CR07335-2019

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   - ○ Preliminary Information Statement
   - ◉ Definitive Information Statement
2. Name of Registrant as specified in its charter
   PRIME MEDIA HOLDINGS, INC.
3. Province, country or other jurisdiction of incorporation or organization
   Manila, Philippines
4. SEC Identification Number
   22401
5. BIR Tax Identification Code
   000491007
6. Address of principal office
   16TH FLOOR CITIBANK TOWER, 8741 PASEO DE ROXAS MAKATI CITY
   Postal Code
   1227
7. Registrant's telephone number, including area code
   8314479
8. Date, time and place of the meeting of security holders
   12 DECEMBER 2019, METROPOLITAN CLUB INC. ESTRELLA COR. AMAPOLA STS. GUADALUPE VIEJO, MAKATI CITY
9. Approximate date on which the Information Statement is first to be sent or given to security holders
   Nov 19, 2019
10. In case of Proxy Solicitations:

   Name of Person Filing the Statement/Solicitor
   N/A
   Address and Telephone No.
   N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

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

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

◉ Yes ○ No

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

PHILIPPINE STOCK EXCHANGE/ COMMON SHARES

Prime Media Holdings, Inc.
PRIM

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Dec 12, 2019
Type (Annual or Special)	ANNUAL
Time	2 P.M.
Venue	The Metropolitan Club Inc., Estrella corner Amapola Sts., Guadalupe Viejo, Makati City
Record Date	Nov 12, 2019

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
Please see attached.

Filed on behalf by:

Name	Joanna Manzano
Designation	Junior Compliance Officer

PRIME MEDIA Holdings, Inc.

15 November 2019

Hon. Vicente Graciano F. Felizmenio, Jr.
Director
Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Blvd., Metro Manila, Philippines

Attention: **Markets and Securities Regulation Department**

Re: Reply to Letter dated 11 November 2019

Dear Dir. Felizmenio:

We write in reply to your letter dated 11 November 2019 to Prime Media Holdings, Inc. ("the Company") directing us to submit the Definitive Information Statement. In compliance with your checklist, we submit herewith the required information as listed below, for your reference:

a. Signed copy of the Notice and Agenda of Annual Stockholders' Meeting;
b. All information are updated as of October 31, 2019;
c. Status of Agreement entered into by the Parent Company with Greenergy Holdings, Incorporated;
d. Statement that the information is correlated with the Notes to Financial Statements;
e. Fully disclosed information required regarding Resignation/Disagreement;
f. Management's Discussion and Analysis for 2016 vs 2015;
g. External Audit Fees.

We trust you find the same in good order and in substantial compliance to the Securities Regulation Code.

Very truly yours,

Maila Lourdes G. De Castro
Corporate Secretary

COVER SHEET

2 2 4 0 1

SEC Registration Number

P R I M E   M E D I A   H O L D I N G S   I N C .   .

(Company's Full Name)

1 6 t h   F l o o r   C i t i b a n k   T o w e r

8 7 4 1   P a s e o   d e   R o x a s   M a k a t i   C i t y

M e t r o   M a n i l a

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

Atty. Maila Lourdes De Castro

(Contract Person)

(02) 8831-4479

(Company Telephone Number)

1 2   3 1

Month   Day

(Fiscal Year)

2 0 - I S

(Form Type)

0 5

Month   Day

(Annual Meeting)

DEFINITIVE INFORMATION STATEMENT

Secondary License Type, If Applicable)

Corporation Finance Department

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

1,594

Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign
	N/A

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SEC Number
File Number 22401

PRIME MEDIA HOLDINGS, INC.
(formerly First E-bank Corp.)

