial assets at fair value through profit or loss	(98,991)	(37,522)
Receivables	(53)	80
Other current assets	(556)	(485)
Decrease in accounts payable and other current liabilities	(1,758)	(874)
Net cash generated used in operations	(113,981)	(49,219)
Receipt of income from investment	40,006	22,245
Income taxes paid	(4,203)	(2,725)
Net cash flows used in operating activities	(78,178)	(29,699)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale investment properties	17,130	322
Acquisitions of property and equipment	(170)	(1,431)
Decrease (increase) in short-term investments	77,893	(18,708)
Net cash flows from (used in) investing activities	94,853	(19,817)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Dividends	(291)	(222)
Bank charges	(334)	(886)
Net cash used in financing activities	(625)	(1,108)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,050	(50,624)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(12,226)	32,700
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	735,129	758,873
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱738,953	₱740,949

See accompanying Notes to Consolidated Financial Statements.

REPUBLIC GLASS HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except Par Value and Earnings Per Share)

1. Corporate Information

Republic Glass Holdings Corporation (the Parent Company) is a publicly-listed holding entity involved in purchasing, leasing, selling securities of every kind and business. On October 29, 2004, the Philippine Securities and Exchange Commission (SEC) approved the Parent Company's application for the extension of its corporate term, which expired on August 23, 2006, for another 50 years.

The registered office address of the Parent Company and its subsidiaries (collectively referred to as "the Company") is 6th Floor, Republic Glass Building, 196 Salcedo Street, Legaspi Village, Makati City.

The Parent Company is 67.80% owned by Gervel, Inc. (Gervel) as at December 31, 2018 Gervel is the ultimate parent company which is also incorporated in the Philippines.

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI in 2018) and certain available-for-sale (AFS) financial assets (in 2017) and financial assets at fair value through profit or loss (FVPL), which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency. All values are rounded to the nearest thousands, except when otherwise indicated. The Parent Company also files separate financial statements with the SEC.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its wholly owned subsidiaries as at June 30, 2019, 2018 and December 31, 2018.

The consolidated subsidiaries (collectively referred to as "Subsidiaries") include the following:

Subsidiaries	Principal Activities	Place of Incorporation	Percentage of Ownership
RGC Investment Corporation (RIC)	Investing	Philippines	100
Hollington Management Limited (HML)	Investing	British Virgin Island	100
RGC Marine Transport Corporation (RMTC)*	Shipping	Philippines	100

** Ceased commercial operations in 1999.*

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee

- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. The financial statements of the subsidiaries are prepared in the same reporting period as the Parent Company, using consistent accounting policies.

All intra-Company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following new pronouncements which became effective on January 1, 2018. Adoption of these pronouncements did not have any significant impact on the Company's consolidated financial position or performance unless otherwise indicated.

- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*
- PFRS 9, *Financial Instruments*, replaces Philippine Accounting Standards (PAS) 39, *Financial Instruments: Recognition and Measurement*, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.
- Amendments to PFRS 4, *Insurance Contract* Applying PFRS 9, *Financial Instruments* with PFRS 4
- PFRS 15, *Revenue from Contracts with Customers*
- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements* to PFRS 2014 - 2016 Cycle)
- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*
- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect future adoption of the said pronouncements to have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- PFRS 16, *Leases*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
- *Annual Improvements to PFRSs* 2015-2017 Cycle
  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*
  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

<u>Current versus Noncurrent Classification</u>

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

An asset is current when:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>

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

Initial recognition, Subsequent Measurement and Impairment Upon the Adoption of PFRS 9 starting January 1, 2018

Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVOCI, and FVPL. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

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

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets with in a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in the four categories:

- *Financial assets at amortized cost (debt instruments).* This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:
  - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

  Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in consolidated statement of income when the asset is derecognized, modified or impaired.

  The Company's financial assets at amortized cost includes cash and cash equivalents, short-term investments and receivables.

