CR03963-2020

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
   Dec 31, 2019
2. SEC Identification Number
   22401
3. BIR Tax Identification No.
   000-491-007
4. Exact name of issuer as specified in its charter
   PRIME MEDIA HOLDINGS, INC.
5. Province, country or other jurisdiction of incorporation or organization
   METRO MANILA, PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   16F Citibank Tower, Paseo de Roxas, Makati City
   Postal Code
   1226
8. Issuer's telephone number, including area code
   (632) 8831-4479
9. Former name or former address, and former fiscal year, if changed since last report
   -
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	700,298,616
Preferred	14,366,260

11. Are any or all of registrant's securities listed on a Stock Exchange?
    - (selected) Yes
    - No

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange
12. Check whether the issuer:

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

(•) Yes ( ) No

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

(•) Yes ( ) No

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

104,633,445

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

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

(•) Yes ( ) No

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders

-

(b) Any information statement filed pursuant to SRC Rule 20

-

(c) Any prospectus filed pursuant to SRC Rule 8.1

-

Prime Media Holdings, Inc.
PRIM

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2019
Currency	Philippine Peso

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2019	Dec 31, 2018
Current Assets	52,351,710	44,822,195
Total Assets	54,166,468	46,580,388
Current Liabilities	195,481,280	187,303,080
Total Liabilities	195,481,280	187,303,080
Retained Earnings/(Deficit)	-856,679,688	-855,687,568
Stockholders' Equity	-141,314,812	-140,722,690
Stockholders' Equity - Parent	-	-
Book Value Per Share	-0.2	-0.2

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2019	Dec 31, 2018
Gross Revenue	3,577,349	1,819,791
Gross Expense	4,498,109	35,744,296
Non-Operating Income	-	-
Non-Operating Expense	-	-
Income/(Loss) Before Tax	-920,760	-33,954,505
Income Tax Expense	71,360	-9,381,478
Net Income/(Loss) After Tax	-992,120	-24,573,027
Net Income/(Loss) Attributable to Parent Equity Holder	-	-
Earnings/(Loss) Per Share (Basic)	-0	-0.04
Earnings/(Loss) Per Share (Diluted)	-0	-0.04

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2019	Dec 31, 2018
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	0.27	0.24
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.25	0.03
Solvency Ratio	**Total Assets / Total Liabilities**	-	-0.18
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	3.61	4.02
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	-1.38	-1.33
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	-	-
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	-0.38	-0.33
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	-	-
Net Profit Margin	**Net Profit / Sales**	-	-
Return on Assets	**Net Income / Total Assets**	-0.02	-0.36
Return on Equity	**Net Income / Total Stockholders' Equity**	0.01	0.17
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	-327	48

Other Relevant Information
NONE

Filed on behalf by:

Name	Joanna Manzano
Designation	Junior Compliance Officer

COVER SHEET

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S.E.C. Registration Number

PRIME MEDIA HOLDINGS, INC. (A Subsidiary of RYM Business MAnagement Corp.)

(Company's Full Name)

16th Floor Citibank Tower, 8741 Paseo de Roxas, Makati City

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

ROLANDO S. SANTOS	8831-4479
Contact Person	Company Telephone Number

1 2 / 3 1	SEC 17-A	0 5 /
Month Day Fiscal Year	FORM TYPE	Month Day Annual Meeting

N/A

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1,591	nil	
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2019

2. SEC Identification Number 22401

3. BIR Tax Identification No. 000-491-007

4. Exact name of issuer as specified in its charter PRIME MEDIA HOLDINGS, INC. (Formerly: First e-Bank Corporation)

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

6. (SEC Use Only)
Industry Classification Code:

7. 16th Floor Citibank Tower, 8741 Paseo de Roxas, Makati City — 1227
Address of principal office — Postal Code

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

9. Not applicable
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Preferred stock, PHP 1.00 par value	14,366,260
Common Stock, Php 1.00 par value	700,298,616

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

Yes [X] No [ ]

Philippine Stock Exchange

12. Check whether the issuer:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

13. The aggregate market value of the voting stock held by non-affiliates is 104,633,445 computed on the basis of 124,563,625 representing 17.79% of the outstanding common shares at the closing price as of June 15, 2020 of Pesos 0.84 per share.

Table of Contents

PART I - BUSINESS AND GENERAL INFORMATION

(A) Description of Business

Item 1. Business Development

Prime Media Holdings, Inc. (PRIM) was originally incorporated on February 6, 1963 as Private Development Corporation of the Philippines and then changed to PDCP Development Bank, Inc. that same year. On June 6, 2000, the Company changed its name to First e-Bank Corporation and then eventually shifted to its current name on October 20, 2003.

In 2002, Banco de Oro Unibank, Inc. assumed the servicing of PRIM's deposit liabilities and other banking functions. On December 6, 2002, the Board of PRIM approved the amendment of its Articles of Incorporation (AOI) to change to primary purpose from a development bank to a holding company, which would hold investments in the media industry.

On January 26, 2013, the Board of Directors (BOD) approved the amendment of itsAOI extending the corporate life of PRIM by another 50 years up to February 6, 2063. The stockholders of the Company approved and ratified the amendment in a special stockholders' meeting on February 4, 2013. On February 5, 2013, the Company filed the amended AOI with the Securities and Exchange Commission (SEC), which approved such amendment of the AOI on March 4, 2013.

On March 2, 2015, the SEC approved the Corporation's change of principal office address from 3 San Antonio Street, Barrio Kapitolyo, Pasig City to 16th Floor Citibank Tower, 8741 Paseo de Roxas, Makati City.

In view of its very minimal operations, the Company gradually retired all its employees by 2010 and engaged consultants/service providers to service its requirements.

Item 2. Properties

Practically all the properties of the Company while it was still a bank, consisting of bank premises (land, buildings and leasehold rights) and real estate acquired through dacion and foreclosure, were conveyed to BDO/PDIC. The investment properties with market value of ₱69.88 million in 2017 was sold last September 21, 2018 for ₱51,823,306 in order to use the funds to pay the Company's liabilities and defray its expenses. Please refer to Note 7 of the 2019 Audited Financial Statements (AFS)

Item 3. Legal Proceedings

The Company is a party to certain lawsuits or claims arising from the ordinary course of business, and from its previous bank operations. However, the Company's management and legal counsel believe that eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the Company's financial status and general corporate standing.

Please see Note 15 of the attached 2019 AFS.

Item 4. Submission of Matters to a Vote of Security Holders

During the Annual Shareholders' Meeting held last 12 December 2019, the following were submitted for approval of the shareholders:

1. Call to order
2. Certification of Quorum
3. Approval of Minutes of the Previous Meeting
4. Approval of Management Report and Audited Financial Statements
5. Ratification of Management's Act
6. Election of Directors
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market information

The total number of outstanding shares of record as of December 31, 2019 is 700,298,616 of which 663,713,458 is actively being traded in the Philippine Stock Exchange. The high and low sales prices in pesos for each quarter within the last three fiscal years 2017 to 2019 are given below:

Year	Quarter	High	Low
2017	1st	1.26	1.01
	2nd	1.17	0.76
	3rd	1.65	0.92
	4th	1.98	1.02
2018	1st	1.68	1.08
	2nd	1.62	1.09
	3rd	1.66	1.15
	4th	1.26	1.10
2019	1st	1.36	1.12
	2nd	1.40	1.03
	3rd	1.98	1.21
	4th	1.50	1.13

(2) Holders of Securities

Common Shareholders

The number of common shareholders on record as of December 31, 2019 is 1,591. The list of the top twenty common shareholders as of December 31, 2019 is provided below:

	Name of Stockholders	No. of shares	%age of ownership
1	PCD Nominee Corporation (Filipino)	669,270,977	95.57
2	First Producers Holdings, Corp. FAO Ray Burton Dev't Corporation	6,175,789	0.88
3	First Producers Holdings, Corp. FAO Producers Properties, Inc.	4,903,852	0.70
4	PCD Nominee Corporation (Foreign)	3,508,036	0.50
5	Ray Burton Development Corporation	3,213,293	0.46
6	Producers Properties, Inc.	3,013,701	0.43
7	Mercantile Investment Company, Inc.	1,585,989	0.23
8	Albert Del Rosario ITF Anthony Salim	1,289,279	0.18
9	Lucio W. Yan &/or Clara Yan	600,000	0.09
10	Joel B. Vargas	534,876	0.08
11	Merlene So &/or So Peng Kee	239,000	0.03
12	Maria T. Uy	211,200	0.03
13	Jose Yu Go, Jr.	210,000	0.03
14	Jovy Lim Go	150,000	0.02
15	Qeu Lu Kiong	150,000	0.02
16	Rufino H. Abad	142,011	0.02
17	Luciano H. Tan	139,600	0.02
18	Leonardo Navalta	132,294	0.02
19	Lamberto C. Dizon &/or Erlinda V. Dizon	127,860	0.02
20	Abacus Securities Corp	120,000	0.02

Preferred Shareholders

The number of preferred shareholders of record as of December 31, 2019 was 267. Preferred shares outstanding as of December 31, 2019 were 14,366,260. The top twenty shareholders are as follows:

No.	Name of Stockholders	No. of shares	%age of ownership
1	Florentino L. Martinez	907,340	6.32%
2	Carlos Torres	800,000	5.57%
3	MDI Employees Retirement Plan	610,450	4.25%
4	Metrolab Employees Retirement Plan	545,040	3.79%
5	Helena Llereza	529,810	3.69%
6	Virginia U. Ng	527,600	3.67%
7	HPPI Employees Retirement Plan	500,000	3.48%
8	E. Chua Chiaco Sec., Inc.	449,640	3.13%
9	Citi Securities Inc.	403,000	2.81%
10	Wealth Securities, Inc.	402,000	2.80%
11	PNB Securities Inc.	300,280	2.09%

No.	Name of Stockholders	No. of shares	%age of ownership
12	Tato A. Johan	300,000	2.09%
13	BDO Trust Banking Group Fao Miriam College Foundation Inc. Employees	280,000	1.95%
14	Antonio R. Samson	250,000	1.74%
15	Segundo Seangio	244,000	1.70%
16	Diversified Sec., Inc.	218,080	1.52%
17	Antonio Alipio	218,000	1.52%
18	Teresita Cometa	210,000	1.46%
19	Eastern Securities Devt. Corp.	196,340	1.37%
20	Juan B. Umipig Jr.	180,000	1.25%

(3) Dividends

There were no dividends declared.

Item 6. Management's Discussion and Analysis or Plan of Operation.

The Company has not been actively operating since its primary purpose was changed from a development bank to a holding company in December 2002 other than the continuing activities described in Part I A (1). There are no known trends, events or material commitments that are expected to have a material favorable or unfavorable impact on the financial condition or on income from continuing operations. The Company also signed subscription agreements with its major stockholders for total proceeds of ₱179 million, of which ₱70 million was received in April 2013 and the balance of ₱109 million was collected in May and June 2014. This further bring down the capital deficit and will be the major source of funding for the expenses related to the transfer of the remaining assets to PDIC and BSP. Aside from the transfer of assets to PDIC and BSP, the Company continues to pursue the clean-up of its books and the settlement of its remaining obligations to pave the way for possible additional capital infusion from third party investors.

