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, 2018
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) 831-4479
9. Former name or former address, and former fiscal year, if changed since last report
   #3 SAN ANTONIO ST., BO KAPITOLYO PASIG CITY
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)

- [x] Yes
- [ ] No

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

- [x] 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

140755466

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.

- [x] 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, 2018
Currency	Philippine Peso

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2018	Dec 31, 2017
Current Assets	44,822,195	16,802,522
Total Assets	46,580,388	88,516,712
Current Liabilities	187,303,080	193,071,645
Total Liabilities	187,303,080	202,628,445
Retained Earnings/(Deficit)	-855,687,568	-2,943,798,478
Stockholders' Equity	-140,722,692	-114,111,733
Stockholders' Equity - Parent	-	-
Book Value Per Share	-0.2	-0.16

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2018	Dec 31, 2017
Gross Revenue	1,819,791	2,201,162
Gross Expense	35,774,296	30,105,614
Non-Operating Income	-	-
Non-Operating Expense	-	-
Income/(Loss) Before Tax	-33,954,505	-27,904,452
Income Tax Expense	-9,381,478	531,234
Net Income/(Loss) After Tax	-24,573,027	-28,435,686
Net Income/(Loss) Attributable to Parent Equity Holder	-	-
Earnings/(Loss) Per Share (Basic)	-24,373,027	-28,375,686

Earnings/(Loss) Per Share (Diluted)	-0.04	-0.04

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2018	Dec 31, 2017
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	0.24	0.09
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.03	0.02
Solvency Ratio	**Total Assets / Total Liabilities**	0.25	0.04
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	4.02	2.29
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	-1.33	-1.78
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	-	-
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	-0.33	-0.78
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	-	1
Net Profit Margin	**Net Profit / Sales**	-	-11.99
Return on Assets	**Net Income / Total Assets**	-0.53	-0.32
Return on Equity	**Net Income / Total Stockholders' Equity**	0.17	0.25
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	48	49.5

Other Relevant Information
NONE

Filed on behalf by:

Name	Diane Madelyn Ching
Designation	Assistant Corporate Secretary

COVER SHEET

2 2 4 0 1

S.E.C. Registration Number

PRIME MEDIA HOLDINGS, INC.
(formerly First e-Bank Corp.)

(Company's Full Name)

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

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

ROLANDO S. SANTOS	831-4479
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

1,598	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, 2018

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) 831-4479
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 140,755,466 computed on the basis of 124,562,625 representing 17.79% of the outstanding common shares at the closing price as of April 22, 2019 of Pesos 1.13 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 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 in its articles of incorporation (AOI) 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) and SEC approval was obtained last March 4, 2013.

On March 2, 2015, the SEC approved the 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 the very minimal operations, the Company gradually retired all its employees by 2010 and engaged consultants/service providers to service its requirements.

Item 2. Properties

Essentially 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 were sold last September 21, 2018 for ₱51.8 million in order to use the funds to pay the Company's liabilities and defray its expenses. Please refer to Note 7 of the 2018 Audited Financial Statements (AFS).

Item 3. Legal Proceedings

Considering the Company's previous operation, the Company was named defendant in various legal actions. One of the cases which may affect the Company is the case of Bangko Sentral ng Pilipinas (BSP) vs. Prime Media Holdings, Inc., docketed Civil Case No. 13130993 and pending before Branch 25, Regional Trial Court, City of Manila. The summary of the case is provided below.

Bangko Sentral ng Pilipinas (BSP) filed an action for Collection of a Sum of Money in the amount of ₱42.5 million representing alleged rental arrears under the (i) Contract of Lease with Option to Purchase ("Contract") between the BSP and PDCP Development Bank (PDCP Bank, which changes its name to First E-Bank Corporation or First E-Bank, now, Prime Medial Holdings, Inc. or PMHI) dated 14 January 2001; (ii) Agreement to Extend the

Buyback Period of the Repurchased Properties ("Agreement of 2001") dated 30 July 2001 between the BSP and First E-Bank; and (iii) Renewal of Contract of Lease with Option to Purchase ("Agreement of 2002"), notarized on 8 January 2002.

In its answer, PMHI interposed a defense that the Contracts on which the Complaint is based, are all void and inexistent violative of the General Banking Act, principle of mutuality of contracts as well as Articles 19, 20 and 21 of the Civil Code, and principle on unjust enrichment under Article 22 of the same Code. As counterclaim, PMHI is claiming the amount of One Hundred Forty Five Million Pesos (₱145,000,000.00) which was unilaterally forfeited by BSP.

The parties have submitted their formal offer of evidence. On July 6, 2018, the Company settled this case pending before Branch 25, Regional Trial Court, City of Manila in order to avoid protracted litigation in the amount of P 20 million as compromise fee.

Please see Note 15 of the attached 2018 AFS.

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

During the Annual Shareholders' Meeting held last 03 December 2018, 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. Authority to Enter into a Management Agreement with RYM Business Management Corp.
7. Election of Directors
8. Appointment of External Auditor
9. Other matters
10. Adjourment

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, 2018 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 2016 to 2018 are given below:

Year	Quarter	High	Low
2016	1st	1.47	0.90
	2nd	1.84	1.25
	3rd	1.35	1.16
	4th	1.54	1.13
2017	1st	1.26	1.01

Year	Quarter	High	Low
	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

(2) Holders of Securities

Common Shareholders

The number of common shareholders on record as of December 31, 2018 is 1,598.The list of the top twenty (20) common shareholders as of December 31, 2018 is provided below:

	Name of Stockholders	No. of shares	% age of ownership
1	PCD Nominee Corporation (Filipino)	670,986,577	95.81
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	Ray Burton Development Corporation	3,213,293	0.46
5	Producers Properties, Inc.	3,013,701	0.43
6	Mercantile Investment Company, Inc.	1,585,989	0.23
7	Albert Del Rosario ITF Anthony Salim	1,289,279	0.18
8	Ernesto B. Lim	880,000	0.13
9	PCD Nominee Corporation (Foreign)	875,836	0.13
10	Lucio W. Yan &/or Clara Yan	600,000	0.09
11	Joel B. Vargas	534,876	0.08
12	Merlene So &/or So Peng Kee	239,000	0.03
13	Maria T. Uy	211,200	0.03
14	Jose Yu Go, Jr.	210,000	0.03
15	Jovy Lim Go	150,000	0.02
16	Qeu Lu Kiong	150,000	0.02
17	Rufino H. Abad	142,011	0.02
18	Luciano H. Tan	139,600	0.02
19	Leonardo Navalta	132,294	0.02
20	Lamberto C. Dizon &/or Erlinda V. Dizon	127,860	0.02

Preferred Shareholders

The number of preferred shareholders of record as of December 31, 2018 was 267. Preferred shares outstanding as of December 31, 2018 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	HPPI Employees Retirement Plan	500,000	3.48%
7	E. Chua Chiaco Sec., Inc.	449,640	3.13%
8	Citi Securities Inc.	403,000	2.81%
9	Wealth Securities, Inc.	402,000	2.80%
10	Virginia U. Ng	344,470	2.40%
11	PNB Securities Inc.	300,280	2.09%
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	Virginia U. Ng	183,130	1.27%

(3) Dividends

There were no dividends declared.