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

31 December 2018
(Fiscal Year Ending)

12 December 2019
(Annual Meeting)

Definitive Information Statement
SEC Form 20 - IS

Form Type

Not Applicable

Amendment Designation (if applicable)

Not Applicable

(Secondary License Type and File Number)

LCU

DTU

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
NOV 15 2019
MARKET REGULATION DEPT
BY: TIME: 3:11

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [X] Definitive Information Statement

2. Name of Registrant as specified in its charter: **PRIME MEDIA HOLDINGS, INC.**

3. Province, country or other jurisdiction of incorporation or organization
   Metro Manila, Philippines

4. SEC Identification Number: **Reg. No. 22401**

5. BIR Tax Identification Code: **TIN 000-491-007**

6. Address of principal office:
   16F Citibank Tower, Paseo de Roxas, Makati City Postal Code **1226**

7. Registrant's telephone number, including area code, Tel. Nos.: (632) 831-4479

8. Date, time and place of the meeting of security holders

   12 December 2019, 2pm at the Metropolitan Club, Inc. Estrella corner Amapola Sts., Guadalupe Viejo, Makati City

9. Approximate date on which the Information Statement is first to be sent or given to security holders

   19 November 2019

10. In case of Proxy Solicitations

    Name of the Person Filing the Statement/ Solicitor: NA
    Address and Telephone No.: NA

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

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

[1] Reported by the stock transfer agent as of **31 October 2019.**

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes [x] No [ ]

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    Philippine Stock Exchange. Common Shares

PRIME MEDIA HOLDINGS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To All Stockholders:

Please be advised that PRIME MEDIA HOLDINGS, INC. will hold its Annual Shareholders' Meeting on 12 December 2019, at 2:00PM. The venue for the meeting shall be at The Metropolitan Club, Inc. Estrella corner Amapola Sts.,Guadalupe Viejo, Makati City, with the following agenda:

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

The Board of Directors has fixed the close of business on the 12 November 2019 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Stockholders' Meeting.

All proxies must be submitted to the Corporate Secretary on or before **2 December 2019, 5:00 p.m.** at the following address:

Prime Media Holdings, Inc.
c/o Marcventures Holdings, Inc.
4th Flr. Citibank Center
8741 Paseo de Roxas, Makati City
Attention: Atty. Maila Lourdes G. De Castro

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
NOV 15 2019
MARKET REGULATION DEPT.
BY: Sheryl TIME: 3:40

Very truly yours,

Atty. Maila Lourdes G. De Castro
Corporate Secretary

SAMPLE PROXY FORM

The undersigned stockholder of PRIME MEDIA HOLDINGS INC. (the "Company") hereby appoints ______________________ or in his/her/its absence, the Chairman of the meeting, as attorney-in-fact and proxy, to represent and vote all the shares registered in his/her/its name at the annual meeting of the stockholders of the Company scheduled on 12 December 2019, 2:00 PM, at the Metropolitan Club, Inc. Estrella corner Amapola Sts., Guadalupe Viejo, Makati City, and any of its adjournment(s), as fully as the undersigned can do if present and voting in person, ratifying all action taken on matters that may properly come before such meeting or its adjournment(s). The undersigned directs the proxy to vote on the agenda items which have been expressly indicated with "X" below:

PROPOSAL	ACTION			
	FOR	AGAINST	ABSTAIN	
1. Approval of Minutes of the previous meeting				
2. Approval of Management Report and Audited Financial Statements				
3. Ratification of Management's Acts				
4. Election of Directors:	FOR ALL	AGAINST ALL	ABSTAIN FOR	FULL DISCRETION OF PROXY
The nominees are: Manolito A. Manalo Bernadeth A. Lim Juan Victor S. Valdez Rolando S. Santos Antonio L. Tiu Nominees for independent directors: Johnny Y. Aruego, Jr. Francisco L. Layug III *Instruction: To withhold authority to vote for any nominee, please mark "Abstain" box and list the name(s) under.*				
5. Election of Reyes Tacandong & Co. as external auditor				
6. Other Matters				

Signed this ____ day of __________ 2019 at ____________

____
PRINTED NAME OF THE STOCKHOLDER

____
SIGNATURE OF THE STOCKHOLDER/AUTHORIZED REPRESENTATIVE

This proxy must be acknowledged before a notary public and must be submitted to the Corporate Secretary on or before 2 December 2019, 5:00 p.m. The stockholder giving a proxy has the power to revoke it either in an instrument in writing duly presented for recording with the Corporate Secretary at least five (5) days prior to the meeting or by personal attendance at the stockholders' meeting. For corporations, the proxy must be accompanied by a Secretary's Certificate authorizing an authorized representative to represent the corporation in the meeting.