The Company is still exploring for a new business. Its current activities comprise mainly of transferring asset related to its development bank operation to BDO & PDIC. Thus, the company has continued to incur losses resulting to a capital deficiency of ₱141.31 million and ₱140.72 million as at December 31, 2019 and 2018, respectively. The Stockholders, however, have continued to provide the necessary financial support to sustain company operations. The stockholders converted their preferred stock of ₱48.6 million into common stock in 2016 and converted their advances of ₱600.5 million to additional capital in 2014 and infused capital aggregate ₱119.0 million in 2014 and 2013 to reduce capital deficiency.

The Company undergone an equity restructuring to reduce capital deficiency.

Explanations for the material changes in the Company's accounts between 2019 and 2018 are as follows:

Statement of Financial Position

	Audited		Increase (Decrease)	
	2019	2018	Amount	%
	(in PhP Millions)			
Assets	**₱54.17**	₱46.58	₱7.59	16.29%

Liabilities	**195.48**	187.30	8.18	4.37%
Stockholders' Equity	**(141.31)**	(140.72)	(0.59)	0.42%

The Company's total Assets of ₱54.17 million surged by ₱7.59 million or 16.29% compared with the same period last year. The movement in total Assets is attributable to the following:

- Cash balance of ₱10.02 million is higher by ₱4.42 million compared with the same period last year. The significant increase is mainly due to receipt of cash from Bulaong Enterprises, Inc. in relation to the compromise agreement related to a legal case, which as at December 31, 2019, totaled ₱8.2 million. Payments for general and administrative expenses offset the increase in cash.

- Accrual of interest income from an outstanding loans receivable from MMDC, an affiliated company, amounting to ₱2.6 million during the year, resulted to the increase in receivables by ₱2.77 million. The loan agreement bears an interest of 10% per annum.

- The increase in Investment in a club share is mainly due to recognition of the fair value changes amounting to ₱.40 million during the year.

- Decrease in equipment of ₱0.34 million is attributed to the depreciation recognized for the year. No addition and/or disposal was made during the year.

Cash receipts during the year totaling ₱8.2 million from Bulaong Enterprises, Inc. in relation to the compromise agreement involving a legal case, resulted to the increase in Liabilities. This represents partial settlement out of the ₱17.0 million settlement fee (exclusive of ₱1.62 million interest), as indicated in the agreement. The subject property involved in the compromise agreement is included in the list of properties for transfer to PDIC pursuant to the 12 September 2002 Memorandum of Agreement among the Company, PDIC and BDO, hence, collections were accounted for as liability.

Capital deficiency is higher by ₱0.59 million compared with same period last year. The company incurred a net loss of ₱0.99 million and recognized ₱.40 million gain on fair value changes on its investment in a club share, which movement resulted to the increase in capital deficiency.

Results of Operations

	Audited		Increase (Decrease)	
	2019	**2018**	Amount	%
	(in PhP Millions)			
Income	**₱3.58**	₱1.82	₱1.76	96.58%
Expenses	**4.50**	35.77	(31.28)	(87.43%)

The Company's operating results reflected a net loss of ₱0.99 million and ₱24.57 million in 2019 and 2018, respectively. Comparing with the same period last year, there is a huge drop of ₱23.58 million or 95.96%. The significant changes were mainly due to the following:

- The increase in income is mainly due to the interest accrued during the year, from the outstanding loans receivable from MMDC. The said loan bears an interest of 10% annually. On the other hand, the Company's lease agreement with MMDC, for the lease of the transportation equipment, has expired last October 2019, which resulted to the decline in rental income.

- Professional fee decreased by ₱0.58 million or equivalent to 22.44%, primarily due to decrease in payments of legal fees.

- Taxes and licenses for the year amounting to ₱0.43 million is lower by ₱1.02 million compared with same period last year. The Company paid real property taxes last year for its property located in Legazpi totalling ₱0.77 million, which caused last year's expense to be significantly higher compared with the current year.

- Association dues of ₱0.07 million is lower by ₱2.48 million compared with the same period last year. The Company paid its association dues (including those in arrears) to Landco Business Park last year, concerning the Legazpi property, which resulted to higher expense than the current year.

- The increase in Representation expenses by ₱0.91 million is due to payment of representation fees to legal counsels on pending cases involving the company.

- Other expenses increased by ₱1.08 million due to recognition of other miscellaneous expense and representation expenses.

- Last year's loss on sale of investment properties resulted from the sale of the Company's Legaspi Property in favor of Pacific Mall Corporation. The sale resulted to a loss of ₱24.9 million.

Explanations for the material changes in the Company's accounts between 2018 and 2017 are as follows:

Statement of Financial Position

	Audited		Increase (Decrease)	
	2018	2017	Amount	%
	(in PhP Millions)			
Assets	**₱46.58**	**₱88.52**	(41.94)	(47.38%)
Liabilities	**187.30**	**202.63**	(15.33)	(7.56%)
Stockholders' Equity	**(140.7)**	**(114.11)**	(26.61)	23.32%

The total Assets of the Company decreased by ₱41.94 Million or equivalent to 47.38% from ₱88.52 Million in 2017 to ₱46.58 Million in 2018. The significant changes were mainly due to the following:

- Cash increased significantly from ₱1.72 million as of December 31, 2017 to ₱5.60 million as of December 31, 2018, an increase of ₱3.88 million was brought mainly by the proceeds of sale of the Investment property in Legaspi City, Albay sold to Pacific Mall Corporation.

- Receivable increased by ₱24.90 million due to the interest-bearing loan agreement entered into by the company with Marcventures Mining and Development Corporation.

- Increase in Other current asset of ₱3.67 million was brought by the payment of a prepaid insurance and a creditable withholding tax of ₱3.42 million representing a 6% tax withheld by Pacific Mall Corporation.

- Due from related party decreased significantly by ₱4.43 million or equivalent to 35.69% that pertains to the collection and offset on advances from RYM Business Management Corporation.

- Decrease in Non-Current assets of ₱69.96 million or equivalent to 97.55% resulted from the sale of investment property in Legazpi City, Albay amounting to ₱69.88 million.

Liabilities decreased by ₱15.33 million or equivalent to 7.56% which is mainly due to the reversal of deferred tax liability and a decrease in the accrued interest, taxes and registration expenses brought by the payment to BSP of a compromise fee amounting to ₱20 million.

The company incurred a net loss of ₱24.37 million in 2018 which resulted to decrease in the total stockholder's equity.

Results of Operations

	Audited		Increase (Decrease)	
	2018	2017	Amount	%
	(in PhP Millions)			
Income	**₱1.82**	₱2.20	(0.38)	(17.27%)
Expenses	**35.77**	30.11	(5.66)	18.80%

Operating results reflected a net loss of ₱24.57 million in 2018, or equivalent to 13.58% lower as compared to 2017 reported net loss of ₱28.44 million. The significant changes were mainly due to the following:

- Interest income on loans receivable increased by ₱0.43 million brought by the Loan agreement with Marcventures Mining and Development Corporation.

- Rental income increased by ₱0.85 million this period or equivalent to 303%.

- Recovery of asset previously written off is ₱0.25 million this period compared to ₱0.17 million last year or an increase of ₱.08 million or equivalent to 47.73%.

- Loss resulted from the sale of the company's Legaspi Property in favor of Pacific Mall Corporation for ₱51.82 million. The sale resulted to a loss of ₱24.9 million representing the difference between the selling price as well as taxes paid by the company and the fair market value of the Legaspi property as recognized in the books.

- Professional fee increased by ₱0.80 million or equivalent to 44.25%. The increase pertains to payment of legal fees and PSE Listing fees.

- Association dues for the period is ₱2.55 million as compared to nil for 2017. The 100% increase is mainly due to payment of arrears on associations dues to Landco Business Park as well as penalties from years 2011 to September 2018 concerning the Legaspi Property.

- Outside Services increased by ₱0.14 million or 10.60% for payment of services for asset management, transfer and registration.

- Taxes and licenses increased from ₱0.46 million in 2017 to ₱1.45 million in 2018 or ₱.99 million higher, due to the increase in payment of Documentary stamp tax and Real property taxes for the current year.

- Representation expenses increased by ₱0.9 million that is due to payment of representation fees to legal counsels on pending cases involving the company.

- Depreciation increased by ₱0.24 million due to the depreciation of a new purchased transportation equipment.

- Other expenses increased by ₱0.43 million due to recognize of other miscellaneous expense and representation expenses.

Explanations for the material changes in the Company's accounts between 2017 and 2016 are as follows:

Statement of Financial Position

The total Assets of the Company decreased by ₱27.95 Million or equivalent to 23.99% from ₱116.46 Million in 2016 to ₱88.52 Million in 2017. The significant changes were mainly due to the following:

- Cash decreased significantly from ₱2.70 million as of December 31, 2016 to ₱1.72 million as of December 31, 2017, a decrease of ₱0.97 million or equivalent to 36.06% pertains mainly to the payment of administrative expenses.

- Receivable decreased by ₱2.07 million or equivalent to 45.80% due to set up of allowance for doubtful accounts on cash advances.

- Other current assets decreased due to reversal of interest receivable amounting to ₱0.60 million or equivalent to 74.29%.

- Due from Parent Company decreased significantly by ₱27.58 million or equivalent to 68.95% pertains to the collection on advances made to RYM Business Management Corporation.

- Equipment increased pertains to purchase of Toyota Hilux amounting to ₱1.58 million.

Liabilities increased by ₱0.43 million mainly due to increase in deferred tax liability.

The company incurred a net loss of ₱28.32 million in 2017 which resulted to decrease in the total stockholder's equity.

Results of Operations

Operating results reflected a net loss of ₱28.44 million in 2017, equivalent to 8.24% or ₱2.16 million higher as compared to 2016 reported net loss of ₱26.27 million. The significant changes were mainly due to the following:

- Recovery of accounts written-off decreased by ₱0.58 million or 77.66% due to lower collected this year.

- Provision for impairment loss increased by ₱2.13 million due to set up of allowance for doubtful accounts on cash advances made to the previously engaged for processing the transfer and registrations.

- Professional fees decreased by ₱1.04 million or equivalent to 36.58% due to lower legal fees in 2017.

- Outside services increased from ₱1.09 million in 2016 to ₱1.32 million in 2017, ₱0.22 million or equivalent to 20.38% primarily due to engagement of individual for court appearance.

- Taxes and licenses decreased from ₱0.65 million in 2016 to ₱0.46 million in 2017, 29.76% in due to payment of Documentary stamp tax on 2016.

- Rent decreased by ₱0.09 million or equivalent to 31.56% due lower association dues in 2017.

- Salaries and allowance decreased by ₱0.13 million or equivalent to 100.00% due to paid allowance on contractual employees in 2016 and none in 2017.

- Depreciation expense increased by ₱0.08 million due to the increased in transportation equipment.

- Other expenses increased by ₱0.53 million due to recognize of other miscellaneous expense from interest receivable.

Performance Indicators

Key Performance Indicators (KPI's)

Comparative figures of the key performance indicators (KPI) for the fiscal years ended December 31, 2019 and December 31, 2018:

	2019	2018
Net Loss	**(₱992,120)**	(₱24,573,027)
Current assets	**52,351,710**	44,822,195
Total assets	**54,166,468**	46,580,388
Current liabilities	**195,481,280**	187,303,080
Total liabilities	**195,481,280**	187,303,080
Stockholders' Equity	**(141,314,812)**	(140,722,692)
No. of common shares outstanding	**700,298,616**	700,298,616

	2019	2018
Current ratio [1]	**0.27**	0.24
Book value per share [2]	**(0.20)**	(0.20)
Debt ratio [3]	**(1.38)**	(1.33)
Profit (loss) per share [4]	**(0.004)**	(0.04)
Return on assets [5]	**(0.02)**	(0.36)

Note:

1. Current assets / current liabilities
2. Stockholder's Equity / Total outstanding number of shares
3. Total Liabilities / Stockholder's Equity
4. Net Income (Loss) / Total outstanding number of shares
5. Net income (Loss) / average total assets

Item 7. Financial Statements

The 2019 Audited Financial Statements and schedules are filed as part of Form 17-A.