(4) Recent Sales of Unregistered or exempt Securities

On April 6, 2013, the BOD approved the conversion of advances from Neo Oracle Holdings, Inc. (NOHI) and Metro Tagaytay Land Co. Inc. (MTLCI) amounting to ₱119.7 million and ₱480.8 million, respectively, into 47,861,410 common shares and 192,323,360 common shares, respectively, at stipulated conversion price of ₱2.50 per common share.

On the same date, the BOD entered into a subscription agreement with NOHI and MTLCI for ₱179.0 million or 71.6 million common shares with an issue price of ₱2.50 per share. The Company received the minimum subscription price amounting to ₱70.0 million which was used by the Company to pay its loan with BDO. During May and June 2014, NOHI and MTLCI fully paid their subscriptions with the payment of the ₱109 million balance.

As of December 31, 2014, the Company issued 311,784,770 shares to NOHI and MTLCI as a result of the conversion of advances and subscription agreement. The listing of the said shares was approved by the PSE on December 15, 2014.

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 a 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 assets related to its development bank operation to BDO & PDIC. Thus, the Company has continued to incur losses resulting to a capital deficiency of ₱ 140.72 million and ₱114.11 million as at December 31, 2018 and 2017, 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 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)	(7.57%)
Stockholders' Equity	**(140.72)**	**(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 assets 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 parties 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

In million

	Audited		Increase(Decrease)	
	2018	**2017**	Amount	%
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, ₱3.9 million 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 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 47.73% equivalent.

- 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 P24.9 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 recognition 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, ₱2.16 million or equivalent to 8.24% 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 recognition of other miscellaneous expense from interest receivable.

Explanations for the material changes in the Company's accounts between 2016 and 2015 are as follows:

Statement of Financial Position

The total Assets of the Company decreased by ₱30.44 Million or equivalent to 20.99% from ₱145.00 Million in 2015 to ₱114.56 Million in 2016. The significant changes were mainly due to the following:

- Cash decreased significantly from ₱73.22 million as of December 31, 2015 to ₱2.70 million as of December 31, 2016, a decrease of ₱70.52 million or equivalent to 96.31% pertains mainly to the payment of administrative expenses and advances made to RYM Business Management Corporation. The advances were subsequently collected in 2017.

- Due from Parent Company increased significantly by ₱40.00 million or equivalent to 100.00% pertains to the advances made to RYM Business Management Corporation.

- The company incurred a net loss of ₱27.61 million in 2016 which resulted to decrease in the total stockholder's equity.

Results of Operations

Operating results reflected a net loss of ₱27.60 million in 2016, ₱3.10 million or equivalent to 10.10% lower as compared to 2015 reported net loss of ₱30.70 million. The significant changes were mainly due to the following:

- Outside services decreased from ₱2.09million in 2015 to ₱1.09 million in 2016, ₱1.00 million or equivalent to 47.85% decrease primarily due to the payment of appraisal fee for the appraisal on the properties of the Company in 2015.

- Taxes and licenses decreased from ₱1.57 million in 2015 to ₱0.65 million in 2016, 57.96% in due to payment of real property tax.
- Rent decreased by ₱0.98 million or equivalent to 78.40% due to termination of rental contract for office space used in 2015.
- Other expenses decreased by ₱1.15 million due to last year's loss on litigation on the "China Banking Corporation vs. Plasko Trading Inc. and PDCP Development Bank (now Prime Media Holdings, Inc.)", under Civil Case No. 95-72847, RTC Manila, Branch 17.

Performance Indicators

Key Performance Indicators (KPI's)

Comparative figures of the key performance indicators (KPI) for the fiscal years ended December 31, 2018 and 2017:

	2018	2017
Loss	**(₱24,573,027)**	(₱28,435,686)
Current assets	**44,822,195**	16,802,522
Total assets	**46,580,388**	88,516,712
Current liabilities	**187,303,080**	193,071,645
Total liabilities	**187,303,080**	202,628,445
Stockholders' Equity	**(140,722,692)**	(114,111,733)
No. of common shares outstanding	**700,298,616**	700,298,616

	2018	2017
Current ratio [1]	**0.24**	0.09
Book value per share [2]	**(0.20)**	(0.16)
Debt ratio [3]	**(1.33)**	(1.69)
Profit per share [4]	**(0.04)**	(0.04)
Return on assets [5]	**(0.36)**	(0.27)

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 2018 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	
	2018	2017
Audit Fees	**₱370,000**	**₱340,000**

Audit Fees. Represents professional fees of the external auditor for the audit services rendered on Company's Annual Financial Statements for the year 2018 and 2017.

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	48	Filipino	May 28 2013 to present
Bernadeth A. Lim	34	Filipino	May 28 2013 to present
Juan Victor S. Valdez	45	Filipino	May 28 2013 to present
Diane Madelyn C. Ching	36	Filipino	October 2013 to present
Rolando S. Santos	68	Filipino	January 06 2017 to present
Johnny Y. Aruego Jr. (independent director)	47	Filipino	May 28 2013 to present
Francisco L. Layug III (independent director)	64	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 Manalo	48	President & CEO	Filipino	May 2013 to present
Bernadeth A. Lim	34	Vice President	Filipino	May 2013 to present
Diane Madelyn C. Ching	36	Corporate Secretary	Filipino	May 2014 to present
Rolando S. Santos	68	Treasurer	Filipino	January 06 2017 to present

Christopher Sam S. Salvador	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 the co-founder and managing partner of Ocampo and Manalo Law Firm. He is a Director and 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 Corporate Secretary of Kajima Philippines Incorporated, Ripple Mobile Technology Solutions Inc., Anawhan Realty Inc. and Bryaric Holdings Corp. She also sits 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, 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.

Diane Madelyn C. Ching was elected as Director in October 2013. She currently serves as Corporate Secretary of AG Finance Inc. and Bright Kindle Resources & Investments Inc. (formerly Bankard Inc.) as well as General Counsel and Assistant Corporate Secretary of Marcventures Holdings Inc. and its subsidiary, Marcventures Mining and Development Corp. She provides legal consultancy services to PLDT Global (Philippines) Corp. Atty. Ching was previously an associate of Ocampo & Manalo Law Firm from March 2010 to June 2013

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.

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, 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.

Other Officer

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

Christopher Sam S. Salvador was re-elected as Co-Corporate Information Officer in December 2017. He is an associate 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 2017 and 2018 and estimated to be paid in 2019, 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				
Rolando S. Santos	Treasurer				
Aggregate for above named officers		2015 2016 2017 2018 2019(est)	0 0 0 0 0	0 0 0 0 0	22,222 25,000 30,000 35,000 35,000
All Directors and Officers as a group unnamed		2015 2016 2017 2018 2019(est)	0 0 0 0 0	0 0 0 0 0	27,778 30,000 25,000 25,000 100,000

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 2018:

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, 2018, 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, 2018

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	Diane Madelyn Ching	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		
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

As of December 31, 2018, Bright Kindle Resources Corporation has an outstanding payable balance of ₱1 million to the company which represents a non-interest bearing advances to related party transactions. Also, as of December 31, 2018, the Company has a Loans receivable from Marcventures Mining and Development Corporation amounting to ₱26 million with an interest of ten percent (10%) per annum.