- *Financial assets at FVOCI (debt instruments)*. The Company measures debt instruments at FVOCI if both of the following conditions are met:
  - The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

  For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

  The Company has no financial assets classified as FVOCI with recycling to profit or loss.

- *Financial assets designated at FVOCI (equity instruments).* Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

  Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designed at FVOCI are not subject to impairment assessment.

  The Company elected to classify irrevocable its investments in club shares and unquoted equity securities under this category.

- *Financial assets at FVPL.* Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

  This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the consolidated statement of income when the right of payment has been established.

  A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

  A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

  The Company has designated financial assets at FVPL under this category.

Impairment of Financial Assets. The Company recognizes an allowance for expected credit losses (ELCs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

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

Initial recognition, Subsequent Measurement and Impairment Prior to the Adoption of PFRS 9

Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as financial assets at FVPL, loans and receivables, held-to-maturity investments (HTM), AFS financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVPL, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and cash equivalents, short-term investments and receivables which are classified as loans and receivables, financial assets at FVPL and AFS financial assets.

Subsequent Measurement. For purposes of subsequent measurement financial assets are classified in the following categories:

- *Loans and Receivables*. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in interest income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized in the consolidated statement of income in interest expense for loans and in costs of services or general and administrative expenses for receivables.

  This category includes the Company's cash and cash equivalents, short-term investments, and receivables.

- *Financial Assets at FVPL.* Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by PAS 39. Financial assets at FVPL are carried in the statement of financial position at fair value.

  This category includes the Company's investment in corporate and government bonds, treasury notes and other quoted equity securities.

- *AFS Financial Asset.* AFS financial asset include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

  After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income.

  AFS equity investments whose fair value cannot be reliably measured are measured at cost less any impairment. If a reliable measure of fair value subsequently becomes available, the asset is remeasured at fair value, and the corresponding gain or loss is recognized in OCI (provided it is not impaired). If a reliable measure ceases to be available, the AFS equity investment is thereafter measured at cost, which is deemed to be the fair value carrying amount on that date. Any gain or loss previously recognized in OCI shall remain in equity until the asset has been sold, otherwise disposed of or impaired, at which time it is reclassified to profit or loss.

  The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

  For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of income.

  This category includes the Company's investments in quoted and unquoted equity securities.

Impairment of Financial Assets. The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. Interest income (recorded as interest income in the consolidated statement of income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to interest expense in the consolidated statement of income.

Initial Recognition and Subsequent Measurement Prior to and Upon Adoption of PFRS 9

a. Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and other current liabilities, customers' deposits and dividends payable which are classified as loans and borrowings.

The Company has no financial liabilities at FVPL or derivative liabilities designated as hedging instruments.

Subsequent Measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as interest expense in the consolidated statement of income.

b. Derecognition of financial assets and financial 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 primarily derecognized (i.e. removed from the consolidated statement of financial position) when:

- The Company's rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

c. Offsetting of Financial Instruments

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

Fair Value Measurement

The Company measures financial instruments such as derivatives, and non-financial assets at fair value at each reporting date.

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

External valuers are involved for the valuation of significant assets such as unquoted financial assets. Involvement of external valuers is determined by the Company's Audit and Risk Management Committee and approved by the BOD.

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

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

<u>Short-term Investments</u>
Short-term investments include highly liquid investments that are readily convertible to known amounts of cash with original maturities of more than three months but not more than one year from dates of acquisition and are subject to an insignificant risk of change in value.

<u>Investment Properties</u>
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gain or losses arising from changes in fair values of investment properties are included in consolidated statement of income in the period in which they arise, including the corresponding tax effect.

Investment properties are derecognized when either these have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties, which is measured as the difference between the sales proceeds and the carrying value of the investment property, are recognized in profit or loss in the year of retirement or disposal. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in PFRS 15.