Item 8. Information on Independent Accountant and other Related Matters

External Audit Fees and Services

	Year Ended December 31	
	2019	2018
Audit Fees	**₱390,000**	₱370,000

Audit Fees. Represents professional fees of the external auditor for the audit services rendered on Company's Annual Financial Statements for the year 2019 and 2018.

Audit services provided to the Company by external auditor have been pre-approved by the Audit Committee. The Audit Committee has reviewed the magnitude and nature of these services to ensure that they are compatible with maintaining the independence of the external auditor.

Changes in and disagreements with Accountants on Accounting and financial Disclosure

There was no event in the past years where the external auditor and the Registrant had any disagreements with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Directors

The following are the names, ages, citizenship and periods of service of the past and the incumbent directors/independent directors of the Company:

Name	Age	Citizenship	Period during which individual has served as such
Manolito A. Manalo	54	Filipino	May 28 2013 to present
Bernadeth A. Lim	39	Filipino	May 28 2013 to present
Juan Victor S. Valdez	46	Filipino	May 28 2013 to present
Antonio L. Tiu	43	Filipino	December 12 2019 to present
Rolando S. Santos	69	Filipino	January 06 2017 to present
Johnny Y. Aruego Jr. (independent director)	48	Filipino	May 28 2013 to present
Francisco L. Layug III (independent director)	65	Filipino	December 21 2017 to present

Officers

The following are the names, ages, positions, citizenship and periods of service of the past and incumbent officers and advisors of the Company:

Name	Age	Position	Citizenship	Period during which individual has served as such
Manolito A. Manalo	54	President & CEO	Filipino	May 2013 to present
Bernadeth A. Lim	39	Vice President	Filipino	May 2013 to present
Maila G. De Castro	44	Corporate Secretary	Filipino	Sept 2019 to present
Rolando S. Santos	69	Treasurer	Filipino	January 06 2017 to present
Christopher Sam S. Salvador	37	Co-Corporate Information Officer	Filipino	December 2014 to present

Business Experience and Other Directorships

Directors

The business experience of each of the past and incumbent directors of the Company for the last five (5) years is as follows.

Directors

Manolito A. Manalo was elected as President and Director in May 2013. He is a co-founder and the Managing Partner of Ocampo and Manalo Law Firm. He is a Director and the President of Panalpina World Transport (Phils.), Inc. He also sits as Director in Kajima Philippines Inc. He began his law practice as an Associate in Leovillo C. Agustin Law Offices from 1995 to 1996 and Britanico Consunji and Sarmiento from 1996 to 1997. He later headed the Legal Division of Air Philippines from 1997 to 1999.

Bernadeth A. Lim was elected as Vice President and Director in May 2013. She is a Junior Partner of Ocampo and Manalo Law Firm. She is a Director and the Corporate Secretary of Kajima Philippines Incorporated, Ripple Mobile Technology Solutions Inc., Anawhan Realty Inc. and Bryaric Holdings Corp. She also sits as a Director in Veripay Mobile Systems Inc.

Juan Victor S. Valdez was elected as Director in May 2013. He is a Junior Partner of Ocampo and Manalo Law Firm. He is a Director, and the Vice–President for Legal Affairs and Corporate Secretary of PATTS College of Aeronautics, one of the country's leading aeronautic schools. He also sits as Director in Segundo Travel & Tours Inc., Hafti Tours Inc., and Kajima Philippines Incorporated.

Johnny Y. Aruego, Jr. was elected as an Independent Director in May 2013. He is a Partner in Aruego Bite and Associates. He is a Director of Excel Unified Land Resources Corporation. He is the Corporate Secretary and Legal Counsel for Agility, Inc. and A. V. Ocampo-ATR Kimeng Insurance Broker, Inc. He is a Legal Consultant of Loranzana Food Corporation, National Steel Corporation, and Margarita Land and Management Co., Inc. He is the assistant rehabilitation receiver for Pacific Activated Carbon, Inc., Pet Plans, Inc., Bacnotan Steel Industries, Inc. and All Asia Capital and Trust Corporation. He is an assistant liquidator of East Asia Capital Corporation, and Reynolds Philippines Corporation.

Francisco L. Layug III was elected as an Independent Director in December 2017. He is the President of Rotary Club of Pasay. He served as President of University of the Philippines Electronics and Electrical Engineering Alumni Association, Inc. (UPEEEAAI) from 2010-2011. He was also a Vice President of Alay-Lakad Foundation from 2009-2010.

Antonio L. Tiu was elected as a Director in December 2019. He is the President and CEO of Philippine Infradev Holdings Inc.; Chairman, President and CEO of Agrinurture, Inc. ("ANI"); and President and CEO of Greenergy Holdings Incorporated. He is likewise a Director of Jiangsu Rizal Infradev Co., Ltd., Makati City Subway, Inc. and Agricultural Bank of the Philippines Inc. He is the President/CEO and Chairman of Earthright Holdings, Inc.; President and Chairman of Sunchamp Real Estate Development Corp.; and Chairman and President/CEO of Winsun Green Ventures, Inc. Mr. Tiu is also the Chairman and CEO of the following companies under the ANI Group: M2000 IMEX Company, Inc., First Class Agriculture Corporation, Fresh and Green Harvest Agricultural Corporation, Lucky Fruit and Vegetable Products, Inc., Best Choice Harvest Agricultural Corporation, Fresh & Green Palawan Agriventures, Inc., Ocean Biochemistry Technology Research, Inc., Fruitilicious Company, Inc., Farmville Farming Co., Inc. and The Big Chill, Inc.

Mr. Tiu was a part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001. He was awarded the Ernst and Young Emerging Entrepreneur of the Year in 2009, the Overseas Chinese Entrepreneur of the Year in 2010 and Ten Outstanding Young Men of the Philippines in 2011.

Other Officers

The business experience of each of the incumbent officers of the Company for the last five (5) years is as follows:

Rolando S. Santos was elected as Treasurer in October 2013 and Director in August 22, 2017. He serves as Vice President and Treasurer of Bright Kindle Resources & Investments Inc. and as Treasurer of Marcventures Holdings Inc. and Marcventures Mining and Development Corp. He was previously the Branch Head/ Cluster Head for Makati Branches of Equitable PCI Bank which was eventually acquired by BDO from 2001 to 2013.

Maila Lourdes G. De Castro was appointed in September 2019 as Corporate Secretary, Compliance Officer and Data Privacy Officer. She is currently the Co-Assistant Corporate Secretary of Marcventures Holdings, Inc. and Corporate Secretary of Marcventures Mining & Development Corp. She is likewise the Corporate Secretary, Compliance Officer and Data Privacy Officer of Bright Kindle Resources & Investments, Inc. She worked with the Belo Gozon Elma Parel Law as Legal Associate and Special Projects Counsel from 2000-2006. She was also the Corporate Counsel and Vice President/ Head of Legal and Corporate Planning of UNITEL from 2006-2013, subsequently went to private practice in the last six (6) years and concurrently the Chairperson of the Philippine Electricity City Market Corporation.

Christopher Sam S. Salvador was re-elected as Co-Corporate Information Officer in December 2017. He is a Junior Partner of Ocampo & Manalo Law Firm. He is a Director and the Treasurer of Pureholdings, Inc., Corporate Secretary of Timebound Trading Inc., and Associate Corporate Secretary for Island Tranvoyager, Inc. and Bacuit Airholdings, Inc.

Item 10. Executive Compensation

The aggregate compensation paid in 2018 and 2019 and estimated to be paid in 2020, to the officers of the Company is set out below:

Names	Position	Year	Salary	Bonus	Others
Manolito A. Manalo	Chairman & President				
Bernadeth A. Lim	Vice President				
Diane Madelyn C. Ching	Corporate Secretary (resigned Sept 2019)				
Maila G. De Castro	Corporate Secretary (effective Sept 2019)				
Rolando S. Santos	Treasurer				
Aggregate for above named officers		2018 2019 2020 (Est.)			₱35,000 20,000 25,000
All Directors and Officers as a group unnamed		2018 2019 2020 (Est.)			₱25,000 30,000 40,000

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners of at least 5% of the Company's Securities as of 31 December 2019:

Type of Class	Name and address of record owner and relationship with Issuer	Citizenship	Name of Beneficial Owner & Relationship with Record Owner	No. of Shares Held	Percent of class
Common Shares	PCD Nominee	Filipino	RYM Business Management Corp./ Client	463,555,085	66.19%
Common Shares	PCD Nominee	Filipino	Mairete Asset Holdings,Inc.	77,178,901	11.00%

On December 18, 2015, the Company disclosed that it received information from RYM Business Management Corp. that the latter acquired through foreclosure sale 93,685,410 and 218,099,360 common shares owned by NOHI and MTLCI, respectively, resulting to 87.38% ownership in the Company.

Other than the abovementioned transaction, the Company has no knowledge of any person who, as of December 31, 2019, was directly or indirectly the beneficial owner of, or who has voting power or investment power (pursuant to a voting trust or other similar agreement) with respect to, shares comprising more than five percent (5%) of the Company's outstanding common shares of stock.

Security Ownership of Management as of December 31, 2019

Type of Class	Name and Address of Owner	Amount and nature of Beneficial ownership	Citizenship	Percent of class
Common	Manolito Manalo	1	Filipino	0.0%
Common	Bernadeth A. Lim	1	Filipino	0.0%
Common	Antonio L. Tiu	1,000	Filipino	0.0%
Common	Juan Victor S. Valdez	1	Filipino	0.0%
Common	Johnny Y. Aruego Jr.	1	Filipino	0.0%
Common	Rolando S. Santos	1,000	Filipino	0.0%
Common	Francisco L. Layug III	1	Filipino	0.0%
TOTAL		2,005		

Changes in Control

The Company is not aware of any voting trust agreements or any other similar agreements which may result in a change in control of the Company. As reported to the SEC and PSE, on December 18, 2015, RYM Business Management Corp. acquired through foreclosure sale 93,685,410 and 218,099,360 common shares owned by NOHI and MTLCI, respectively, resulting to 87.38% ownership in the Company.

Item 12. Certain Relationships and Related Transactions

Part IV-Corporate Governance

Item 13. Corporate Governance

This portion has been deleted pursuant to SEC Memorandum Circular No. 05 Series of 2013.

Part V – Exhibits and Schedules

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

See accompanying Index to Exhibits.