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
April 16, 2018	Certificate of Approval of Equity Restructuring
May 31, 2018	Amended-1 Certificate of Approval of Equity Restructuring
July 10, 2018	Compromise Agreement with Bangko Sentral ng Pilipinas (BSP)
August 28, 2018	Appointment of Atty. Diane Madelyn C. Ching as Data Privacy Officer
Sept. 11, 2018	Notice of Annual Stockholders' Meeting
October 2, 2018	Amended 1-Notice of Annual Stockholders' Meeting
October 2, 2018	Approval of the Compromise Agreement between Prime Media Holdings, Inc. (PRIM) and Bangko Sentral ng Pilipinas (BSP).
October 31, 2018	Amended 2-Notice of Annual Stockholders' Meeting
December 3, 2018	Results of Annual Stockholders' Meeting
December 3, 2018	Results of Organizational Meeting

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 ______________________ on ________, 2019

By:

bernadeth a. lim

BERNADETH A. LIM
Vice President

ROLANDO S. SANTOS
Treasurer

SUBSCRIBED AND SWORN to before me this _____ day of APR 29 2019 2019 affiant(s) exhibiting to me his/their Tax Identification Nos., as follows:

NAMES	Competent Evidence of Identity	Expiry date
Bernadeth A. Lim	236-185-911	
Rolando S. Santos	127-551-054	

known to me and to me known as the same persons who executed the foregoing **2018 SEC Form 17-A Annual Report**, and they acknowledge to me that the same is their free and voluntary act and deed as well as of the corporations they respectively represent.

WITNESS MY HAND AND SEAL on the date and in the place above written.

Notary Public

Atty. Michael S. Macabata
Notary Public for the City of Makati
Until December 31, 2019
Roll of Atty. No. 58554
PTR No. 7347887-01/14/2019-Makati City
IBP No. 011366-01/09/13-Lifetime PPLM
4/F Citibank Center, 8741 Paseo de Roxas
Makati City, Philippines

ATTY. MICHAEL S. MACABATA
NOTARY PUBLIC
ROLL NO. 58554
MAKATI CITY, PHILIPPINES

Doc. No. 28
Page No. 6
Book No. II
Series of 2019.

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI)

SECRETARY'S CERTIFICATE

I, **DIANE MADELYN C. CHING**, of legal age, Filipino, with office address at 4th Floor Citibank Center, Paseo de Roxas, Makati City after having been duly sworn to in accordance with law, do hereby depose and state that:

1. I am the duly elected and qualified Corporate Secretary of **PRIME MEDIA HOLDINGS, INC.**, (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines with principal office address at 16th Floor Citibank Tower, 8741 Paseo de Roxas, Barangay Bel-Air, Makati City.

2. I hereby certify that at the meeting of the Board of Directors held at the Corporation's principal office on 12 April 2019, wherein a quorum was present and acting throughout, the following resolutions were unanimously approved:

> "**RESOLVED**, as it is hereby resolved, that the Corporation be authorized and empowered, as it is hereby authorized and empowered, to issue the Audited Financial Statements ending 31 December 2018 as certified by its external auditor, Reyes Tacandong & Co."
>
> "**RESOLVED, FURTHER**, that the Corporation's Vice President and Treasurer be authorized and empowered to sign, execute and deliver the Statement of Management Responsibility and such other requirements related to the submission and issuance of the Financial Statements with full power and authority to perform any and all actions relevant thereto."
>
> "**RESOLVED, FINALLY**, as it is hereby resolved, that the Corporate Secretary be authorized to issue certification(s) relative to the foregoing solutions."

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of April 2019 at Makati City, Philippines.

DIANE MADELYN C. CHING
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 24 April 2019 at Makati City, affiant exhibited to me her Driver's License No. N04-99-451455 valid until 6 December 2022.

ATTY. MICHAEL S. MACABATA NOTARY PUBLIC ROLL NO. 58554 MAKATI CITY, PHILIPPINES

Atty. Michael S. Macabata
Notary Public for the City of Makati
Until December 31, 2019
Roll of Atty. No. 58554
PTR No. 7347887-01/14/2019-Makati City
IBP No. 011366-01/09/13-Lifetime PPLM
4/F Citibank Center, 8741 Paseo de Roxas
Makati City, Philippines

Doc. No. 24;
Page No. 5;
Book No. V;
Series of 2019.

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) 831-4479	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,598	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	826-8609/856-7976	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.

APR 8 2019

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, 2018 and 2017**, 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, 2018 and 2017**, 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.

Bernadeth A. Lim

BERNADETH A. LIM
Vice President

ROLANDO S. SANTOS
Treasurer

Signed this APR 12 day of 2019

APR 22 2019

PRIME MEDIA Holdings, Inc.

SUBSCRIBED AND SWORN to before me this APR 29 2019 day of ______ affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity (TIN)	DATE OF ISSUE	PLACE OF ISSUE
Bernadeth A. Lim	236-185-911		
Rolando S. Santos	127-551-054		

ATTY. MICHAEL S. MACABATA NOTARY PUBLIC ROLL NO. 58554 MAKATI CITY, PHILIPPINES

Notary Public

Doc. No. 27 ;
Page No. 6 ;
Book No. V ;
Series of 2019.

Atty. Michael S. Macabata
Notary Public for the City of Makati
Until December 31, 2019
Roll of Atty. No. 58554
PTR No. 7347887-01/14/2019-Makati City
IBP No. 011366-01/09/13-Lifetime PPLM
F Citibank Center, 8741 Paseo de Roxas
Makati City, Philippines

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BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone +632 982 9100
Fax +632 982 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, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the three years ended December 31, 2018, 2017 and 2016, 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, 2018 and 2017, and its financial performance and its cash flows for the three years ended December 31, 2018, 2017 and 2016 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 ₱140.7 million and ₱114.1 million as at December 31, 2018 and 2017, 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, 2018. 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 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, 2018, 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, 2018 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. 1022-AR-2 Group A
Valid until March 15, 2020
BIR Accreditation No. 08-005144-004-2017
Valid until January 13, 2020
PTR No. 7334334
Issued January 3, 2019, Makati City

April 12, 2019
Makati City, Metro Manila

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

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2018	2017
ASSETS			
Current Assets			
Cash	4	**₱5,602,963**	₱1,720,231
Receivables	5	**27,396,444**	2,453,932
Due from related parties	14	**7,940,000**	12,420,000
Other current assets	6	**3,882,788**	208,359
Total Current Assets		**44,822,195**	16,802,522
Noncurrent Assets			
Investment properties	7	**–**	69,876,000
Equity securities designated as fair value through other comprehensive income (FVOCI)	8	**500,000**	300,000
Equipment	9	**1,258,193**	1,538,190
Total Noncurrent Assets		**1,758,193**	71,714,190
		₱46,580,388	₱88,516,712
LIABILITIES AND CAPITAL DEFICIENCY			
Current Liabilities			
Accrued expenses and other current liabilities	10	**₱173,423,080**	₱193,071,645
Due to a related party	14	**13,880,000**	–
Total Current Liabilities		**187,303,080**	193,071,645
Noncurrent Liability			
Deferred tax liability	13	**–**	9,556,800
Total Liabilities		**187,303,080**	202,628,445
Capital Deficiency			
Capital stock	11	**714,664,876**	714,664,876
Additional paid-in capital	11	**–**	2,114,921,869
Deficit		**(855,687,568)**	(2,943,798,478)
Cumulative unrealized valuation gain on equity securities designated as FVOCI	8	**300,000**	100,000
Total Capital Deficiency		**(140,722,692)**	(114,111,733)
		₱46,580,388	₱88,516,712