SAMPLE SECRETARY'S CERTIFICATE

I, ____________________, of legal age, with address at ________________________, being the Corporate Secretary of ____________________________, do hereby certify that:

1. In the regular/special meeting of the Board of Directors of the Corporation held on ____________ 201_ at the ____________________________, the following resolution was approved:

> "RESOLVED, that the Board of Directors of ____________ (the "Corporation") hereby authorize, ___________ and/or __________ to represent the Corporation and to vote all of the Corporation's shares registered in the books of the PRIME MEDIA HOLDINGS INC. (PRIM) at any annual stockholders' meeting of PRIM, particularly, the annual stockholders' meeting to be held on _______________, and any adjournments or postponements thereof.
>
> "RESOLVED, FURTHER, that the Board of Directors of the Corporation authorize _________ and/or _______ to sign, execute and deliver nominations and proxies in relation to said annual stockholders' meeting of PRIM."

2. This resolution has not been suspended, revoked nor amended.

______________*(date of execution)*, ______________*(place of execution)*.

____
Corporate Secretary

SUBSCRIBED AND SWORN to before me on _____________ at Makati, Metro Manila, affiant exhibiting to me his/her valid proof of identification _________ issued at ___________ on ___________.

Doc. No. ______
Page No.______
Book No.______
Series of 2019.

INFORMATION STATEMENT AND MANAGEMENT REPORT

INFORMATION STATEMENT

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY
However, if you cannot attend and you wish to send a representative/proxy, please send your proxy letter to the Office of the Corporate Secretary on or before 2 December 2019, 5:00 p.m., a sample of which is attached to this report. On the day of the annual stockholders' meeting on 12 December 2019, your representative should bring the proxy letter and present valid proof of identification (e.g. passport, driver's license, company ID or TIN card).

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Annual Meeting of Security Holders

The Annual Meeting of the stockholders of **PRIME MEDIA HOLDINGS, INC.** will be held on 12 December 2019, at 2:00 PM, at the Metropolitan Club, Inc. Estrella corner Amapola Sts., Guadalupe Viejo, Makati City.

The mailing address of the Company is **at c/o Marcventures, 4th Flr. Citibank Center Bldg. Paseo de Roxas, Makati City**. Please address the letters to the corporate secretary of the Company, Atty. Maila Lourdes G. De Castro.

This Information Statement will be first sent or given to security holders on or around the 19 November 2019.

Item 2. Dissenters' Right of Appraisal

There is no proposed corporate action or matter to be taken up at the Annual Stockholders' Meeting that will give rise to the exercise of appraisal right by the dissenting stockholders.

The Revised Corporation Code limits the exercise of the appraisal right by any dissenting stockholder to the following instances:

a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 80);

b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 80);

c. In case of merger or consolidation (Section 80);

d. In case of investments in another corporation, business or purpose (Section 41).

The appraisal right may be exercised by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares; provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made; Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, further, That upon payment by the corporation of the agreed or awarded price, the stockholders shall forthwith transfer his shares to the corporation.

The appraisal right shall be exercised in accordance with Title X of the Revised Corporation Code.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or officer of the Company or any nominee for election as director of the Company or any associate of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office as director of the Company. None of the officers or directors or any of their associates has any substantial interest, direct or indirect, in any of the matters to be acted upon in the stockholders' meeting.

None of the directors of the Company has informed the Company that he intends to oppose any action to be taken by the Company at the stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of 31 October 2019, the following shares of common and preferred stock of the Company were outstanding:

Class	Number of Outstanding Shares
Common	700,298,616
Preferred	
Series A	14,366,260
Series B	Nil

As of 31 October 2019, the foreign equity ownership on a per class basis is as follows:

Class	Number of Outstanding Shares
Common	1,031,360
Preferred	109,650

All registered owners of the Company's common stock at the close of business on 12 November 2019 will be entitled to notice and vote at its Annual Stockholders' Meeting on 12 December 2019.

Each common share is entitled to one (1) vote on all matters to be taken up during the Annual Meeting except in the case of electing directors where one (1) share is entitled to Seven (7) votes, i.e. each share is entitled to as many votes as there are Board seats to be filled up.