The following exhibits are filed as a separate section of this report

(b) Reports on SEC Form 17-C

Items reported under SEC Form 17-C during the last six months covered by this report:

Date of Disclosure	Subject
June 10, 2019	Sale of investment properties to Pacific Mall Corporation
June 17, 2019	Reply to Exchange's Query -Company's plans to bring its stockholders' equity from negative to positive

July 17, 2019	Agreement on potential investment in Prime Media Holdings, Inc.
Date of Disclosure	**Subject**
July 19, 2019	Reply to Exchange's Query -Additional information regarding the Memorandum of Agreement.
September 4, 2019	Resignation of Atty. Diane Madelyn Ching and Appointment of Atty. Maila Lourdes G. De Castro
September 11, 2019	Postponement of Annual Stockholders' Meeting
October 7, 2019	Change in Corporate Contact Details
October 16, 2019	Extension of relevant periods under the Memorandum of Agreement between RYM Business Management Corporation and Greenergy Holdings Incorporated and related entities for the proposed acquisition of Investment Properties by Prime Media Holdings, Inc. (PRIM) in exchange for Shares
November 18, 2019	Notice of Annual Stockholders' Meeting
December 13, 2019	Results of the Annual Stockholders' Meeting Results of Organizational Meeting held on 12 December 2019

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of ______MAKATI CITY______ on ______JUN 3, 2020 2020

By:

MANOLITO A. MANALO
President

ROLANDO S. SANTOS
Treasurer

MAILA G. DE CASTRO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ____ day of ________ 2020 affiant(s) exhibiting to me their IDs, as follows: JUN 30 2020

NAMES	IDs Presented	Expiry date
Manolito A. Manalo	195-562-309	
Rolando S. Santos	127-551-054	
Maila Lourdes G. De Castro	209-980-102	

Notary Public

REUBEN CARLO O. GENERAL
Notary Public for Makati City
Appt. No. M-136 Until 31 Dec. 2021
Roll of Attorneys No. 59087
IBP Membership No. 100789;01/03/2020
PTR No. MKT-8116378MG;01/03/2020
MCLE Compliance No. VI-0021476;03/26/2019
4F Citibank Center, 8741 Paseo de Roxas, Makati City

Doc. No. 112
Page No. 34
Book No. I
Series of 2020.

Gmail Jacky-Lyn Valenzuela <jacky.valenzuela@marcventures.com.ph>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Jun 30, 2020 at 4:54 PM
To: JOANNA.MANZANO@marcventures.com.ph
Cc: JACKY.VALENZUELA@marcventures.com.ph

Hi PRIMEMEDIA,

Valid files

- EAFS000491007OTH2019-01.pdf
- EAFS000491007OTH2019-02.pdf
- EAFS000491007AFS2019.pdf
- EAFS000491007ITR2019.pdf
- EAFS000491007OTH2019-03.pdf

Invalid file

- <None>

Transaction Code: **AFS-2019-6G8KD75K076HG98HEQ4X3PWQ208FBKFJA7**
Submission Date/Time: **Jun 30, 2020 04:54 PM**
Company TIN: **000-491-007**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number: 2 2 4 0 1

COMPANY NAME

PRIME MEDIA HOLDINGS, INC. (A Subsidiary of RYM Business Management Corp.)

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

16th Floor, Citibank Tower, 8741 Paseo de Roxas, Makati City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
service@primemediaholdingsinc.com	(02) 8 831-4479	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,591	3rd Tuesday of May	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
Mr. Rolando S. Santos	rolly.santos@marcventures.com.ph	8 826-8609/8 856-7976	0998-985-0229

OFFICE ADDRESS

16th Floor, Citibank Tower, 8741 Paseo de Roxas, Makati City

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

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

PRIME MEDIA Holdings, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Prime Media Holdings, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible in overseeing the Company's financial reporting process.

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended **December 31, 2019 and 2018**, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

MANOLITO A. MANALO
Chairman and President

ROLANDO S. SANTOS
Treasurer

Signed this JUN 26 day of 2020

PRIME MEDIA Holdings, Inc.

SUBSCRIBED AND SWORN to before me this _____ day of JUN 30 2020 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity (TIN)	DATE OF ISSUE	PLACE OF ISSUE
Manolito A. Manalo	195-562-309		
Rolando S. Santos	127-551-054		

Notary Public

REUBEN CARLO O. GENERAL
Notary Public for Makati City
Appt. No. M-136 Until 31 Dec. 2021
Roll of Attorneys No. 59087
IBP Membership No. 100789;01/03/2020
PTR No. MKT-8116378MG;01/03/2020
MCLE Compliance No. VI-0021476;03/26/2019
4F Citibank Center, 8741 Paseo de Roxas, Makati City

Doc. No. 141;
Page No. 89;
Book No. I;
Series of 2020.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022
Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Prime Media Holdings, Inc.
16th Floor, Citibank Tower
8741 Paseo de Roxas
Makati City

Opinion

We have audited the accompanying financial statements of Prime Media Holdings, Inc. (the Company), a subsidiary of RYM Business Management Corp., which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the three years ended December 31, 2019, 2018 and 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the three years ended December 31, 2019, 2018 and 2017 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which indicates that the Company is still exploring for a new business. Its current activities comprise mainly of transferring assets related to its previous development bank operation to BDO and PDIC. Thus, the Company has continued to incur losses resulting in a capital deficiency of ₱141.3 million and ₱140.7 million as at December 31, 2019 and 2018, respectively. These events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The actions being taken by the Company are also discussed in Note 1. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements as at and for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Stockholders' Commitment to Support the Company
The Company relies on its stockholders to sustain its operations and settle its liabilities. The ability of the Company to continue as a going concern depends primarily on the financial capacity and commitment of the stockholders. Hence, this is of significance to our audit. We obtained a letter of financial support from the Parent Company and reviewed management's disclosures on actions being taken by the stockholders and underlying documents. Further disclosures are included in Note 1 to the financial statements.

Estimated Liabilities
As discussed in Note 1, the Company has estimated liabilities primarily related to its previous development banking operations. This matter is of significance to our audit because it involves the use of estimates. We have reviewed the reasonableness of management's estimates. Further disclosures are included in Note 10.

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Belinda B. Fernando.

REYES TACANDONG & CO.

Belinda B. Fernando

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

June 26, 2020
Makati City, Metro Manila

PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2019	2018
ASSETS			
Current Assets			
Cash	4	**₱10,023,033**	₱5,602,963
Receivables	5	**30,164,567**	27,396,444
Due from related parties	14	**8,169,372**	7,940,000
Other current assets	6	**3,994,738**	3,882,788
Total Current Assets		**52,351,710**	44,822,195
Noncurrent Assets			
Investment in a club share	8	**900,000**	500,000
Equipment	9	**914,758**	1,258,193
Total Noncurrent Assets		**1,814,758**	1,758,193
		₱54,166,468	₱46,580,388
LIABILITIES AND CAPITAL DEFICIENCY			
Current Liabilities			
Accrued expenses and other current liabilities	10	**₱181,601,280**	₱173,423,080
Due to a related party	14	**13,880,000**	13,880,000
Total Current Liabilities		**195,481,280**	187,303,080
Capital Deficiency			
Capital stock	11	**714,664,876**	714,664,876
Deficit		**(856,679,688)**	(855,687,568)
Other comprehensive income	8	**700,000**	300,000
Total Capital Deficiency		**(141,314,812)**	(140,722,692)
		₱54,166,468	₱46,580,388

See accompanying Notes to Financial Statements.

PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31 2019	2018	2017
INCOME				
Interest income	4	**₱2,609,349**	₱446,732	₱13,474
Rent	12	**828,000**	1,125,857	279,360
Recovery of accounts written-off	5	**140,000**	247,202	167,328
Gain on fair value changes of investment properties	7	**–**	–	1,741,000
		3,577,349	1,819,791	2,201,162
EXPENSES				
Professional fees		**2,012,822**	2,595,114	1,799,004
Outside services		**603,544**	1,456,005	1,316,410
Insurance		**725,214**	27,120	37,422
Taxes and licenses		**429,940**	1,453,072	459,978
Depreciation	9	**343,435**	334,372	96,010
Association dues		**70,319**	2,553,793	–
Transportation and travel		**66,635**	76,593	31,684
Directors' fee		**45,000**	60,000	50,000
Representation		**1,500**	912,087	12,500
Loss on sale of investment properties	7	**–**	24,896,294	–
Rent	12	**–**	125,488	186,699
Management fee	14	**–**	–	23,092,784
Provision for impairment losses	5	**–**	–	2,126,335
Others		**199,700**	1,284,358	896,788
		4,498,109	35,774,296	30,105,614
LOSS BEFORE INCOME TAX		**(920,760)**	(33,954,505)	(27,904,452)
PROVISION FOR (BENEFIT FROM) INCOME TAX	13			
Current		**71,360**	175,322	8,934
Deferred		**–**	(9,556,800)	522,300
		71,360	(9,381,478)	531,234
NET LOSS		**(992,120)**	(24,573,027)	(28,435,686)
OTHER COMPREHENSIVE INCOME	8			
Item that will not be reclassified to profit or loss				
Unrealized valuation gain on investment in a club share		**400,000**	200,000	–
Item that will be reclassified to profit or loss				
Unrealized valuation gain on investment in a club share		**–**	–	60,000
TOTAL COMPREHENSIVE LOSS		**(₱592,120)**	(₱24,373,027)	(₱28,375,686)
Basic Loss Per Share	16	**(₱0.004)**	(₱0.037)	(₱0.043)

See accompanying Notes to Financial Statements.

PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)
STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2019**	2018	2017
CAPITAL STOCK	11			
Common stock - ₱1 par value				
Balance at beginning and end of year		**₱700,298,616**	₱700,298,616	₱700,298,616
Preferred stock - ₱1 par value				
Balance at beginning and end of year		**14,366,260**	14,366,260	14,366,260
		714,664,876	714,664,876	714,664,876
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		–	2,114,921,869	2,114,921,869
Effect of equity restructuring	11	–	(2,114,921,869)	–
Balance at end of year		–	–	2,114,921,869
DEFICIT				
Balance at beginning of year		**(855,687,568)**	(2,943,798,478)	(2,915,362,792)
Net loss		**(992,120)**	(24,573,027)	(28,435,686)
Effect of equity restructuring	11	–	2,114,921,869	–
Effect of initial application of PFRS 9	5	–	(2,237,932)	–
Balance at end of year		**(856,679,688)**	(855,687,568)	(2,943,798,478)
OTHER COMPREHENSIVE INCOME	8			
Balance at beginning of year		**300,000**	100,000	40,000
Unrealized valuation gain on investment in a club share		**400,000**	200,000	60,000
Balance at end of year		**700,000**	300,000	100,000
		(₱141,314,812)	(₱140,722,692)	(₱114,111,733)

See accompanying Notes to Financial Statements.

PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF CASH FLOWS

	Note	2019	2018	2017
			Years Ended December 31	
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(₱920,760)**	(₱33,954,505)	(₱27,904,452)
Adjustments for:				
Interest income	4	**(2,609,349)**	(446,732)	(13,474)
Depreciation	9	**343,435**	334,372	96,010
Loss on sale of investment properties	7	**–**	24,896,294	–
Gain on fair value changes of investment properties	7	**–**	–	(1,741,000)
Operating loss before working capital changes		**(3,186,674)**	(9,170,571)	(29,562,916)
Decrease (increase) in:				
Receivables		**(257,956)**	(27,180,444)	2,062,335
Due from related parties		**(229,372)**	4,480,000	27,580,000
Other current assets		**(183,310)**	(3,674,429)	600,546
Increase (decrease) in accrued expenses and other current liabilities		**8,178,200**	(19,648,565)	(89,237)
Net cash generated from (used for) operations		**4,320,888**	(55,194,009)	590,728
Interest received		**99,182**	446,732	13,474
Income tax paid		**–**	(175,322)	(8,934)
Net cash provided by (used in) operating activities		**4,420,070**	(54,922,599)	595,268
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investment properties	7	**–**	44,979,706	–
Acquisition of equipment		**–**	(54,375)	(1,577,000)
Net cash provided by (used in) investing activities		**–**	44,925,331	(1,577,000)
CASH FLOW FROM A FINANCING ACTIVITY				
Increase in due to a related party		**–**	13,880,000	–
NET INCREASE (DECREASE) IN CASH		**4,420,070**	3,882,732	(981,732)
CASH AT BEGINNING OF YEAR		**5,602,963**	1,720,231	2,701,963
CASH AT END OF YEAR		**₱10,023,033**	₱5,602,963	₱1,720,231

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Prime Media Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 6, 1963. On October 1, 2003, the SEC approved the amendment of the Company's articles of incorporation, changing its primary purpose from a development bank to a holding company and to hold investments in the media industry. On March 4, 2013, the SEC approved the extension of the Company's corporate life for another 50 years.