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

	Note	2018	2017	2016
		Years Ended December 31		
INCOME				
Rental	12	**₱1,125,857**	₱279,360	₱279,360
Interest income	4	**446,732**	13,474	44,054
Recovery of accounts written-off	5	**247,202**	167,328	749,211
Gain on fair value changes of investment properties	7	–	1,741,000	1,901,000
		1,819,791	2,201,162	2,973,625
EXPENSES				
Loss on sale of investment properties	7	**24,896,294**	–	–
Professional fees		**2,595,114**	1,799,004	2,907,299
Association dues		**2,553,793**	–	–
Outside services		**1,456,005**	1,316,410	1,093,483
Taxes and licenses		**1,453,072**	459,978	654,931
Representation		**912,087**	12,500	–
Depreciation	9	**334,372**	96,010	17,160
Rent	12	**125,488**	186,699	272,783
Management fee	14	–	23,092,784	23,092,784
Provision for impairment losses	5	–	2,126,335	–
Salaries and allowance		–	–	130,998
Others		**1,448,071**	1,015,894	484,302
		35,774,296	30,105,614	28,653,740
LOSS BEFORE INCOME TAX		**(33,954,505)**	(27,904,452)	(25,680,115)
PROVISION FOR (BENEFIT FROM) INCOME TAX	13			
Current		**175,322**	8,934	20,571
Deferred		**(9,556,800)**	522,300	570,300
		(9,381,478)	531,234	590,871
NET LOSS		**(24,573,027)**	(28,435,686)	(26,270,986)
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified to profit or loss				
Unrealized valuation gain on equity securities designated as FVOCI	8	**200,000**	–	–
Item that will be reclassified to profit or loss				
Unrealized valuation gain (loss) on available-for-sale financial assets	8	–	60,000	(10,000)
TOTAL COMPREHENSIVE LOSS		**(₱24,373,027)**	(₱28,375,686)	(₱26,280,986)
Basic and Diluted Loss Per Share	16	**(₱0.04)**	(₱0.04)	(₱0.04)

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	2018	2017	2016
CAPITAL STOCK	11			
Common stock - ₱1 par value				
Balance at beginning of year		**₱700,298,616**	₱700,298,616	₱698,930,906
Conversion of preferred to common stock		–	–	1,367,710
Balance at end of year		**700,298,616**	700,298,616	700,298,616
Preferred stock - ₱1 par value				
Balance at beginning of year		**14,366,260**	14,366,260	48,559,000
Conversion of preferred to common stock		–	–	(34,192,740)
Balance at 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	2,082,096,839
Effect of equity restructuring	11	**(2,114,921,869)**	–	–
Conversion of preferred to common stock		–	–	32,825,030
Balance at end of year		–	2,114,921,869	2,114,921,869
DEFICIT				
Balance at beginning of year		**(2,943,798,478)**	(2,915,362,792)	(2,889,091,806)
Effect of equity restructuring	11	**2,114,921,869**	–	–
Net loss		**(24,573,027)**	(28,435,686)	(26,270,986)
Effect of initial application of PFRS 9	5	**(2,237,932)**	–	–
Balance at end of year		**(855,687,568)**	(2,943,798,478)	(2,915,362,792)
CUMULATIVE UNREALIZED VALUATION GAIN ON EQUITY SECURITIES DESIGNATED AS FVOCI	8			
Balance at beginning of year		**100,000**	40,000	50,000
Unrealized valuation gain (loss)		**200,000**	60,000	(10,000)
Balance at end of year		**300,000**	100,000	40,000
		(₱140,722,692)	(₱114,111,733)	(₱85,736,047)

See accompanying Notes to Financial Statements.

APR 30 2019

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

STATEMENTS OF CASH FLOWS

	Note	2018	2017	2016
		Years Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(₱33,954,505)**	(₱27,904,452)	(₱25,680,115)
Adjustments for:				
Loss on sale of investment properties	7	**24,896,294**	–	–
Interest income	4	**(446,732)**	(13,474)	(44,054)
Depreciation	9	**334,372**	96,010	17,160
Gain on fair value changes of investment properties	7	**–**	(1,741,000)	(1,901,000)
Operating loss before working capital changes		**(9,170,571)**	(29,562,916)	(27,608,009)
Decrease (increase) in:				
Receivables		**(27,180,444)**	2,062,335	(131,400)
Due from related parties		**4,480,000**	27,580,000	(40,000,000)
Other current assets		**(3,674,429)**	600,546	21,074
Decrease in accrued expenses and other current liabilities		**(19,648,565)**	(89,237)	(2,828,203)
Net cash generated from (used for) operations		**(55,194,009)**	590,728	(70,546,538)
Interest received		**446,732**	13,474	44,054
Income tax paid		**(175,322)**	(8,934)	(20,571)
Net cash provided by (used in) operating activities		**(54,922,599)**	595,268	(70,523,055)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investment properties	7	**44,979,706**	–	–
Acquisition of equipment	9	**(54,375)**	(1,577,000)	–
Net cash provided by (used in) investing activities		**44,925,331**	(1,577,000)	–
CASH FLOWS FROM A FINANCING ACTIVITY				
Increase in due to a related party		**13,880,000**	–	–
NET INCREASE (DECREASE) IN CASH		**3,882,732**	(981,732)	(70,523,055)
CASH AT BEGINNING OF YEAR		**1,720,231**	2,701,963	73,225,018
CASH AT END OF YEAR		**₱5,602,963**	₱1,720,231	₱2,701,963

See accompanying Notes to Financial Statements.

APR 8 [illegible]

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

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, 2018 and 2017, 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, 2018 and 2017, 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/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, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 were approved and authorized for issuance by the Board of Directors (BOD) on April 12, 2019.

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 ₱140.7 million and ₱114.1 million as at December 31, 2018 and 2017, 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 of ₱34.2 million into common stock in 2016, converted their advances of ₱600.5 million to additional capital in 2014 and infused capital aggregating ₱179.0 million in 2014 and 2013 to reduce the capital deficiency.

On March 23, 2018, the SEC approved the Company's equity restructuring to reduce its deficit by applying its additional paid-in capital (APIC) amounting to ₱2,114.9 million (see Note 11).

MPR

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.

Measurement Bases

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

The financial statements have been prepared on a historical cost basis, except for its investment properties and equity securities designated as fair value through other comprehensive income (FVOCI) which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets and 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 market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active 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 adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2018:

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

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

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

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

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

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

  As allowed under transitory provisions of PFRS 9, the Company applied the requirements of PFRS 9 retrospectively but opted not to restate the comparative information.