Transfers are made to investment properties when, and only when, there is change in use evidenced by ending of owner-occupation, or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment properties to owner-occupied property or inventories, the deemed cost of property for subsequent accounting is its carrying value at the date of change in use. If the properties occupied by the Company as owner-occupied properties become investment properties, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Property and Equipment

Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

When each major repair and maintenance is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of income.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Building and improvements	5-40 years
Transportation equipment	4-10 years
Furniture, fixtures and equipment	2-10 years

The assets' residual values, useful lives and depreciation and amortization method are reviewed, and adjusted if appropriate, at each financial year-end.

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

Fully depreciated property and equipment are retained in the accounts until they are no longer in use.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. For longer periods, a long-term growth rate is calculated and applied to project future cash flows.

Impairment losses are recognized in profit or loss in the expense category consistent with the function of the impaired asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss, unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Employee Benefits

Defined Benefit Plan. The net defined benefit liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

Equity
Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deductions from proceeds, net of tax. Any difference between the par value of shares issued and the consideration received are recognized in additional paid-in capital.

Retained earnings represent the accumulated earnings, net of dividends declared.

OCI comprises items of income and expense, including reclassification adjustments that are not recognized in profit or loss as required or permitted by other PFRSs.

Treasury stocks are the Parent Company's own equity instruments that are reacquired or held by a subsidiary which are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Parent's own equity instruments.

Revenue from Contracts with Customers
Upon adoption of PFRS 15, revenue from contracts with customers is recognized when control of the goods or services are transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Company assesses its revenue components against specific criteria to be determined since it is the primary obligor in all the revenue arrangements.

Prior to the adoption of PFRS 15, revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates and value-added tax (VAT) or duty. The Company assesses its revenue against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements.

The Company assessed that there is no difference in accounting for interest income, investment income and rental income under PFRS 15 and PAS 18.

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

Interest Income. Revenue from cash in banks, time deposits, bonds and placements are recognized as the income accrues, taking into account the effective yield on the assets.

Dividend Income. Revenue is recognized when the Company's right to receive the payment is established. Dividend from investment subject to a repurchase agreement is also presented as part of "Investment Income" account.

Rental Income. Revenue from investment properties is accounted for on a straight-line basis over the lease term.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. General and administrative expenses, interest expense and other expenses are recognized in profit or loss in the period these are 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 or whether the fulfillment of the arrangement is dependent on the use of a specific asset or arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a Lessor. Leases where the Company retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Operating lease receipts from lessees are recognized as income in profit or loss on a straight-line basis over the lease term.

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

Taxes
Current Tax. Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income.

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

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to 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, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable under “Accounts payable and other current liabilities” in the consolidated statements of financial position.

When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset under “Other current assets” in the consolidated statements of financial position to the extent of the recoverable amount.

Foreign Currency-denominated Transactions and Translations

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

Transactions and Balances. Transactions in foreign currencies are initially recorded by the Company’s entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Company’s net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to consolidated statement of income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Foreign Operations. On consolidation, the assets and liabilities of foreign operations are translated into Philippine pesos at the rate of exchange prevailing at the reporting date and the statement of income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

The functional currency of HML, a subsidiary, is the United States (US) Dollar. As of the reporting date, assets and liabilities of HML are restated into the functional and presentation currency of the Parent Company (the Philippine Peso) using the closing exchange rate at the reporting date and items in the statement of comprehensive income are translated at weighted average exchange rates for each month of the year. The exchange rate differences arising on the translation are reported as other comprehensive income (OCI) in the consolidated statement of comprehensive income and taken directly as a separate component of equity as "Cumulative translation adjustments of a foreign subsidiary." On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign entity is recognized in the consolidated statement of income.

Provisions

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, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized in the profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but 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 these are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period

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

Earnings per Share (EPS) - Basic/Diluted
Basic EPS is computed by dividing net income for the year by the weighted average number of issued and outstanding shares of stock during the year (adjusted for any stock dividends). Diluted earnings per share is computed by dividing net income for the year by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on earnings per share. Where the Company does not have any potential common shares or other instruments that may entitle the holder to common shares, diluted EPS is the same as basic EPS. The Company has no outstanding potential dilutive common shares.