Each stockholder is entitled to cumulate his votes and cast the same in favor of one or several nominees of his choice in such proportion as he shall deem fit, provided that, the total votes cast do not exceed the number of his shares multiplied by the number of directors to be elected. There is no condition precedent to the exercise by the stockholders of their cumulative voting right.

Security Ownership of Persons Owning More Than 5% of the Company's Outstanding Common Stock

As of 31 October 2019, the Company knows of no one who is directly or indirectly the record or beneficial owner of more than five percent (5%) of the Company's capital stock except as set forth below:

Type of Class	Name and address of record owner and relationship with Issuer	Name and address of beneficial owner and relationship with Issuer	Citizenship	Name of Beneficial Owner & Relationship with Record Owner	No. of Shares Held	Percent of class
Common	PCD Nominee Corporation (Registered Owner in the Books of the	RYM Business Management Corp./ 106 Paseo de Roxas Ave. Makati City	Filipino	RYM beneficial owner of the shares.	463,555,085	66.20%

	Transfer Agent)	Stockholder				
		Mairete Asset Holdings, Inc. 16th Floor Citibank Tower, Paseo de Roxas, Makati Stockholder	Filipino	Mairete Asset Holdings, Inc. is beneficial owner of the shares.	77,178,901	11%
		Caulfield Heights, Inc. 6 Ozamis St. Alabang Hills, Muntinlupa City Stockholder	Filipino	Caulfield Heights, Inc. is the beneficial owner of the shares.	35,000,000	5%

RYM Business Management Corp. and Mairete Asset Holdings Inc. has authorized and/or appointed by way of proxy, the Chairman of the Board of Prime Media Holdings Inc. to represent and vote the its shares in the Annual Stockholders' Meeting. Caulfield Heights Inc. has authorized and/or appointed by way of proxy, Isidro C. Alcantara, Jr. or its duly authorized representative to attend and vote on its behalf.

Security Ownership of Management as of 31 October 2019

Type of Class	Name and Address of Owner	Amount and nature of Beneficial ownership	Citizenship	Percent of class
Common	Manolito Manalo	1 Direct	Filipino	0.0%
Common	Rolando S. Santos	1000 Direct	Filipino	0.0%
Common	Bernadeth A. Lim	1 Direct	Filipino	0.0%
Common	Juan Victor S. Valdez	1 Direct	Filipino	0.0%
Common	Johnny Y. Aruego, Jr.	1 Direct	Filipino	0.0%
Common	Francisco L. Layug III	1 Direct	Filipino	0.0%
	Aggregate for above named officers and directors	1,005		

Voting Trust Holders of 5% or More

The Company is not aware of the existence of persons holding five percent (5%) or more of the Company's shares of common stock under a voting trust or similar agreement.

Changes in Control

There were no changes in control of the management of the Corporation.

Notwithstanding the foregoing, please note that on 17 July 2019, the Company was notified by its parent company, RYM Business Management Corporation ("RYM"), that it entered into an agreement ("Subject Agreement") with Greenergy Holdings Incorporated and its related entities (collectively, "Investors"), whereby the Investors proposed the possible investment, infusion and contribution of various assets ("Investment Properties") into the Company in exchange for shares of the Company. The proposed investment may require the increase of the authorized capital stock of the Company for the infusion of said assets. The proposed investment is subject to the conduct of due diligence audit on the assets that will be transferred to the Company, as well as to confirmation of valuation of the same in accordance with the valuation rules of the Securities and Exchange Commission. The proposed transaction is subject to the execution of definitive agreements, issuance of the appropriate approvals by the Board of Directors and Stockholders of the companies, and compliance with the requirements of the Revised Corporation Code, the Securities Regulations Code and other applicable laws

As disclosed with the PSE on 15 October 2019, the following relevant periods under the Subject Agreement, were extended to give additional time to finalize the due diligence audit on the Investment Properties, as follows:

1. An additional period of one hundred forty (140) days from 15 October 2019 for the validation and verification of titles and the issuance of the appraisal reports and compliance with the regulatory requirements, including, but not limited to, securing a ruling from the Bureau of Internal Revenue that the transaction is considered a tax-free exchange;

2. An additional period of one hundred forty (140) days from 15 October 2019 to execute the first (1st) tranche of the Investment; and

3. An additional period of two hundred ten (210) days from 15 October 2019 to execute the (2nd) tranche of the Investment".