  The Company has performed an assessment and has determined the impact of PFRS 9 on its financial instruments.

  Classification and Measurement. On the date of initial application, January 1, 2018, the Company made the following reclassifications:

  (i) The Company's cash, receivables and due from related parties that were classified as loans and receivables under PAS 39 are now classified as financial assets at amortized cost. These financial assets are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest.

  (ii) The Company's investment in a club share of Valley Golf & Country Club classified as available-for-sale financial assets under PAS 39 will be measured at FVOCI under PFRS 9. But unlike in PAS 39, the accumulated gains or losses presented in OCI related to these investments will not be subsequently reclassified in profit or loss.

The Company has not designated any financial liabilities as at FVPL. There are no changes in classification and measurement for the Group's financial liabilities.

The application of the classification and measurement requirements under PFRS 9 did not materially affect the carrying amounts of the Company's financial instruments as at January 1, 2018.

Impairment. The new impairment requirements resulted to additional provision for impairment with respect to loans receivable and receivables arising from the Company's rent income. For these receivables, the Company applies the simplified approach in measuring the expected credit losses. This approach does not track changes in credit risk, but instead recognize an allowance for impairment losses based on lifetime expected credit losses. This resulted in an increase of the allowance for impairment losses with a corresponding increase in deficit and increase in unrecognized deferred tax assets by ₱2.2 million and ₱0.7 million, respectively, as at January 1, 2018.

For other financial assets at amortized cost which mainly comprise of cash in banks and due from related parties, the Company applies the general approach in measuring the expected credit losses. The new impairment requirements did not result in significant expected credit loss. The following are considered in the assessment:

Cash in banks are deposited with reputable counter party banks that possess good credit ratings.

For related party transactions, the Company considered the available liquid assets of the related parties.

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

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

- Amendments to PAS 40, *Investment Property - Transfers of Investment Property* – The amendments clarify that transfers to, or from, investment property (including assets under construction and development) should be made when, and only when, there is evidence that a change in use of a property has occurred.

The adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements of the Company except for PFRS 9. Additional disclosures will be included in the financial statements, as applicable.

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, 2018 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2019 -

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

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the 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. 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 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.

The Company does not have financial assets and liabilities at FVPL and debt instruments measured at FVOCI.

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.

Classified under this category are the Company's cash, receivables (excluding advances to officers, employees and service providers) and due from related parties.

Equity Securities Designated as FVOCI (Starting January 1, 2018). 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 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.

Classified under this category is the Company's investment in a club share of Valley Golf & Country Club.

AFS Financial Assets (Prior to January 1, 2018). AFS financial assets are measured at fair value. The changes in fair values are recognized in OCI and accumulated in equity until the investment is sold, collected, or otherwise disposed of or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity are included in profit or loss.

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.

Classified under this category are the Company's accrued expenses and other current liabilities (excluding statutory payables) and due to a related party.

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 and is included as part of "Other current assets" account in the statements of financial position.

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, accounted for under the fair value model, are property held either to earn rentals or for capital appreciation, or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred and if the recognition criteria are met, and excludes the costs of day-to-day servicing of investment properties. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date as determined by independent appraisers. Gains and losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy on property and equipment up to the date of change in use.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Equipment

Equipment is 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.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of 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.

APIC. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as APIC. Incremental costs directly attributable to the issuance of new shares are treated as deduction from APIC.

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

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.

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

Recovery of Accounts Written-off. Income from other sources is recognized when the amount is actually received.

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

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

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 they 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 rate used to compute the amount is the one that has been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on 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 rate 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 2018, 2017 and 2016 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.

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 they 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 upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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 ₱140.7 million and ₱114.1 million as at December 31, 2018 and 2017, respectively. Management believes this trend to continue for the 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 judgments 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 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 ₱1.1 million in 2018 and ₱0.3 million in 2017 and 2016 (see Note 12).

Accounting for Lease Commitments - Company as a Lessee. The Company, as a lessee, has various operating lease agreements. The Company has determined that the risks and benefits of ownership related to the leased properties are retained by the lessor. Accordingly, the lease is accounted for as an operating lease.

Rent expense amounted to ₱0.1 million, ₱0.2 million and ₱0.3 million in 2018, 2017 and 2016, respectively (see Note 12).

Classifying Investment Properties and Owner-Occupied Properties. The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

The carrying amount of investment properties amounted to nil and ₱69.9 million as at December 31, 2018 and 2017, respectively (see Note 7).

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.

The liabilities arising from the MOA amounted to ₱151.1 million and ₱171.1 million as at December 31, 2018 and 2017, 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 on the part of the franchisee or debtor's cessation of operations.

No impairment losses were recognized in 2018, 2017, and 2016.

The aggregate carrying amount of receivables (excluding advances to officers, employees and service providers) and due from related parties amounted to ₱35.3 million and ₱14.9 million as at December 31, 2018 and 2017, respectively (see Notes 5 and 14).

Determining Fair Value of Investment Properties. The Company engaged an independent appraiser to determine the fair value of its investment properties. The fair value was determined 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.

Further information about the assumptions made in measuring fair value of investment properties are discussed in Notes 7 and 17.

Gain on fair value changes which were recognized in the statements of comprehensive income amounted to nil, ₱1.7 million and ₱1.9 million in 2018, 2017 and 2016, respectively. The carrying value of investment properties amounted to nil and ₱69.9 million as at December 31, 2018 and 2017, respectively (see Note 7).

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

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

No impairment losses were recognized in 2018, 2017 and 2016 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	**2018**	2017
Other current assets	6	**₱3,882,788**	₱208,359
Equipment	9	**1,258,193**	1,538,190
Advances to officers, employees and service providers	5	**32,200**	–
Investment properties	7	**–**	69,876,000

Assessing 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.

The Company's unrecognized deferred tax assets amounted to ₱36.5 million and ₱44.6 million as at December 31, 2018 and 2017, 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:

	2018	2017
Cash on hand	**₱5,277**	₱5,277
Cash in banks	**5,597,686**	1,714,954
	₱5,602,963	₱1,720,231

Cash in banks earn interest at prevailing bank deposit rates.

The sources of interest income are as follows:

	Note	**2018**	2017	2016
Loans receivable	14	**₱433,334**	₱–	₱–
Cash in banks		**13,398**	13,474	44,054
		₱446,732	₱13,474	₱44,054

5. Receivables

This account consists of:

	Note	2018	2017
Loans receivables:			
Third parties		**₱62,277,740**	₱62,277,740
Related party	14	**26,000,000**	–
Advances to officers, employees and service providers		**2,158,535**	2,126,335
Rent receivables:	12		
Related party	14	**809,518**	–
Third parties		**309,932**	453,932
Interest receivable	14	**431,500**	–
Others		**51,226**	–
		92,038,451	64,858,007
Less allowance for impairment losses		**64,642,007**	62,404,075
		₱27,396,444	₱2,453,932

Loans receivable from third parties are related to the Company's previous bank operations and receivable from a related party arising from loan agreements entered during the year.