On July 9, 1964, the Philippine Stock Exchange, Inc. approved the public listing of the Company's shares of stock. As at December 31, 2019 and 2018, there are 663,713,458 Company shares that are publicly listed.

The Company is a subsidiary of RYM Business Management Corp. (RYM or the Parent Company), a holding company registered and domiciled in the Philippines.

On September 12, 2002, the Company agreed to transfer assets and liabilities arising from its development bank operations to Banco de Oro Unibank, Inc. (BDO) and Philippine Deposit Insurance Corporation (PDIC) under a Memorandum of Agreement (MOA). As at December 31, 2019 and 2018, the Company has liabilities arising from the MOA which pertain mainly to the estimated transfer taxes and registration fees related to the transfer of assets to BDO and PDIC and other related liabilities (see Note 10).

The Company's registered office and principal place of business is at 16th Floor, Citibank Tower, 8741 Paseo de Roxas, Makati City.

The financial statements of the Company as at December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017 were approved and authorized for issuance by the Board of Directors (BOD) on June 26, 2020.

Status of Operations

The Company is still exploring for a new business. Its current activities comprise mainly of transferring assets related to its previous development bank operations to BDO and PDIC. Thus, the Company has continued to incur losses resulting in a capital deficiency of ₱141.3 million and ₱140.7 million as at December 31, 2019 and 2018, respectively. RYM, the majority stockholder, however, has continued to provide the necessary financial support to sustain the Company's operations. Certain stockholders converted their preferred stock amounting to ₱34.2 million into common stock in 2016, converted their advances amounting to ₱600.5 million to additional capital in 2014 and infused capital aggregating ₱179.0 million in 2014 and 2013 to reduce the Company's capital deficiency.

On March 23, 2018, the SEC approved the Company's equity restructuring to offset additional paid-in capital (APIC) of ₱2,114.9 million against deficit (see Note 11).

In 2019, RYM entered into a MOA with potential investors for the transfer of investment properties to the Company in exchange for shares. As at December 31, 2019, the due diligence process on the proposed investments is still ongoing.

Event after the Reporting Period

Impact of COVID-19 (Coronavirus Disease 2019). The country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. While the financial impact is considered a non-adjusting subsequent event as at December 31, 2019, management believes that the effect on the Company's operations and financial performance is not significant.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Measurement Bases

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

The financial statements have been prepared on a historical cost basis, except for investment in a club share which was designated and recognized at fair value through other comprehensive income (FVOCI). Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring liability.

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

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

- Level 1 - Quoted (unadjusted) market prices in active market 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 financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

Further information about the assumptions made in measuring fair values is included in Notes 7, 8 and 17.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2019:

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

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

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

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

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

- Amendments to PFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation* – The amendments clarify that a financial asset passes the "solely payments of principal and interest" criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. Consequently, financial assets with termination provisions can now be measured at amortized cost [or, depending on the business model, at fair value through other comprehensive income (FVOCI)]

- Annual Improvements to PFRS 2015 to 2017 Cycle:

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

The adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements of the Company. Necessary disclosures were included in the financial statements.

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

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

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

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

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

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

Financial Assets and Liabilities

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

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

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

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

As at December 31, 2019 and 2018, the Company does not have financial assets and liabilities at FVPL.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

As at December 31, 2019 and 2018, the Company's cash, receivables (excluding advances to officers, employees and service providers) and due from related parties are classified under this category.

Financial Assets at FVOCI. Equity securities which are not held for trading may be irrevocably designated at initial recognition under the FVOCI category.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, financial assets at FVOCI are measured at fair value with unrealized gains or losses recognized in other comprehensive income (OCI) and are included under "Other comprehensive income" account in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. On disposal of these equity securities, any cumulative unrealized valuation gains will be reclassified to retained earnings.

As at December 31, 2019 and 2018, the Company's investment in a club share of Valley Golf & Country Club is classified under this category.

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

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

As at December 31, 2019 and 2018, the Company's accrued expenses and other current liabilities (excluding statutory payable) and due to a related party are classified under this category.

Reclassification of Financial Assets

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

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

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

Impairment of Financial Assets at Amortized Cost

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

Derecognition of Financial Assets and Liabilities

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

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

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

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

Offsetting Financial Assets and Liabilities

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

Other Current Assets

This account mainly consists of creditable withholding taxes (CWT), prepayments and the excess of input value-added tax (VAT) over output VAT.

CWT. CWT represents the amount withheld by the Company's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWT is stated at estimated net realizable value.

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

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

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from the taxation authority is included as part of "Other current assets" account in the statements of financial position.

Investment Properties

Investment properties, which were sold in 2018 (see Note 7), were accounted for under the fair value model. Fair value gains or losses determined by an independent appraiser were included in profit or loss in the past. The loss on the sale of the investment properties was recognized in the profit or loss in 2018.

Equipment

Equipment are stated at cost less accumulated depreciation and impairment in value, if any.

The initial cost of equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of equipment. The cost of replacing a component of an item of equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of five (5) years for computer and transportation equipment.

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

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is credited to or charged against current operations.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and if the carrying amount exceeds the estimated recoverable amount, nonfinancial assets are written down to its recoverable amount, which is the greater of fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss.

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

Equity

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

Deficit. Deficit represents the cumulative balance of the Company's results of operations.

OCI. OCI comprises items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. This includes cumulative unrealized valuation gain on investment in a club share.

Revenue Recognition

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

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

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

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

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

Rent. Rent income is recognized using the straight-line method over the term of the lease.

Recovery of Accounts Written-off. Income from recovery of accounts written-off is recognized when the amount is actually received.

Other Income. Other income is recognized when earned.

Expense Recognition

Expenses constitute cost of administering the business. These costs are expensed upon receipt of goods, utilization of services, or when the expense is incurred.

Operating Lease

a. Accounting policies beginning January 1, 2019

The Company assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

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

ii. the right to direct the use of the identified asset.

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

Company as a Lessee. At the commencement date, the Company recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

Company as a Lessor. Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset 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 bases as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

b. Accounting policies prior to January 1, 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

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

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

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

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

iv. there is a substantial change to the asset.

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

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

Company as a Lessor. Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset 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 bases as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

Income Taxes

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of any unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax and any unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

Basic and Diluted Income (Loss) per Share

The Company computes its basic income (loss) per share by dividing net income (loss) for the period attributable to ordinary equity holders of the Company by the weighted average number of common shares outstanding during the period.

Diluted income per share amounts are computed in the same manner, adjusted for the dilutive effect of any potential common shares. There is no such information in 2019, 2018 and 2017 because the Company has no dilutive potential common shares and is in a net loss position.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. The Company has only one segment which is as a holding company.

Related Parties

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

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Related party transactions are considered material and/or significant if these transactions amount to 10% or higher of the Company's total assets or if there are several transactions or a series of transactions over a twelve-month period with the same related party amounting to 10% or higher of the Company's total assets.

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.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies

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

Events after the Reporting Date

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

3. Significant Judgment, Accounting Estimates and Assumptions

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

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

Judgment

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

Assessing the Company's Ability to Continue as a Going Concern. The Company has incurred continuous losses resulting in a capital deficiency of ₱141.3 million and ₱140.7 million as at December 31, 2019 and 2018, respectively. Management believes this trend to continue for twelve months after reporting date. As discussed in Note 1, the stockholders provide continuing necessary financial support to the Company while new business opportunities are not yet available. Based on this, the financial statements are prepared on a going concern basis of accounting.

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

The Company classified its investment in a club share of Valley Golf & Country Club as financial assets at FVOCI (see Note 8).

Accounting for Lease Commitments - Company as a Lessor. Management exercises judgment in determining whether substantially all the significant risks and benefits of ownership of the assets held for lease are retained by the Company. Lease contracts where the Company retains substantially all the risks and benefits incidental to ownership of the leased item are accounted for as operating leases. Otherwise, these are considered as finance leases.

The Company, as a lessor, has entered into property subleases and transportation equipment lease agreements where it has determined that it retains all the significant risks and benefits of ownership on those properties. As such, the lease agreements are accounted for as operating leases.

Rent income amounted to ₱0.8 million, ₱1.1 million and ₱0.3 million in 2019, 2018 and 2017, respectively (see Note 12).

Evaluating Contingencies. The Company is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Company's management and legal counsel believe that eventual liabilities under these lawsuits or claims, if any, will not have a material effect on the Company's financial statements.

Estimates and Assumptions

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

Estimating Liabilities Related to Previous Development Bank Operations. The estimated liabilities related to previous development bank operations of the Company is based on the management's best estimate of the amount expected to be incurred to settle the obligation.

Liabilities arising from the MOA amounted to ₱159.3 million and ₱151.1 million as at December 31, 2019 and 2018, respectively (see Note 10).

Assessing Expected Credit Losses on Financial Assets at Amortized Cost. The Company applies the simplified approach on its rent receivables and the general approach on all its other financial assets at amortized cost in measuring the expected credit loss. The Company estimates the expected credit loss on its rent receivables using a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company assessed that cash are deposited with reputable counterparty banks that possess good credit ratings. For related party transactions and other receivables, the Company considered the available liquid assets of the related parties and letter of guarantee from the stockholders.

The Company assesses that a financial asset is considered credit impaired when one or more events that have a detrimental effect on the estimated future cash flows of the asset have occurred such as significant financial difficulty and cessation of operations of the debtor.

No impairment losses were recognized in 2019, 2018, and 2017.

The aggregate carrying amount of cash in banks, receivables (excluding advances to officers, employees and service providers) and due from related parties amounted to ₱48.3 million and ₱40.9 million as at December 31, 2019 and 2018, respectively (see Notes 5 and 14).

Assessing the Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

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

No impairment losses were recognized in 2019, 2018 and 2017 except for impairment losses recognized on advances to officers, employees and service providers amounting to ₱2.1 million in 2017 (see Note 5).

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

	Note	**2019**	2018
Other current assets	6	**₱3,994,738**	₱3,882,788
Equipment	9	**914,758**	1,258,193
Advances to officers, employees and service providers	5	**39,700**	32,200

Assessing the Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized in the future. The amount of deferred income tax assets that are recognized is based upon the likely timing and level of future taxable profits together with future tax planning strategies to which the deferred income tax assets can be utilized.

The Company's unrecognized deferred tax assets amounted to ₱28.5 million and ₱36.5 million as at December 31, 2019 and 2018, respectively. Management believes that there will be no sufficient future taxable profits against which these deferred tax assets can be utilized (see Note 13).

4. **Cash**

This account consists of:

	2019	2018
Cash on hand	**₱5,277**	₱5,277
Cash in banks	**10,017,756**	5,597,686
	₱10,023,033	₱5,602,963

Cash in banks earn interest at prevailing bank deposit rates.