Segment Reporting
The operating businesses are organized and managed separately based on the sources of revenues; i.e., from core business and support business, and from revenue earned within the Philippines and foreign countries, with each segment representing a strategic business unit that offers different products.

Segment Assets and Liabilities. Segment assets include all operating assets used by a segment and consist principally of cash equivalents, investments in financial instruments, investment properties, net of allowances and provision for decline in value. Segment liabilities include all operating liabilities and consist principally of accounts payable and other current liabilities.

Inter-segment Transactions. Segment revenue, segment expenses and segment performance may include transfers among business segments. The transfers, if any, are accounted for at agreed prices, normally at cost-plus basis. Such transfers, if any, are eliminated

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3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect certain reported amounts and disclosures. In preparing the consolidated financial statements, management has made its best judgments, estimates and assumptions of certain amounts, giving due consideration to materiality. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from those estimates, and such estimates will be adjusted accordingly.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements:

Upon Adoption of PFRS 9, Impairment of Financial Assets. The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For cash and cash equivalents, short-term investments and receivables, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. The Company uses the ratings from credit rating agencies such as S&P and Moody's to determine whether the instruments has significantly increased in credit risk and to estimate ECLs.

The carrying values of cash and cash equivalents, short-term deposits and receivables amounted to ₱866.6 million and ₱849.3 million as at June 30, 2019 and December 31, 2018.

Upon Adoption of PFRS 9, Valuation of Unquoted Equity Securities. In contrast to the position in PAS 39, *Financial Instruments: Recognition and Measurement,* PFRS 9 requires all investments in equity instruments and contracts on those instruments to be measured at fair value.

In 2018, the Company has commissioned third-party SEC accredited appraisers to perform the fair valuation of SPPI using adjusted net value approach.

The fair value of unquoted equity securities amounted to ₱559.8 million as at June 30, 2019 and December 31, 2018.

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

Upon adoption of PFRS 9, Provision for Expected Credit Losses of Financial Assets at Amortized Cost. ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR, or an approximation thereof.

<u>Inputs, assumptions and estimated techniques</u>
General approach for debt financial assets measured at amortized cost. The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECLs are the discounted product of the probability of default (PD), loss given default (LGD), and exposure at default (EAD), defined as follows:

- *Probability of default.* The PD represents the likelihood of a debtor or customer defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on available market data using rating tools tailored to the various categories of counterparties and exposures. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures. The 12-months lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively.

- *Loss given default.* LGD represents the Company's expectation of the extent of loss on defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

- *Exposure at default.* EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

Incorporation of forward-looking information. The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Company considered a range of relevant forward-looking macro-economic assumptions that support the calculation of ECLs. Based on the Company's evaluation and assessment, the Company considers two or more economic scenarios and the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector. The Company considers macro-economic factors such as GDP growth rates and inflation rates of selected countries in its analysis.

Predicted relationship between the key indicators and default rates on portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

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

4. Cash and Cash Equivalents

	2019	2018
Cash on hand and in banks	**₱53,598**	₱101,019
Cash equivalents	**685,355**	634,110
	₱738,953	₱735,129

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

The Company's cash equivalents represent short-term placements and special deposit accounts in reputable banks as at June 30, 2019 and December 31, 2018.

5. Short-Term Investments

The Company has short-term investments in various banks amounting to ₱22.2 million and ₱100.1 million as at June 30, 2019 and December 31, 2018, respectively.

6. Financial Assets at Fair Value through Profit or Loss

This account consists of quoted investments in corporate bonds, government bonds and other equity securities.

7. Receivables

	2019	2018
Accrued income from dollar and peso-denominated bonds and placements	**₱7,801**	₱13,301
Receivable from third party	**2,963**	2,900
Deposits	**1,556**	1,556
Receivable from officers and employees	**33**	44
	12,353	17,801
Less allowance for doubtful accounts on other receivables	**3,768**	3,768
	₱8,585	₱14,033

Accrued income from dollar and peso-denominated bonds and placements pertains to interest earned by not yet received.