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

Movements in allowance for impairment losses are as follows:

	2018			
	Loans receivables	**Advances to officers, employees and service providers**	**Rent receivables**	**Total**
Balance at beginning of year	**₱60,277,740**	**₱2,126,335**	**₱–**	**₱62,404,075**
Effect of initial application of PFRS 9	**2,000,000**	**–**	**237,932**	**2,237,932**
Balance at end of year	**₱62,277,740**	**₱2,126,335**	**₱237,932**	**₱64,642,007**

	2017		
	Loans receivable	Advances to officers, employees and service providers	Total
Balance at beginning of year	₱60,277,740	₱–	₱60,277,740
Provision	–	2,126,335	2,126,335
Balance at end of year	₱60,277,740	₱2,126,335	₱62,404,075

The Company recovered various accounts written-off in prior years amounting to ₱0.2 million, ₱0.2 million and ₱0.7 million in 2018, 2017 and 2016, respectively.

6. Other Current Assets

This account consists of:

	2018	2017
CWT	**₱3,298,209**	₱31,416
Prepayments	**515,924**	75,352
Net input VAT	**68,655**	101,591
	₱3,882,788	₱208,359

Prepayments mainly pertain to prepaid insurance and taxes.

7. Investment Properties

Movements in this account are as follows:

	2018	2017
Balance at beginning of year	**₱69,876,000**	₱68,135,000
Disposal	**(69,876,000)**	–
Gain on fair value changes	**–**	1,741,000
Balance at end of year	**₱–**	₱69,876,000

This account represents parcels of commercial land located in Legazpi City, Albay, which are held for capital appreciation.

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

The fair values of the investment properties as at December 31, 2017 are based on valuations performed by accredited independent appraiser. The appraised value of the investment properties were arrived at 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. Equity Securities Designated as FVOCI

The Company's equity securities designated as FVOCI 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:

	2018	2017
Cost	**₱200,000**	₱200,000
Unrealized gain on fair value changes		
Balance at beginning of year	**100,000**	40,000
Fair value change	**200,000**	60,000
Balance at end of year	**300,000**	100,000
	₱500,000	₱300,000

9. Equipment

Movements in this account are as follows:

		2018	
	Computer Equipment	**Transportation Equipment**	**Total**
Cost			
Balance at beginning and end of year	**₱85,800**	**₱1,577,000**	**₱1,662,800**
Additions	**–**	**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**

	2017		
	Computer Equipment	Transportation Equipment	Total
Cost			
Balance at beginning of year	₱85,800	₱–	₱85,800
Additions	–	1,577,000	1,577,000
Balance at end of year	85,800	1,577,000	1,662,800
Accumulated Depreciation			
Balance at beginning of year	28,600	–	28,600
Depreciation	17,160	78,850	96,010
Balance at end of year	45,760	78,850	124,610
Carrying Amount	₱40,040	₱1,498,150	₱1,538,190

On February 8, 2018, the Company entered into an operating lease agreement with Marcventures Mining and Development Corporation (MMDC), a related party under common control, for the lease of the transportation equipment until October 7, 2019 (see Note 14).

Rent income from the lease of transportation equipment amounted to ₱1.0 million in 2018.

10. Accrued Expenses and Other Current Liabilities

This account consists of:

	2018	2017
Liabilities arising from the MOA	**₱151,104,972**	₱171,104,972
Dividends payable	**10,985,443**	10,985,443
Rental deposits	**5,972,642**	5,972,642
Accrued expenses	**2,117,206**	1,763,356
Statutory payables	**2,607**	11,073
Others	**3,240,210**	3,234,159
	₱173,423,080	₱193,071,645

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/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.

Others include statutory payables and refunds of tenants related to the Company's previous operations. These are noninterest-bearing, unsecured and are normally settled in the next financial year or upon demand.

11. Equity

Capital Stock

The movement in this account are as follows:

	2018		2017		2016	
	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 of year	700,298,616	700,298,616	700,298,616	700,298,616	698,930,906	698,930,906
Conversion of preferred to common stock	–	–	–	–	1,367,710	1,367,710
Balance at 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 of year	14,366,260	14,366,260	14,366,260	14,366,260	48,559,000	48,559,000
Conversion of preferred to common stock	–	–	–	–	(34,192,740)	(34,192,740)
Balance at 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 9.00% 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.

On October 10, 2001, the BOD approved an option to stockholders of preferred shares of extending the maturity of shares for another five years for a 2% additional dividend on the 9% regular dividend.

Equity Restructuring

As discussed in Note 1, on March 23, 2018, the SEC approved the Company's equity restructuring to reduce its deficit by applying its APIC amounting to ₱2,114.9 million.

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.

- 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 ₱1.1 million in 2018 and ₱0.3 million in 2017 and 2016. Rent receivable amounted to ₱1.1 million and ₱0.5 million as at December 31, 2018 and 2017, respectively (see Note 5).

  Related rent expense amounted to ₱0.1 million, ₱0.2 million and ₱0.3 million in 2018, 2017 and 2016, respectively.

13. Income Tax

The provision for current income tax represents MCIT in 2018, 2017 and 2016.

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:

	2018	2017	2016
Income tax computed at statutory tax rate	**(₱10,186,352)**	(₱8,371,336)	(₱7,704,035)
Change in unrecognized deferred tax assets	**(8,758,083)**	8,429,944	8,308,122
Tax effects of:			
Expired NOLCO and MCIT	**9,297,469**	474,258	–
Nondeductible expense	**269,507**	2,410	–
Interest income already subjected to final tax	**(4,019)**	(4,042)	(13,216)
	(₱9,381,478)	₱531,234	₱590,871

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

	2018	2017
Allowance for impairment losses on receivables	**₱19,392,602**	₱18,721,223
NOLCO	**16,908,982**	25,806,327
MCIT	**204,827**	65,565
	₱36,506,411	₱44,593,115

The difference between movement of unrecognized deferred tax assets above and change in unrecognized deferred tax assets in the reconciliation of provision for income tax pertains to the tax effect of initial application of PFRS 9 amounting to ₱0.7 million.

In 2018 and 2017, the Company believes that deferred tax assets cannot be utilized in the future and did not recognize deferred tax assets.

Deferred tax liability as at December 31, 2018 and 2017 pertains to the cumulative gain on fair value changes of investment properties amounting to nil and ₱9.6 million as at December 31, 2018 and 2017, respectively.

As at December 31, 2018, unused NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Expiry Date	Amount	Expired	Balance
2018	2021	₱1,213,547	₱–	₱1,213,547
2017	2020	27,524,558	–	27,524,558
2016	2019	27,625,169	–	27,625,169
2015	2018	30,871,364	30,871,364	–
		₱87,234,638	₱30,871,364	₱56,363,274

As at December 31, 2018, unused MCIT that can be claimed as deduction from future taxable liability are as follows:

Year Incurred	Expiry Date	Amount	Expired	Balance
2018	2021	₱175,322	₱–	₱175,322
2017	2020	8,934	–	8,934
2016	2019	20,571	–	20,571
2015	2018	36,060	36,060	–
		₱240,887	₱36,060	₱204,827

14. Related Party Transactions

Outstanding balances and transactions with related parties are as follows:

	Nature of Transaction	Amount of Transaction		Outstanding Balance	
		2018	2017	2018	2017
Receivables					
Loans Receivables					
Entity under common control	Loan	**₱26,000,000**	₱–	**₱26,000,000**	₱–
	Interest income	**433,334**	–	**431,500**	–
Rent Receivables					
Entity under common control	Rent income	**828,000**	–	**809,518**	–
				₱27,241,018	₱–
Due from related parties					
Entity under common control	Advances	**₱8,500,000**	₱12,300,000	**₱7,940,000**	₱6,300,000
Parent Company	Advances	**–**	20,000,000	**–**	6,120,000
				₱7,940,000	₱12,420,000
Due to a related party					
Parent Company	Advances	**₱20,000,000**	₱–	**₱13,880,000**	₱–
Nontrade payable					
Parent Company	Management fee	**₱–**	₱23,092,784	**₱–**	₱–

Terms and Conditions of Transactions with Related Parties

Loans Receivables

In 2018, the Company granted 1-year unsecured loan with 10% per annum interest to MMDC due in 2019.