Item 5. Directors and Executive Officers

Directors

The following are the names, ages, citizenship, periods of service of the incumbent directors of the Company as of 31 October 2019:

Name	Age	Citizenship	Period during which individual has served as such
Manolito A. Manalo	52	Filipino	May 2013 to the present
Juan Victor S. Valdez	48	Filipino	May 2013 to the present
Bernadeth A. Lim	39	Filipino	May 2013 to the present
Rolando S. Santos	69	Filipino	August 2017 to the present
Johnny Y. Aruego, Jr. (Independent Director)	51	Filipino	May 2013 to the present
Francisco L. Layug III (independent director)	67	Filipino	December 2017 to the present

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

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 of Panalpina World Transport (Phils.), Inc.. He also sits as Director and Corporate Secretary 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. He is also the resident agent of Air Seoul and Chailease Finance Co. Ltd from 2017 to present, and of Turkish Airlines from 2014 to 2017.

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 the President and a director of Morrison Express Philippines Corp from January 2017 to present. She is also a director and corporate secretary of Solen Innovations Holdings Inc. from November 2016 to Present. She is a director Imoney Comparison Philippines, Inc. from June 2015 to present. She is also a director and the corporate secretary of Bounce Electronic Music Production and DJ School from October 2014 to Present and Tone Def Music Group, Inc. from June 2014 to present. She is a director and the resident agent of Proline AG Services, Inc. She is the resident agent of New Northeast Electric Group High Voltage Switchgear Co., Ltd from November 2017 to May 2018 and of V Air Corporation from October 2016 to November 2016. She is a Director and Assistant Corporate Secretary of Kajima Philippines Incorporated, Ripple Mobile Technology Solutions Inc., and Anawhan Realty Inc. She also sits as a Director in Ayannah Information Solutions Inc. and HB Leisure She is also a resident agent of Tigerair Taiwan Co. Ltd. starting the year of 2018.

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.

Rolando S. Santos was elected as Director in August 2017. He was elected as Assistant Treasurer in October 2013. 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.

Francisco L. Layug III is the President of Rotary Club of Pasay. He was the President of Electronic Security System Corp. (ESSCOR) from 1992-2015. He is currently a Consultant of ESSCOR.

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.

Officers

As of October 31, 2019, the following are the names, ages, positions, citizenship and periods of service of the incumbent officers of the Company:

Name	Age	Position	Citizenship	Period during which individual has served as such
Manolito A. Manalo	52	President & CEO	Filipino	May 2013 up to present
Bernadeth A. Lim	39	Vice President	Filipino	May 2013 to present
Maila Lourdes G. De Castro	44	Corporate Secretary, Compliance Officer and Data Privacy Officer*	Filipino	September 2019 to present
Rolando S. Santos	69	Treasurer	Filipino	October 2013 up to present
Christopher Sam S. Salvador	36	Asst. Corporate Secretary/ Corporate Information Officer	Filipino	May 2014 up to present

*appointed on 03 September 2019

Christopher Sam S. Salvador was initially appointed as Corporate Information Officer in 2014 and on August 22, 2017, he was elected Assistant Corporate Secretary of the Company. He is a junior partner of Ocampo and Manalo Law Firm. He is the Corporate Secretary of Timebound Trading, Inc. and Assistant Corporate Secretary for AirSWIFT Transport, Inc. (formerly Island Transvoyager, Inc.) and Bacuit Airholdings, Inc.

Maila Lourdes G. De Castro was appointed Corporate Secretary on September 3, 2019. She also serves as the Vice President and Head of Legal, Co-Assistant Corporate Secretary, Co-Compliance Officer, Co-Corporate Information Officer and Data Privacy Officer of Marcventures Holdings, Inc and Corporate Secretary of Marcventures Mining and Development Corp.

Nomination Committee and Nominees for Election as Members of the Board of Directors

The Nominations Committee has screened the following nominees for election or re-election on 12 December 2019. The Nominations Committee determined that the candidates possess all the qualifications and none the disqualifications as director or independent director.