Receivable from third party and others are noninterest-bearing receivables to third parties.

Miscellaneous deposits and others mainly consist of a bond in compliance with the Company's application for extension of time to develop a parcel of land it owns, and deposits on rental and utilities.

The above receivables, except those provided with allowance, are expected to be collected within the next financial year.

The allowance for doubtful accounts of ₱3.8 million pertains to receivable from third party, miscellaneous deposits and other receivables as at June 30, 2019 and December 31, 2018.

8. Other Current Assets

	2019	2018
Input VAT	₱4,407	₱3,983
Prepayments and others	370	239
	4,777	4,222
Less allowance for probable losses on input VAT and prepayments	104	104
	₱4,673	₱4,118

Input VAT will be utilized through application against the Company's output VAT.

Prepayments consist of advances to suppliers, prepaid rent, and prepaid insurance.

9. Financial Assets at Fair Value through Other Comprehensive Income

These accounts pertain to investments in equity instruments classified as financial assets at FVOCI under PFRS 9 as at June 30, 2019 and December 31, 2018.

On the date of initial adoption of PFRS 9, January 1, 2018, the Company reclassified its unquoted AFS amounting to ₱369.1 million and a portion of its quoted AFS amounting to ₱2.2 million to financial assets at FVOCI. The remaining quoted AFS amounted to ₱34.0 million were reclassified to financial assets at FVPL.

In 2018, the changes in the fair value of financial assets at FVOCI are recognized under "Cumulative unrealized gain on valuation of FVOCI" shown as part of equity in the consolidated statements of financial position.

10. Investment Properties

Investment properties consist mainly of parcel of land and other real properties, which are held by the Company for capital appreciation.

11. Accounts Payable and Other Current Liabilities

	2019	2018
Accounts payable	₱763	₱1,384
Statutory liabilities	704	1,841

	₱1,467	₱3,225

Accounts payable are noninterest-bearing and are currently demandable.

Statutory liabilities comprise of withholding tax payable, fringe benefits payable, output VAT payable, and payables to other government agencies.

12. **Equity**

Capital and Treasury Stock

	Number of Shares Authorized	Number of Shares Issued and Outstanding	Cost
Capital stock - ₱1 par value	1,500,000	738,314	₱738,314
Less treasury stocks:			
Parent Company's reacquired shares	–	54,629	85,333
Parent Company shares held by a subsidiary	–	1,620	8,577
	–	56,249	93,910
	1,500,000	682,065	₱644,404

The total number of shareholders is 1,216 as at June 30, 2019 and December 31, 2018.

The Company's issuance of stock happened only upon its initial public offering on July 17, 1959 with authorized number of shares equal to 80,000,000 shares being offered at ₱0.1 per share.

Parent Company Shares Held by a Subsidiary
As at December 31, 2018 and 2017, RIC (a wholly owned subsidiary) holds 1,620 common shares of the Parent Company issued shares. This is presented as part of "Treasury stocks" in the consolidated statements of financial position and consolidated statements of changes in equity.

Retained Earnings

a. Restriction

The balances of the retained earnings account include the accumulated net earnings of subsidiaries amounting to ₱216.9 million and ₱244.0 million as at December 31, 2018 and 2017, respectively. This amount is also not available for dividend distribution. Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury.

b. Appropriation

In December 2013, the BOD of the Company appropriated ₱400.0 million of its retained earnings available for dividend distribution for planned acquisition of certain equity investments and financial instruments contemplated to be realized within a period of four years until 2017. In November 2016, the Company purchased ₱18.8 million shares in a private industrial estate development company for ₱91.0 million (see Note 9). Accordingly, in December 2016, a partial reversal of appropriated retained earnings of the same amount was approved BOD.