Due to and from Related Parties

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

On December 22, 2015, the Company entered into a management agreement with the Parent Company to oversee and supervise the Company's business matters until December 31, 2017. On December 3, 2018, the Company obtained approval from its stockholders to enter into a new management agreement with the Parent Company.

Key Management Personnel

The Company has no key management personnel. 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/PDIC, the Company agreed to transfer its assets and liabilities from its development banking operations to BDO/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 banking operation pursuant to the MOA. It still has in its possession titles of real estate properties from its development banking operations with an aggregate fair value of ₱527.8 million as at December 31, 2018 and 2017. Moreover, the Company has cash of ₱13.9 million as at December 31, 2018 and 2017, respectively, arising from the proceeds of sale of a property.

16. Basic Loss Per Share

The basic loss per share is computed as follows:

	2018	2017	2016
Net loss	**(₱24,305,530)**	(₱28,435,686)	(₱26,270,986)
Less dividend rights of preferred stockholders for the year	**1,581,671**	1,581,671	1,581,671
Loss attributable to common stockholders	**(25,887,201)**	(30,017,357)	(27,852,657)
Divided by weighted average number of common stock	**700,298,616**	700,298,616	699,728,737
Basic loss per share	**(₱0.04)**	(₱0.04)	(₱0.04)

The conversion feature of the Company's preferred stock has potential antidilutive effect. The Company has no diluted income per share in 2018, 2017 and 2016 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, equity securities designated as FVOCI, accrued expenses and other current liabilities (excluding statutory payables) 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.

<u>Credit Risk</u>

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 and receivables (excluding advances to officers, employees and service providers) and due from related parties and FVOCI. The carrying amounts of the financial assets represent the Company's maximum exposure to credit risk in relation to financial assets.

The aging analyses of financial assets as at December 31, 2018 and 2017 are as follows:

	2018				
	Neither Past Due Nor Impaired	Past Due But Not Impaired: Less Than 30 Days	Past Due But Not Impaired: 31-60 Days	Past Due and Impaired	Total
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					
Equity securities designated as FVOCI	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.*

	2017				
	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	₱1,714,954	₱–	₱–	₱–	₱1,714,954
Receivables*	2,453,932	–	–	60,277,740	62,731,672
Due from related parties	12,420,000	–	–	–	12,420,000
	16,588,886	–	–	60,277,740	76,866,626
Available-for-sale financial assets	300,000	–	–	–	300,000
	₱16,888,886	₱–	₱–	₱60,277,740	₱77,166,626

**Excluding advances to officers, employees and service providers amounting to ₱2.1 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, 2018 and 2017, accrued expenses and other current liabilities (excluding statutory payables) and due to a related party aggregating ₱173.4 million and ₱193.1 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:

	2018		2017	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash	**₱5,602,963**	**₱5,602,963**	₱1,720,231	₱1,720,231
Receivables*	**27,364,244**	**27,364,244**	2,453,932	2,453,932
Due from related parties	**7,940,000**	**7,940,000**	12,420,000	12,420,000
Equity securities designated as FVOCI (formerly classified as AFS financial assets)	**500,000**	**500,000**	300,000	300,000
	₱41,407,207	**₱41,407,207**	₱16,894,163	₱16,894,163
Nonfinancial Asset				
Investment properties	**₱–**	**₱–**	₱69,876,000	₱69,876,000
Financial Liabilities				
Accrued expenses and other current liabilities**	**₱173,420,473**	**₱173,420,473**	₱193,060,572	₱193,060,572
Due to a related party	**13,880,000**	**13,880,000**	–	–
	₱187,300,473	**₱187,300,473**	₱193,060,572	₱193,060,572

**Excluding advances to officers, employees and service providers amounting to ₱2.2 million and ₱2.1 million as at December 31, 2018 and 2017, respectively.*

***Excluding statutory payables amounting to ₱2,607 and ₱11,073 as at December 31, 2018 and 2017, 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 payables) 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).

Equity Securities Designated as FVOCI. The fair value of this financial asset is determined by reference to quoted market bid prices at the close of business at the reporting date. The fair value measurement of equity securities designated as FVOCI is classified as Level 1 (Quoted in an active market).

Investment Properties. The fair value of investment properties is determined based on valuations performed by accredited independent appraiser. The appraised value of the investment properties were arrived at using the market data approach. The fair value measurement of investment properties is classified as Level 3 (Significant unobservable 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, 2018, 2017 and 2016.

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, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016, on which we have rendered our report dated April 12, 2019.

In compliance with Securities Regulation Code Rule 68, as amended, we are stating that the Company has 1,243 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. 1022-AR-2 Group A
Valid until March 15, 2020
BIR Accreditation No. 08-005144-004-2017
Valid until January 13, 2020
PTR No. 7334334
Issued January 3, 2019, Makati City

April 12, 2019
Makati City, Metro Manila

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone +632 982 9100
Fax +632 982 9111
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 in Auditing, the financial statements of Prime Media Holdings, Inc. (the Company), a subsidiary of RYM Business Management Corp., as at December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016, and have issued our report thereon dated April 12, 2019. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedules for submission to the Securities and Exchange Commission are the responsibility of the Company's management. These supplementary schedules include the following:

- Schedule of Retained Earnings Available for Dividend Declaration as at December 31, 2018
- Schedule of Adoption of Effective Accounting Standards and Interpretations as at December 31, 2018
- Schedules Required by Annex 68-E as at December 31, 2018
- Map of the Conglomerate as at December 31, 2018
- Schedule of Financial Soundness Indicators as at December 31, 2018 and 2017

The supplementary schedules are presented for purposes of complying with Securities Regulation Code Rule 68, and are not part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audits 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

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
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April 12, 2019
Makati City, Metro Manila

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

SUPPLEMENTARY SCHEDULE OF ADOPTION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2018

	Amount
Unappropriated retained earnings (deficit) as shown in the financial statements at beginning of year	(₱2,943,798,478)
Deferred tax liability at beginning of year	9,556,800
Unappropriated retained earnings (deficit) as adjusted to available for dividend declaration at beginning of year	(2,934,241,678)
Effect of equity restructuring	2,114,921,869
Net loss during the year closed to retained earnings	(24,573,027)
Movement in deferred tax liabilities	(9,556,800)
Effect of initial application of PFRS 9	(2,237,932)
Total retained earnings (deficit) available for dividend declaration at end of year	(₱855,687,568)