The sources of interest income are as follows:

	Note	**2019**	2018	2017
Loans receivable	14	**₱2,600,000**	₱433,334	₱–
Cash in banks		**9,349**	13,398	13,474
		₱2,609,349	₱446,732	₱13,474

5. Receivables

This account consists of:

	Note	2019	2018
Loans receivable:			
Third parties		**₱62,277,740**	₱62,277,740
Related party	14	**26,000,000**	26,000,000
Interest receivable	14	**2,941,667**	431,500
Advances to officers, employees and service providers		**2,166,035**	2,158,535
Rent receivables:	12		
Related party	14	**1,159,200**	809,518
Third parties		**261,932**	309,932
Others		**–**	51,226
		94,806,574	92,038,451
Less allowance for impairment losses		**64,642,007**	64,642,007
		₱30,164,567	₱27,396,444

Loans receivable from third parties are related to the Company's previous bank operations and are fully provided by allowance for impairment loss. Loans receivable from a related party are from loan agreements entered in 2018 with Marcventures Mining and Development Corporation (MMDC), a related party under common control.

Advances to officers, employees and service providers represent unliquidated, noninterest-bearing advances for processing the transfer of title of properties to BDO and PDIC. These are liquidated upon the accomplishment of the purposes for which the advances were granted.

Breakdown of allowance for impairment losses as at December 31, 2019 and 2018 are as follows:

	Loans receivables	Advances to officers, employees and service providers	Rent receivables	Total
Balance at beginning and end of year	₱62,277,740	₱2,126,335	₱237,932	₱64,642,007

The Company recovered some accounts written-off in prior years amounting to ₱0.1 million in 2019 and ₱0.2 million in 2018 and 2017. In 2017, the Company recognized impairment losses on advances to officers, employees and service providers amounting to ₱2.1 million.

6. Other Current Assets

This account consists of:

	2019	2018
CWT	**₱3,230,989**	₱3,298,209
Prepayments	**321,411**	515,924
Net input VAT	**442,338**	68,655
	₱3,994,738	₱3,882,788

Prepayments mainly pertain to prepaid insurance and taxes.

7. Investment Properties

In 2018, the Company sold its investment properties located in Legazpi City, Albay for a total consideration of ₱45.0 million, resulting to a loss on sale of ₱24.9 million. In concluding the sale transaction, management took into account the cost of maintaining the property as well as other expenses and liabilities which the Company needs to defray.

Gain on fair value changes of investment properties amounting to ₱1.7 million in 2017 was based on valuations performed by an accredited independent appraiser using the market data approach.

Market Data Approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. This requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the vicinity of the subject property. The comparison was premised on the factors of location, size, and shape of the lot, time element and others.

The significant unobservable inputs to fair valuation are as follows:

Price per square meter	₱20,000-₱22,857
Value adjustments	-5% to 75%

Price per Square Meter: estimated value prevailing in the real estate market depending on the location, area, shape and time element.

Value Adjustments: adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size, architectural features and etc.

Sensitivity Analysis. The factors considered in determining the fair value of the property are the (a) location of the property with reference to quality neighborhood, (b) size, (c) physical characteristics such as shape, topography and road frontage; and (d) time element. Significant increase (decrease) in price per square meter would result in a significantly higher (lower) fair value measurement. Significant increase (decrease) in value adjustments would result in a lower (higher) fair value measurement.

8. Investment in a Club Share

The Company's investment consist of a club share in Valley Golf & Country Club. The fair value of the club share is determined by reference to published price quotations in an active market.

Movements in this account are as follows:

	2019	2018
Cost	**₱200,000**	₱200,000
Unrealized gain on fair value changes		
Balance at beginning of year	**300,000**	100,000
Fair value changes	**400,000**	200,000
Balance at end of year	**700,000**	300,000
	₱900,000	₱500,000

In 2017, the Company's gain on fair value changes amounted to ₱60,000 resulting to a cumulative unrealized gain on fair value changes amounting to ₱0.1 million.

9. Equipment

Movements in this account are as follows:

		2019	
	Computer Equipment	**Transportation Equipment**	**Total**
Cost			
Balance at beginning and end of year	**₱85,800**	**₱1,631,375**	**₱1,717,175**
Accumulated Depreciation			
Balance at beginning of year	**62,920**	**396,062**	**458,982**
Depreciation	**17,160**	**326,275**	**343,435**
Balance at end of year	**80,080**	**722,337**	**802,417**
Carrying Amount	**₱5,720**	**₱909,038**	**₱914,758**

		2018	
	Computer Equipment	Transportation Equipment	Total
Cost			
Balance at beginning of year	₱85,800	₱1,577,000	₱1,662,800
Addition	–	54,375	54,375
Balance at end of year	85,800	1,631,375	1,717,175
Accumulated Depreciation			
Balance at beginning of year	45,760	78,850	124,610
Depreciation	17,160	317,212	334,372
Balance at end of year	62,920	396,062	458,982
Carrying Amount	₱22,880	₱1,235,313	₱1,258,193

In 2017, the Company recognized depreciation amounting to ₱0.1 million.

On February 8, 2018, the Company entered into an operating lease agreement with MMDC for the lease of transportation equipment until October 7, 2019 (see Note 12).

Rent income from the lease of transportation equipment amounted to ₱0.8 million in 2019 and 2018 (see Note 14).

10. Accrued Expenses and Other Current Liabilities

This account consists of:

	2019	2018
Liabilities arising from the MOA	**₱159,304,972**	₱151,104,972
Dividends payable	**10,985,443**	10,985,443
Rental deposits	**5,972,642**	5,972,642
Accrued expenses	**2,136,616**	2,117,206
Statutory payable	**5,397**	2,607
Others	**3,196,210**	3,240,210
	₱181,601,280	₱173,423,080

Liabilities arising from the MOA pertain to the estimated transfer taxes and registration fees related to the transfer of assets from its previous development bank operations to BDO and PDIC and other related liabilities, primarily from unremitted collection of assigned receivables and sale of foreclosed properties for the account of PDIC (see Note 1). This account also includes provision for probable losses to cover estimated losses from claims. As allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* certain information is not disclosed until final settlement as it might prejudice the Company's position on the matter.

Dividends payable pertains to the Company's dividend for cumulative, nonparticipating, nonvoting, redeemable and convertible preferred stock that were declared prior to the Company's incurrence of deficit.

Rental deposits represent long-outstanding rental deposits that have not been claimed by the Company's previous tenants.

Accrued expenses pertain to accrual of outside services, professional fees and association dues, among others. These are normally settled in the next financial year.

Other current liabilities include statutory payable and refunds of tenants related to the Company's previous operations. These are noninterest-bearing and unsecured. Other current liabilities are normally settled in the next financial year except for statutory payable which is normally settled within the succeeding month.

11. Equity

Capital Stock

Movements in this account are as follows:

	2019		2018		2017	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Common stock - ₱1 par value						
Authorized	3,000,000,000	₱3,000,000,000	3,000,000,000	₱3,000,000,000	3,000,000,000	₱3,000,000,000
Subscribed:						
Balance at beginning and end of year	700,298,616	700,298,616	700,298,616	700,298,616	700,298,616	700,298,616
Preferred stock - ₱1 par value						
Authorized	2,000,000,000	2,000,000,000	2,000,000,000	₱2,000,000,000	2,000,000,000	2,000,000,000
Issued and outstanding:						
Balance at beginning and end of year	14,366,260	14,366,260	14,366,260	14,366,260	14,366,260	14,366,260
	714,664,876	₱714,664,876	714,664,876	₱714,664,876	714,664,876	₱714,664,876

The preferred stock has the following salient features:

a. Cumulative, nonparticipating, nonvoting, redeemable and convertible at the option of the Company.

b. Cash dividend rate initially at 4.50% per annum based on par value, which shall be automatically adjusted to 11.00% per annum upon full payment of the subscription price.

c. The Company may, at any time at its option, wholly or partially redeem the outstanding preferred stock plus accrued dividends thereon. When such call for redemption is made, the holders of the preferred stock may opt to convert the preferred stock to common stock.

Equity Restructuring

As discussed in Note 1, on March 23, 2018, the SEC approved the Company's equity restructuring to apply APIC of ₱2,114.9 million against deficit.

12. Leases

Operating Lease Commitments

- The Company entered into cancellable lease agreements for a period ranging from one to thirteen years renewable upon mutual agreement of the parties and subleased the properties under the same terms. In July 2018, these agreements were terminated upon mutual consent of the contracting parties.

- On February 8, 2018, the Company entered into an operating lease agreement with MMDC for the lease of the transportation equipment until October 7, 2019 (see Note 9).

  Rent income amounted to ₱0.8 million, ₱1.1 million and ₱0.3 million in 2019, 2018 and 2017, respectively. Rent receivables amounted to ₱1.4 million and ₱1.1 million as at December 31, 2019 and 2018, respectively (see Note 5).

  Rent expense amounted to ₱0.1 million and ₱0.2 million in 2018 and 2017, respectively.

13. Income Tax

The provision for current income tax represents MCIT in 2019, 2018 and 2017.

The reconciliation of provision for income tax at the statutory income tax rate to the provision for (benefit from) income tax shown in the statements of comprehensive income are as follows:

	2019	2018	2017
Income tax computed at statutory tax rate	**(₱276,228)**	(₱10,186,352)	(₱8,371,336)
Change in unrecognized deferred tax assets	**(7,957,729)**	(8,758,083)	8,429,944
Tax effects of:			
Expired NOLCO and MCIT	**8,308,122**	9,297,469	474,258
Interest income already subjected to final tax	**(2,805)**	(4,019)	(4,042)
Nondeductible expense	**–**	269,507	2,410
	₱71,360	(₱9,381,478)	₱531,234

The components of the Company's unrecognized deferred tax assets are as follows:

	2019	2018
Allowance for impairment losses on receivables	**₱19,392,602**	₱19,392,602
NOLCO	**8,900,464**	16,908,982
MCIT	**255,616**	204,827
	₱28,548,682	₱36,506,411

No deferred tax assets were recognized as it is not probable that sufficient taxable profit will be available against which the deferred tax assets can be utilized as at December 31, 2019 and 2018.

As at December 31, 2019, unused NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Expiry Date
2019	₱–	₱930,109	₱–	₱930,109	2022
2018	1,213,547	–	–	1,213,547	2021
2017	27,524,558	–	–	27,524,558	2020
2016	27,625,169	–	(27,625,169)	–	2019
	₱56,363,274	₱930,109	(₱27,625,169)	₱29,668,214	

As at December 31, 2019, unused MCIT that can be claimed as deduction from future taxable liability are as follows:

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Expiry Date
2019	₱–	₱71,360	₱–	₱71,360	2022
2018	175,322	–	–	175,322	2021
2017	8,934	–	–	8,934	2020
2016	20,571	–	(20,571)	–	2019
	₱204,827	₱71,360	(₱20,571)	₱255,616	

14. Related Party Transactions

Outstanding balances and transactions with related parties are as follows:

	Nature of Transaction	Amount of Transaction		Outstanding Balance	
		2019	2018	**2019**	2018
Receivables					
Loans Receivable					
Entity under common control	Loan	**₱–**	₱26,000,000	**₱26,000,000**	₱26,000,000
	Interest income	**2,600,000**	433,334	**2,941,667**	431,500
Rent Receivables					
Entity under common control	Rent income	**828,000**	828,000	**1,159,200**	809,518
				₱30,100,867	₱27,241,018
Due from related parties					
Entities under common control	Advances	**₱868,249**	₱8,500,000	**₱8,169,372**	₱7,940,000
Due to a related party					
Entity under common control	Advances	**₱–**	₱–	**₱13,880,000**	₱13,880,000

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

Terms and Conditions of Transactions with Related Parties

Loans Receivable
In 2018, the Company entered into a one-year unsecured loan agreements with MMDC with 10% per annum interest due in 2019. As at December 31, 2019, the loans receivable are due and demandable.