As at December 31, 2017, the Company had not been able to conclude yet the purchase of the major portion of the earlier planned equity investment pending completion of certain requirements by the investee company. Accordingly, the board approved a further retention of the remaining appropriated balance for another year (2018). On December 5, 2018, the BOD of the Company approved the reversal of the remaining appropriated retained earnings amounting to ₱308.9 million.

c. Dividend Declaration

The Company declared dividends as follows:

Year	Date of Declaration	Date of Record	Date of Payment	Amount per share	Amount
2018	November 7	November 22	December 7	₱0.075	₱51,131
2017	October 19	November 6	November 29	0.075	51,131
2016	November 3	November 18	December 1	0.15	102,260

Dividends payable amounted to ₱36.1 and ₱36.4 million as at June 30, 2019 and December 31, 2018 respectively.

13. **Financial Instruments**

Financial Risk Management Objectives and Policies
The Company's principal financial assets comprise of cash and cash equivalents, short-term investments, financial assets at FVPL, and AFS financial assets. The main purpose of these financial assets is to earn income for the Company's funds and to finance the Company's operations. The Company's other financial instruments are receivables, accounts payable and other current liabilities, and customers' deposits which arise directly from its operations.

The main risks arising from the Company's financial instruments are market risk (equity price risk and foreign currency risk), credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below.

Market Risk. Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate, equity prices and foreign exchange rates.

a. *Equity Price Risk.* Equity price risk is the risk that the fair values of investments in equity securities decrease as a result of changes in the levels of equity indices and the value of individual shares.

   The Company manages equity price risk through diversification and placing limits on individual and total equity investments. The Company's BOD reviews and approves all equity investment decisions.

b. *Foreign Currency Risk.* Foreign currency risk arises from the possibility that future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates.

   The Company's exposure to foreign currency risk relates primarily to certain foreign currency-denominated cash and cash equivalents and financial assets at FVPL. To manage future currency risk, the Company considers the trend in the movement of foreign currencies in acquiring foreign currency-denominated investments.

   Credit Risk. Credit risk arises when a customer or counterparty fails to discharge an obligation and cause the Company to incur a financial loss.

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that the BOD approves major transactions with third par ties. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, short-term investments, financial assets at FVPL, and AFS financial assets, the Company's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Company manages these financial assets by transacting only with recognized third parties.

Since the Company transacts only with recognized third parties, there is no requirement for collateral.

There are no significant concentrations of credit risk.

The aging analyses of the Company's financial assets are as follows:

	June 30, 2019					
	Neither Past Due nor Impaired	Past Due but not Impaired <30 Days - 120	>120 Days	Subtotal	Individually Impaired	Total
Financial assets at FVPL						
Loans and receivables:						
Cash and cash equivalents*	₱738,953	₱–	₱–	₱–	₱–	₱738,953
Short-term investments	22,227	–	–	–	–	22,227
Receivables:						
Accrued income from investments	7,801	–	–	–	–	7,801
Receivable from third party	64	–	399	399	2,500	2,963
Deposits	278	–	10	10	1,268	1,556
Receivable from officers and employees	33	–	–	–	–	33
Financial assets at FVPL	564,742	–	–	–	–	564,742
Financial assets at FVOCI	562,406	–	–	–	–	562,406
	₱1,896,504	₱-	₱409	₱409	₱3,768	₱1,900,681

**Excluding cash on hand.*

	December 31, 2018					
	Neither Past Due nor Impaired	Past Due but not Impaired <30 Days – 120	>120 Days	Subtotal	ECL	Total
Financial assets at amortized cost:						
Cash and cash equivalents*	₱735,120	₱–	₱–	₱–	₱–	₱735,120
Short-term investments	100,121	–	–	–	–	100,121
Receivables:						
Accrued interest income from investments	13,301	–	–	–	–	13,301
Receivable from third parties	400	–		–	2,500	2,900
Deposits	279	–	10	10	1,268	1,557
Receivable from officers and employees	44	–	–	–	–	44
Financial assets at FVPL	448,236	–	–	–	–	448,236
Financial assets at FVOCI	562,196	–	–	–	–	562,196
	₱1,859,697	₱–	₱10	₱10	₱3,768	₱1,863,475

**Excluding cash on hand.*

For AFS financial assets, the Company's exposure to credit risks arises from default of the counterparty. High grade AFS financial assets are with investees whose assets have steady prices. Low grade AFS financial assets are with investees whose assets have decreasing prices.