Reconciliation:

	Amount
Unappropriated retained earnings (deficit) as shown in the financial statements at end of year / Total retained earnings (deficit) available for dividend declaration at end of year	(₱855,687,568)

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

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

DECEMBER 31, 2018

Table of Contents

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

FINANCIAL ASSETS
DECEMBER 31, 2018

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amounts shown in the Statement of Financial Position	Valued based on market quotation at end reporting period	Income received and accrued
Marcventures Mining and Development Corp.	N/A	₱34,181,018	N/A	₱1,409,191
Bright Kindle Resources & Investments, Inc.	N/A	1,000,000	N/A	–
		₱35,181,018	N/A	₱1,409,191

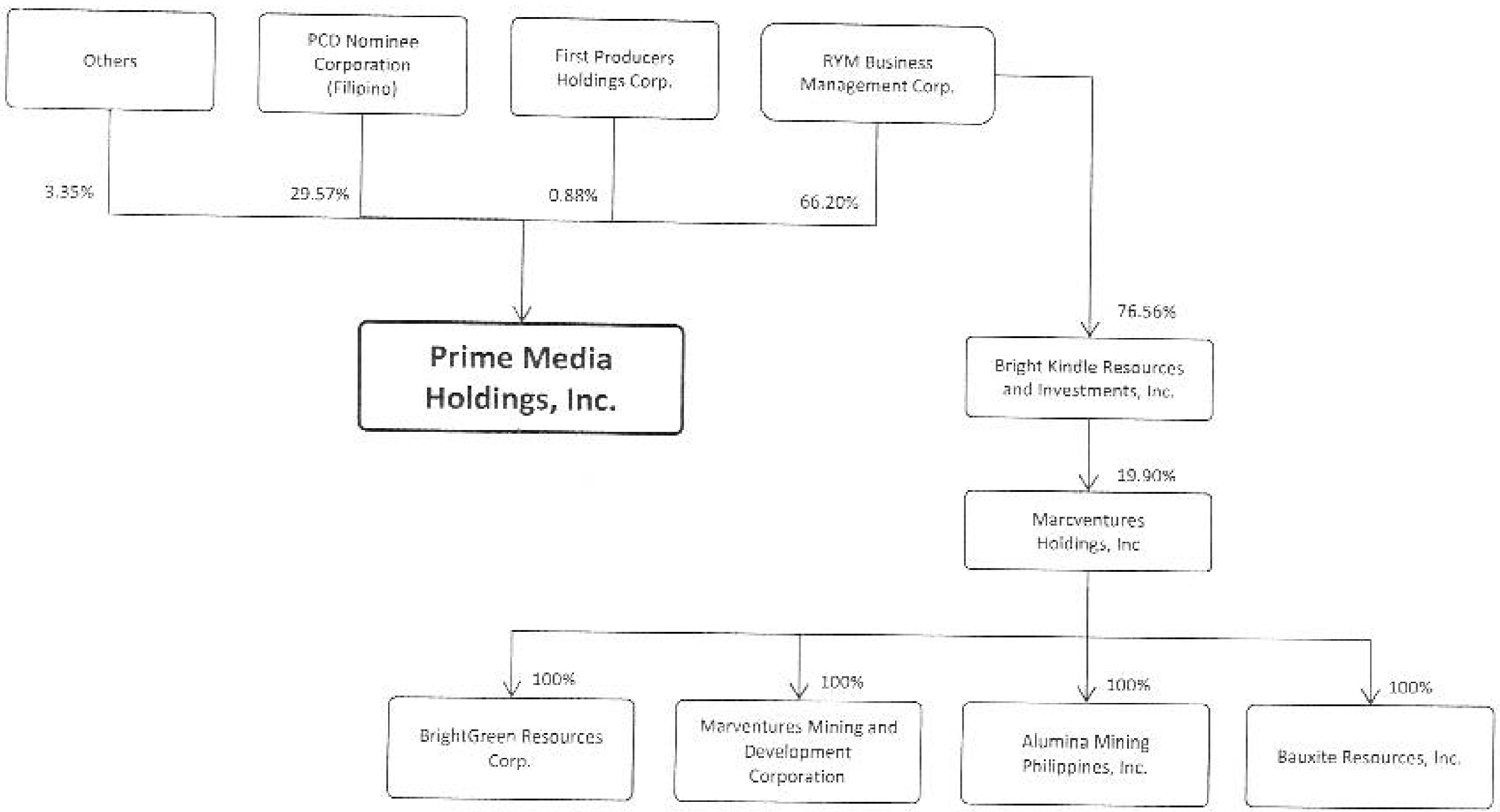
PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

CAPITAL STOCK
DECEMBER 31, 2018

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	–	575,733,986	2,005	124,564,625
Preferred Stock	2,000,000,000	14,366,260	–	–	–	–
	5,000,000,000	714,664,876	–	575,733,986	2,005	124,564,625

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

CONGLOMERATE MAP
DECEMBER 31, 2018



PRIME MEDIA HOLDINGS, INC.

(A Subsidiary of RYM Business Management Corp.)

SUPPLEMENTARY SCHEDULE OF COMPANY'S FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2018 AND 2017

Below is a schedule showing financial soundness indicators for the year ended December 31, 2018 and 2017:

	2018	2017	
Current/Liquidity Ratio	**0.24**	0.09	
Current assets	**₱44,822,195**	₱16,802,522	
Current liabilities	**187,303,080**	193,071,645	
Solvency Ratio	**(0.18)** 0.05	(0.14)	0.04
Loss before income tax, depreciation, and amortization	**(₱33,620,133)**	(27,808,442)	
Total liabilities (excluding deferred tax liability)	**187,303,080**	193,071,645	
Debt-to-equity Ratio	**(1.33)**	(1.69)	1.78
Total liabilities (excluding deferred tax liability)	**₱187,303,080**	193,071,645	
Total equity	**(140,722,692)**	(114,111,733)	
Asset-to-equity Ratio	**(0.33)**	(0.78)	
Total assets	**₱46,580,388**	88,516,712	
Total equity	**(140,722,692)**	(114,111,733)	
Profitability Ratio	**–**	–	
Net loss	**(₱24,573,027)**	(28,435,686)	
Capital deficiency	**(140,722,692)**	(114,111,733)	

PRIME MEDIA HOLDINGS, INC.

(A Subsidiary of RYM Business Management Corp.)

SUPPLEMENTARY SCHEDULE OF COMPANY'S EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

DECEMBER 31, 2018

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRSs Practice Statement Management Commentary			✓
PFRSs Practice Statement 2: Making Materiality Judgments			✓

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Deletion of Short-term Exemptions for First-time Adopters			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments* with PFRS 4, *Insurance Contracts*			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts			✓
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments			✓
	Amendments to PFRS 8: Aggregation of Operating Segments			✓
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
	Amendment to PFRS 12: Clarification of the Scope of the Standard			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		

Philippine Accounting Standards (PAS)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation	✓		
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue			✓
PAS 19 (Revised)	Employee Benefits			✓
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