Rent Receivables
On February 8, 2018, the Company entered into an operating lease agreement with MMDC for the lease of transportation equipment until October 7, 2019 (see Note 9). As at December 31, 2019, the rent receivable is due and demandable.

Due to and from Related Parties
Outstanding balances are unsecured, noninterest-bearing collectible and, payable in cash upon demand. The Company has not made any provision for impairment losses relating to the amounts owed by the related parties. This assessment is undertaken at each reporting date by taking into consideration the financial position of the related parties and the market at which the related parties operates.

Management Fee
On December 22, 2015, the Company entered into a management agreement with the Parent Company for overseeing and supervision of the Company's business matters until December 31, 2017. Management fee amounted to ₱23.1 million in 2017.

On December 3, 2018, the Company obtained approval from its stockholders to enter into a new management agreement with the Parent Company. As at December 31, 2019 and 2018, no management fee was recognized since the Company has yet to finalize the agreement with RYM.

Key Management Personnel
The Company has no key management personnel in 2019, 2018 and 2017. Its accounting and administrative functions are provided by a related party at no cost to the Company.

15. Commitments and Contingencies

a. In the normal course of the Company's prior operations, there are outstanding commitments, pending litigations and contingent liabilities which are not reflected in the financial statements. The Company does not anticipate significant losses as a result of these transactions.

b. As discussed in Note 1, under the MOA dated September 12, 2002 between the Company and BDO and PDIC, the Company agreed to transfer its assets and liabilities from its development bank operations to BDO and PDIC. The Company agreed to hold BDO free from any contingent claims, labor and minority issues and concerns arising from related assets and liabilities still managed by the Company until these are assumed by BDO. Further, the Company agreed to indemnify BDO against losses, claims and damages BDO may suffer in the event such contingent claims, labor and minority issues affect BDO's rights under the MOA.

   The Company has accounted for separately, assets from its development bank operations pursuant to the MOA. It still has in its possession titles of real estate properties from its development bank operations with an aggregate fair value of ₱527.8 million as at December 31, 2019 and 2018. Moreover, the Company has cash of ₱13.9 million as at December 31, 2019 and 2018, respectively, arising from the proceeds of sale of a property.

16. Basic Loss Per Share

The basic loss per share is computed as follows:

	2019	2018	2017
Net loss	**(₱992,120)**	(₱24,573,027)	(₱28,435,686)
Less dividend rights of preferred stockholders for the year	**1,581,671**	1,581,671	1,581,671
Loss attributable to common stockholders	**(2,573,791)**	(26,154,698)	(30,017,357)
Divided by weighted average number of common stock	**700,298,616**	700,298,616	700,298,616
Basic loss per share	**(₱0.004)**	(₱0.037)	(₱0.043)

The convertible feature of the Company's preferred stock has potential antidilutive effect. The Company has no diluted income per share in 2019, 2018 and 2017 because the Company is in a net loss position.

17. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash, receivables (excluding advances to officers, employees and service providers), due from related parties, investment in a club share, accrued expenses and other current liabilities (excluding statutory payable) and due to a related party.

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

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash in banks, receivables (excluding advances to officers, employees and service providers) and due from related parties and investment in a club share. The carrying amounts of the financial assets represent the Company's gross maximum exposure to credit risk in relation to financial assets.

The aging analyses of financial assets as at December 31, 2019 and 2018 are as follows:

	2019				
	Neither Past Due Nor Impaired	Past Due But Not Impaired		Past Due and Impaired	Total
		Less Than 30 Days	31-60 Days		
Financial Assets at Amortized Cost					
Cash in banks	₱10,017,756	₱–	₱–	₱–	₱10,017,756
Receivables*	30,124,867	–	–	62,515,672	92,640,539
Due from related parties	8,169,372	–	–	–	8,169,372
	48,311,995	–	–	62,515,672	110,827,667
Financial Assets at FVOCI					
Investment in a club share	900,000	–	–	–	900,000
	₱49,211,995	₱–	₱–	₱62,515,672	₱111,727,667

**Excluding advances to officers, employees and service providers amounting to ₱2.2 million.*

	2018				
	Neither Past Due Nor Impaired	Past Due But Not Impaired		Past Due and Impaired	Total
		Less Than 30 Days	31-60 Days		
Financial Assets at Amortized Cost					
Cash in banks	₱5,597,686	₱–	₱–	₱–	₱5,597,686
Receivables*	27,364,244	–	–	62,515,672	89,879,916
Due from related parties	7,940,000	–	–	–	7,940,000
	40,901,930	–	–	62,515,672	103,417,602
Financial Assets at FVOCI					
Investment in a club share	500,000	–	–	–	500,000
	₱41,401,930	₱–	₱–	₱62,515,672	₱103,917,602

**Excluding advances to officers, employees and service providers amounting to ₱2.2 million.*

Credit Quality of Financial Assets. The credit quality of the Company's financial assets are being managed by using internal credit ratings such as high grade and standard grade.

High grade - pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal.

Standard grade - include financial assets that are considered moderately realizable and some accounts which would require some reminder follow-ups to obtain settlement from the counterparty.

The Company has assessed the credit quality of financial assets that are neither past due nor impaired as high grade.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its financial obligations when they fall due. The Company aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

The Company also maintains a balance between continuity of funding and flexibility. The policy of the Company is to first exhaust lines available from affiliated companies before local bank lines are availed of. The Company seeks to manage its liquid funds through cash planning on a weekly basis. The Company uses historical figures and experiences and forecasts from its cash receipts and disbursements. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

As at December 31, 2019 and 2018, accrued expenses and other current liabilities (excluding statutory payable) and due to a related party aggregating ₱195.5 million and ₱187.3 million, respectively, are generally due and demandable.

Fair Values

The following table presents the carrying amounts and fair values of the Company's assets and liabilities measured at fair value and the corresponding fair value hierarchy:

	2019		2018	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash	**₱10,023,033**	**₱10,023,033**	₱5,602,963	₱5,602,963
Receivables*	**30,164,567**	**30,164,567**	27,364,244	27,364,244
Due from related parties	**8,169,372**	**8,169,372**	7,940,000	7,940,000
Investment in a club share	**900,000**	**900,000**	500,000	500,000
	₱49,256,972	**₱49,256,972**	₱41,407,207	₱41,407,207
Financial Liabilities				
Accrued expenses and other current liabilities**	**₱181,595,883**	**₱181,595,883**	₱173,420,473	₱173,420,473
Due to a related party	**13,880,000**	**13,880,000**	13,880,000	13,880,000
	₱195,475,883	**₱195,475,883**	₱187,300,473	₱187,300,473

**Excluding advances to officers, employees and service providers amounting to ₱2.2 million as at December 31, 2019 and 2018.*
***Excluding statutory payable amounting to ₱5,397 and ₱2,607 as at December 31, 2019 and 2018, respectively.*

Current Financial Assets and Liabilities. The carrying amounts of cash, receivables (excluding advances from officers, employees and service providers), due from related parties and accrued expenses and other current liabilities (excluding statutory payable) and due to a related party approximate their fair values due to the short-term nature and maturities of the transactions. The fair value measurement of current financial assets and liabilities is classified as Level 3 (Significant unobservable inputs).

Investment in a Club Share. The fair value of this financial asset was determined based on the current selling price to third parties. The fair value measurement of equity securities designated as FVOCI is classified as Level 2 (Significant observable inputs).

Capital Management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue its operations as a going concern and to maximize shareholder value. The Company manages its capital structure and makes adjustments to it, when there are changes in the economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders, or issue new stock. No changes were made in the objectives, policies or processes for the years ended December 31, 2019, 2018 and 2017.

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Prime Media Holdings, Inc.
16th Floor, Citibank Tower
8741 Paseo de Roxas
Makati City

We have audited the accompanying financial statements of Prime Media Holdings, Inc. (the Company), a subsidiary of RYM Business Management Corp., as at December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017, on which we have rendered our report dated June 26, 2020.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 1,236 common stockholders and 265 preferred stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

Belinda B. Fernando

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

June 26, 2020
Makati City, Metro Manila

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

Citibank Tower
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Makati City 1226 Philippines
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Website www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Prime Media Holdings, Inc.
16th Floor, Citibank Tower
8741 Paseo de Roxas
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Prime Media Holdings, Inc. (the Company), a subsidiary of RYM Business Management Corp., as at December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018, and 2017, and have issued our report thereon dated June 26, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018 and no material exceptions were noted.

REYES TACANDONG & CO.

Belinda B. Fernando

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June 26, 2020
Makati City, Metro Manila

PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2019 AND 2018

Below is a schedule showing financial soundness indicators for the years ended December 31, 2019 and 2018:

Ratio	Formula	2019	2018
Current Ratio			
	Total current assets	₱52,351,710	₱44,822,195
	Divided by: Total current liabilities	195,481,280	187,303,080
	Current Ratio	0.27	0.24
Acid Test Ratio			
	Total current assets	52,351,710	44,822,195
	Less: Other current assets	3,994,738	3,882,788
	Quick assets	48,356,972	40,939,407
	Divide by: Total current liabilities	195,481,280	187,303,080
	Acid Test Ratio	0.25	0.22
Solvency Ratio			
	Loss before depreciation	(₱577,325)	(₱33,620,133)
	Divide by: Total liabilities	195,481,280	187,303,080
	Solvency Ratio	–	(0.18)
Debt-to-Equity Ratio			
	Total liabilities	₱195,481,280	₱187,303,080
	Divide by: Total equity	(141,314,812)	(140,722,692)
	Debt-to-Equity Ratio	(1.38)	(1.33)
Asset-to-Equity Ratio			
	Total assets	₱54,166,468	₱46,580,388
	Divide by: Total equity	(141,314,812)	(140,722,692)
	Asset-to-Equity Ratio	(0.38)	(0.33)
Profitability Ratio			
	Net loss	(₱992,120)	(₱24,573,027)
	Divide by: Total capital deficiency	(141,314,812)	(140,722,692)
	Profitability Ratio	–	–

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Prime Media Holdings, Inc.
16th Floor, Citibank Tower
8741 Paseo de Roxas
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Prime Media Holdings, Inc. (the Company), a subsidiary of RYM Business Management Corp., as at December 31, 2019 and 2018 and for each of the three years ended December 31, 2019, 2018 and 2017, and have issued our report thereon dated June 26, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2019 are the responsibility of the Company's management. These supplementary schedules include the following:

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

These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule No. 68 Part II, and are not part of the basic financial statements. The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

Belinda B. Fernando

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Partner
CPA Certificate No. 81207
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Makati City, Metro Manila

PRIME MEDIA HOLDINGS, INC.

(A Subsidiary of RYM Business Management Corp.)