Liquidity Risk. Liquidity risk arises from the possibility that adverse changes in the business environment and/or its operations would result to substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

The Company seeks to manage its liquidity profile to be able to service its operations and to finance capital requirements. The Company maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. The Company likewise regularly evaluates other financing instruments and arrangements to broaden the Company's range of financing sources.

The Company's AFS financial assets are used for liquidity when the need arises.

Capital Management

The Company considers its issued capital stock and retained earnings as its capital.

	2019	2018
Capital stock	₱738,314	₱738,314
Additional paid-in capital	9,103	9,103
Treasury stocks*	(93,910)	(93,910)
Retained earnings	883,884	836,771
	₱1,537,391	₱1,490,278

** Includes "Parent Company shares held by a subsidiary."*

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to stockholders and benefits to other stakeholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust its investment portfolio.

The Company does not have externally imposed capital requirements.

The Company's current ratios and debt-to-equity ratios as at June 30, 2019 and December 31, 2018 are as follows:

a. Current Ratio

	2019	2018
Current assets	₱1,339,180	₱1,301,637
Current liabilities	37,769	39,914
	35.46:1	32.61:1

b. Debt-to-Equity Ratio

	2019	2018
Total liabilities	₱152,124	₱152,710
Total equity	1,757,284	1,721,216
	0.09:1	0.09:1

14. **Segment Reporting**

For management purposes, the Company is organized based on its sources of revenue, and considers core business and support business as operating segments for monitoring and evaluating performance. Core business relates to the Company's investment activities, which involve purchasing and trading financial assets and investing in other securities. Support business relates to the Company's sale and lease of investment properties.

No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which is measured same with income or loss in the consolidated financial statements. Income taxes are managed on a Company-wide basis and are not allocated to individual operating segments. No inter-segment transactions occurred in 2018.

Segment Results

	2019		
	Core Business	Support Business	Consolidated
Interest income	₱29,582	₱–	₱29,582
Investment income	22,439	–	22,439
Total revenue	52,021	–	52,021
General and administrative expenses, excluding depreciation	(12,624)	–	(12,624)
Foreign exchange gain - net	(972)	–	(972)
Gain on sale of investment properties	–	₱16,391	16,391
Bank charges	(334)	–	(334))
Operating income	38,091	16,391	54,482
Other income	-	–	-
Segment results	38,091	16,391	54,482
Corporate expenses:			
Depreciation	–	–	(1,702)
Provision for income tax	–	–	(5,667)
	₱38,091	₱16,391	₱47,113

	December 31, 2018		
	Core Business	Support Business	Consolidated
Interest income	₱54,861	–	₱54,861
Investment income	(26,343)	₱–	(26,343)
Total revenue	28,518	–	28,518
General and administrative expenses, excluding depreciation	(22,206)	–	(22,206)
Foreign exchange gain - net	1,989	–	1,989
Gain on sale of investment properties	–	168	168
Bank charges	(₱1,419)	₱–	(₱1,419)
Operating income	6,882	168	7,050
Other income	32	–	32
Segment results	6,914	168	7,082
Corporate expenses:			
Depreciation	–	–	(3,602)
Provision for income tax	–	–	(4,877)
	₱6,914	₱168	(₱1,397)

Item 2 – Management's discussion and analysis of financial condition and Results of Operations:

The Company's total assets as June 30, 2019 amounted to ₱1.91 billion, of which ₱1.33 billion or about 69% of total assets were mostly in bonds, government securities, and cash reserves, slightly higher compared to December 31, 2018's ₱1.28 billion. Receivables, Deposits, Prepayments and other current assets amounted to ₱13.26 million, of which 59% or ₱7.80 million representing interest receivable. Stockholders' Equity stood at ₱1.76 billion, slightly higher than December 31, 2018's ₱1.72 billion.

For the six months ended, June 30, 2019, Company net profits grew by about 424% to reach ₱47.11 million from a year ago of ₱14.55 net loss. The improvement was due significantly to the unrealized mark to market gain of ₱17.51 million from a mark to market loss of ₱23.29 million posted in the same period last year and partly from the ₱16.39 million gain on sale of CDO property in the first quarter of the year. Investment income (interest and Cash Dividends) increased by 51% to ₱34.51 million due largely to improvement in the interest rates environment.

Foreign currency cash investments are translated to Philippines pesos at exchange rate existing as at June 30, 2019 (P51.24: US$1.00), or a translation loss of ₱0.97 million (from December 2018 closing rate of P52.58 to US$1.00).

General and administrative expenses went up slightly by ₱1.51 Million to ₱14.66 from ₱ 13.15 million incurred in the same period as last year.

The following are the key performance indicators considered by the Company:

Indicator	Calculation	June 30, 2019	June 30, 2018	December 31, 2018
Liquidity				
Current ratio	Current Assets / Current Liabilities	35.46	35.57	32.61
Solvency				
Debt to equity	Total Debt / Stockholders' Equity	0.09	0.08	0.09
Leverage				
Debt to total assets	Total Debt /Total Assets	0.08	0.07	0.08
Interest Rate Coverage	EBIT/ Interest expense	NA	NA	NA
Profitability				
Net profit ratio	Net Income / Revenue	136.53%	(63.85%)	(4.90%)
Return on total assets	Net Income /Total Assets	2.47%	(0.84%)	(0.07%)
Return on equity	Net Income / Stockholders' Equity	2.68%	(0.91%)	(0.08%)
Earnings per share	Net Income / Weighted Average No. of Shares Issued and Outstanding	0.07	(0.02)	(0.002)
Book value per share		2.58	2.35	2.52

Other Matters:

A	Any Changes in accounting policies and methods of computation in interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description or the nature and effect of the change	None
B	Explanatory comments about the season ability or cyclicality of the interim operations	None
C	The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature size or incident	None
D	Segment revenue and segment result for business segments or geographical segments, whichever is the issuers primarily basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements);	Revenue generated by the company is primarily in the nature of interest and dividend earnings.
E	Declaration of dividends	None

F	Other information, material events or happenings that may affect market price of security	None
G	Material events subsequent to the end of the interim period that have not been reflected in the financial statements for interim period	The registrant is not aware of any material event subsequent to end of interim period that has not been reflected in June 30, 2019 Financial Statements.
H	Contracts of merger, consolidation or joint venture or similar agreements	None
I	Unusual changes in liabilities or contingent assets since the last annual balance sheet date	None
J	Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None
K	Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.	None
L	New financing through loans, issuances, repayments of debt and equity securities	None
M	Known trends, demands, commitments, events and uncertainties that will have a material impact on the issuers' liquidity	None, except for the movement of interest rates, Local and foreign currency exchange rates, and Philippine Government / Corporate bond prices.
N	Material commitments for capital expenditures, general purpose and expected sources of funds	None
O	Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/ revenues/income from continuing operations	There are no known trends, events or uncertainties that are reasonably expected to have material favorable or unfavorable impact on net income from continuing operations, other than the movement of interest rates, local and foreign currency exchange rates, and Philippine Government / Corporate bond prices.
P	Significant elements of income or loss that did not arise from continuing operations	None
Q	The causes of any material change/s from period to period in one or more line items of the financial statements	None
R	Seasonal aspects that had a material effect on the financial condition or result of operations	None
S	Disclosures not made under SEC Form 17-C	None
T	Aging of receivables, deposits and prepayments:	See notes to Financial Statements