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2019

	Amount
Unappropriated retained earnings (deficit) available for dividend declaration at beginning of year	(₱855,687,568)
Net loss during the year closed to retained earnings	(992,120)
Total retained earnings (deficit) available for dividend declaration at end of year	(₱856,679,688)

PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68

DECEMBER 31, 2019

Table of Contents

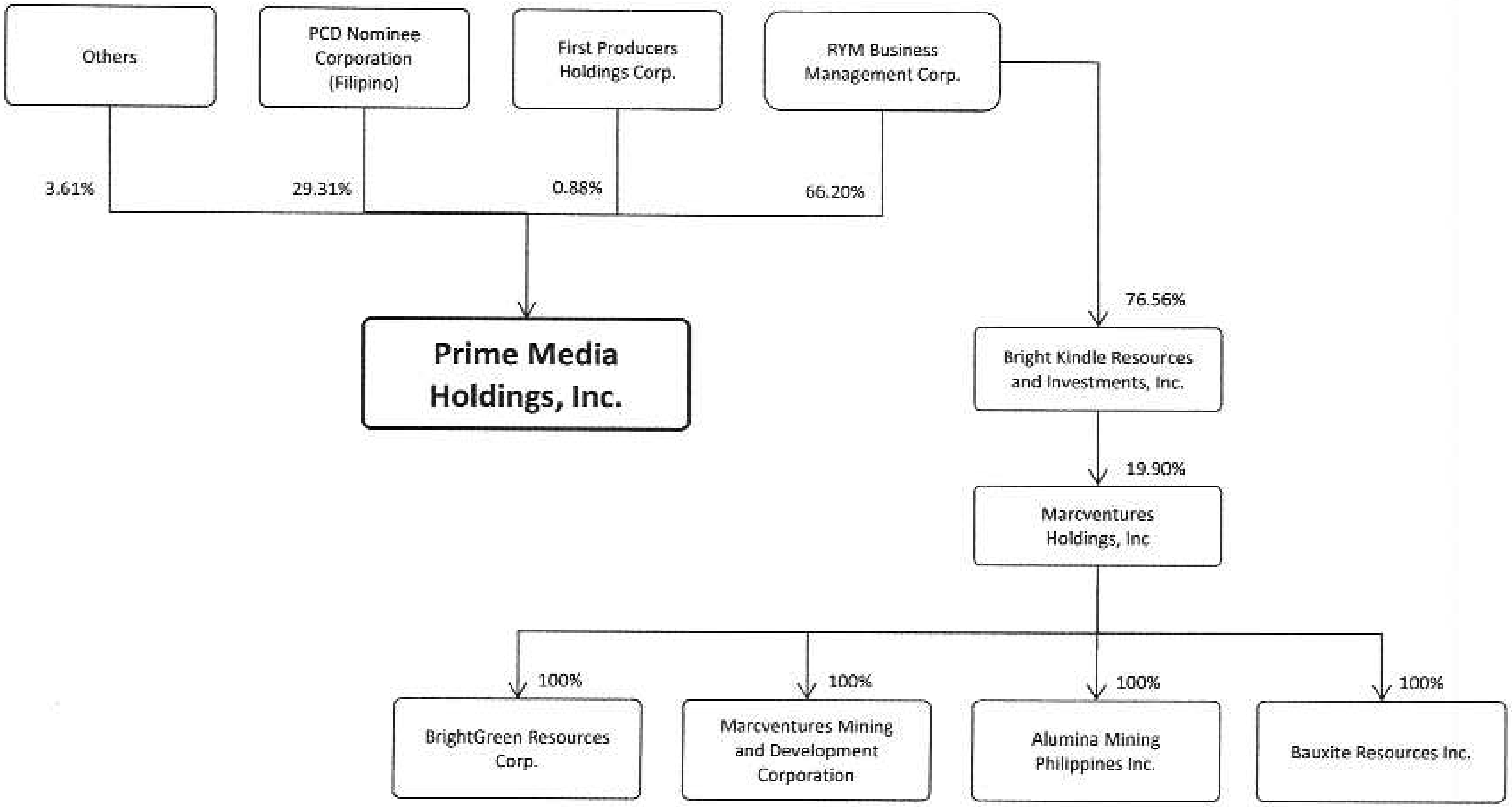
PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2019

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Stock	3,000,000,000	700,298,616	–	575,732,986	2,005	124,563,625
Preferred Stock	2,000,000,000	14,366,260	–	–	–	–
	5,000,000,000	714,664,876	–	575,732,986	2,005	124,563,625

PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

CONGLOMERATE MAP
DECEMBER 31, 2019



PRIME MEDIA
Holdings, Inc.

2019 SUSTAINABILITY REPORT

June 2019

BUSINESS CONTEXT

Prime Media Holdings Inc. ("PMHI" or the "Company") is a holding company listed in the Philippine Stock Exchange with corporate offices at 16 th Floor, Citibank Tower, 8741 Paseo de Roxas, Makati City.

Originally incorporated as the Private Development Corporation of the Philippines (PDCP) in 1963, the Company's Board of Directors approved an amendment to its Articles of Incorporation in 2002 which changed its primary purpose to a holding company focused on investments in the media industry.

The Company is still in the process of assessing whether it will strategically enter the media industry or adopt another business model in light of developing conditions in the Philippines. In the meantime, in view of its minimal operations, PMHI gradually retired all its employees in 2010 by outsourcing its administration and operations to consultants and service providers during this period of corporate reorganization and business model assessment.

While PMHI is currently non-operational, its transition process is aligned with sustainable development goals. This report signifies the Company's commitment to good corporate governance and that PMHI's sustainable reporting process is in place.

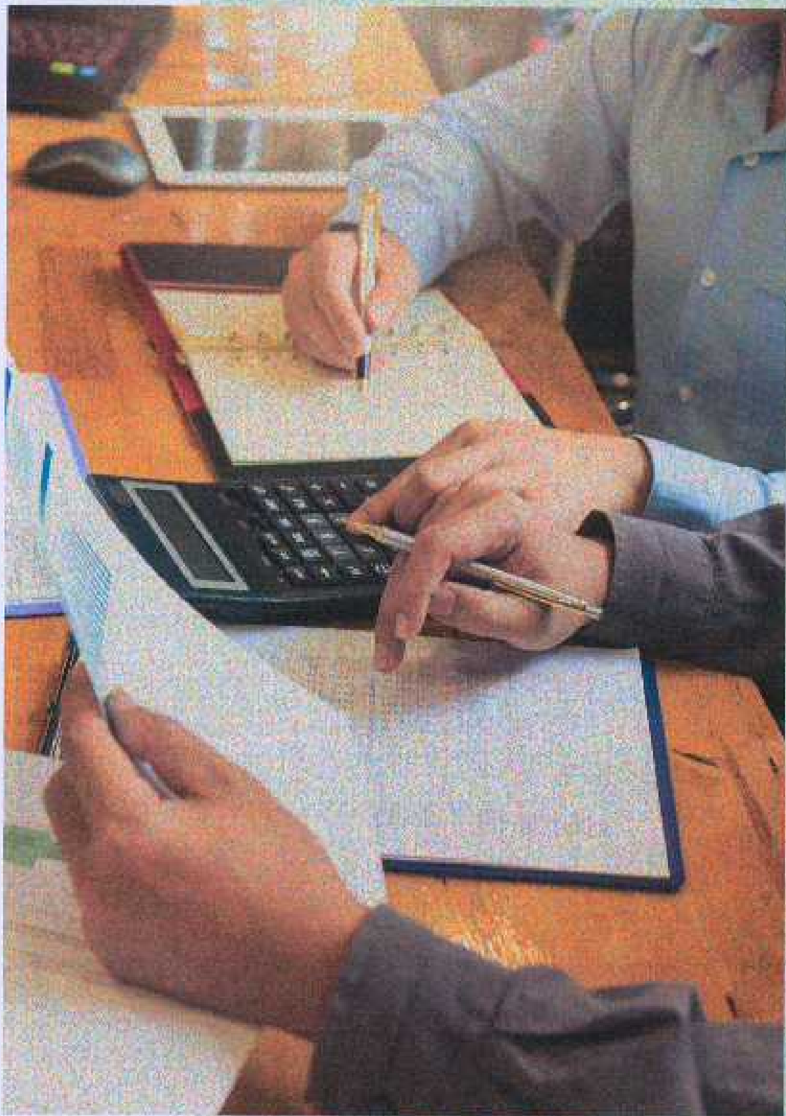
REINVENTION INTO A SUSTAINABLE GOING CONCERN THROUGH GOOD CORPORATE GOVERNANCE

PMHI hopes to eventually contribute to sustainable development goals by promoting Good Corporate Governance as the Company revitalizes and re-invents itself. Moving forward, the firm is confident that it will eventually adopt a truly sustainable business model not just for its shareholders but for society as a whole. As already described in its previous public disclosures, the firm is engaged in significant exploratory talks with interested parties in order to relaunch its activities as an investment firm.

In 2019, PMHI generated a direct economic value of Php 3.56 Million and remitted taxes to the Philippine Government in the amount of Php419,318.00.

The figures may not be deemed substantial from a business standpoint, but it strengthens PMHI's contribution to the Philippine government and the local economy. Even without directly operating, PMHI managed to deliver positive returns to its stakeholders.
Data security is also a vital material topic as the company plans to lay the groundwork to revitalize its operations in the future. Pursuant to the Data Privacy Act of 2012, PMHI appointed a Data Privacy Officer to ensure strict implementation of confidentiality measures that comply with Philippine data privacy laws.

In summary, PMHI demonstrates good corporate governance by deliberately and gradually preparing for future growth through a new business model as a holding company focused on determining future strategic investments.



MATERIALITY ASSESSMENT AND SUSTAINABILITY REPORTING PROCESS

To further demonstrate its commitment to good corporate governance best practices, PMHI produced this initial Sustainability Report for its fiscal year beginning 1 January and ending 31 December 2019. The Company expects to further develop its materiality assessment and sustainability reporting process once it completes its corporate reorganization and resumes operations as a going concern.

To initiate its sustainability reporting processes, the Company engaged the services of Atty. Teodoro Kalaw IV, who is certified both as a sustainability trainer by the Global Reporting Initiative and a sustainability report assurer by the Institute of Certified Sustainable Practitioners. Atty. Kalaw is also the first Filipino to graduate with a Masters degree in Sustainability Leadership from the University of Cambridge. Atty. Kalaw facilitated an extensive sustainability orientation and materiality assessment workshop for key officers and staff of the Firm. As a result of the orientation and workshop and in light of the fact that PMHI is not currently operating substantially as a going concern, workshop participants determined that most of prospective material topics in the economic, environmental and social domains described in SEC Memorandum Circular No. 4 s. of 2019[1] are presently not relevant to our stakeholders. As it moves toward restarting its business operations, PMHI expects to be able to specifically demonstrate its contributions to the Sustainable Development Goals promoted by the United Nations. Moving forward, the transition would support sustainable economic growth and increase employment opportunities.

Ultimately, the real benefit of this initial process is in preparing the Company for robust sustainability reporting in future fiscal years thus providing a foundation for more accountability and transparency in its future disclosures and other reporting processes.

INDEX OF MATERIAL TOPICS

Pursuant to Annexes A (Reporting Template) and B (Topic Guide) of the SEC Memorandum Circular No. 4 (Sustainability Reporting Guidelines for Publicly-Listed Companies), the following are the topics PMHI has identified as material for the reporting period and which were addressed in this report:

Topic	Page Number in Annex A of the SEC Guidelines	Page Number in this Report
Economic Performance	19	2
Data Privacy and Security Protection	41	2