Nominees for Regular Directors

Manolito A. Manalo
Juan Victor S. Valdez
Bernadeth A. Lim
Antonio L. Tiu
Rolando S. Santos

Nominees for Independent Director

Johnny Y. Aruego, Jr.
Francisco L. Layug III

Please refer to the above biographical details of current directors that have been re-nominated. Only Mr. Tiu was not re-nominated.

All nominations for regular and independent director have been reviewed and approved by the Company's Nomination and Compensation Committee.

The independent directors were both nominated by Manolito A. Manalo. The nominator is not related to the persons he has nominated for independent directors.

The procedure and selection of the independent directors were made in accordance with Section 38 of the Code and the Company's By-laws. In compliance with the provisions of Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, the Company's By-laws was amended on 30 September 2004.

The qualifications of all nominated directors including the nominated independent directors have been pre-screened in accordance with the rules of the Company. Only the nominees whose names appear on the Final List of Candidates are eligible for election as directors (independent or otherwise). No other nominations were entertained after the preparation of the Final List of Candidates and no further nominations shall be entertained or allowed during the annual stockholders' meeting.

The Company undertakes to submit the updated Certifications of Qualification for the Independent Directors within 30 days from their election in compliance with SEC Memorandum Circular No.5 Series of 2017.

The nomination and election of independent director shall be in accordance with Section 38, as amended of Republic Act 8799 or the Securities Regulation Code and article II, Section 3 of the Company's By-Laws as amended by the Board of Directors on September 29, 2004 and the Stockholders on September 30, 2004.

The Nomination Committee is composed of Francisco L. Layug III as Chairman, and Juan Victor S. Valdez and Diane Madelyn C. Ching as members.

In accordance with SEC Memorandum Circular No. 4 Series of 2017, both Independent Directors (ID) have not exceeded the maximum cumulative term of nine (9) years. Furthermore, the Company understands that after a term of (9) years, the independent director shall be perpetually barred from re-election as such in the same Company, but may continue to qualify as a non-independent director. At the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting; and Reckoning of the cumulative nine-year is from 2012.

Period in Which Directors and Executive Officers Should Serve

The directors and executive officers should serve for a period of one (1) year.

Term of Office of a Director

The seven (7) directors shall be stockholders and shall be elected annually by the stockholders owning majority of the outstanding capital stock for a term of one (1) year and shall serve until the election and qualification of their successors.

Any vacancy in the board of directors other than removal or expiration of term may be filled by a majority vote of the remaining members thereof at a meeting called for that purpose if they still constitute a quorum, and the director or directors so chosen shall serve for the unexpired term.

Significant Employees

The business of the Company is not highly dependent on the services of certain key personnel. There is no employee who, while not being an executive officer, is expected by the Company to make a significant contribution to the business.

Family Relationships

There are no family relationships either by consanguinity or affinity up to the fourth civil degree among directors, executive officers and nominees for election as directors.

Involvement in Certain Legal Proceedings

The Company is not aware that any one of the incumbent directors and officers and persons nominated to become director/s and officer/s has been the subject of a bankruptcy petition or a conviction by final judgment in criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, or has been by judgment or decree found to have violated securities or commodities law and enjoined from engaging in any business, securities, commodities or banking activities for the past five (5) years until the date of this Information Sheet.

Certain Relationships and Related Transactions

As at September 30, 2019, Bright Kindle Resources Corporation has an outstanding payable balance of ₱1.87 million to the company which represents a non-interest bearing advances to related party transactions. Also, as at September 30, 2019, 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. The payable amount of PhP1.87 million from Bright Kindle Resources Corporation is subsumed in the amount of PhP7,940,000.00 for outstanding balance in 2018 due from related parties as stated in Note 14 (Related Party Transactions) of the Notes to the Audited Financial Statement for the period ending 31 December 2018 on pages 22 and 23 thereof.

Resignation/Disagreement

Atty. Diane Madelyn Ching tendered her resignation as Director, Corporate Secretary, Compliance Officer and Data Privacy Officer effective 3 September 2019. The resignation of Atty. Ching was not prompted by any disagreement as it was purely voluntary on the part of both parties.

Item 6. Compensation of Directors and Executive Officers

The aggregate compensation paid in 2015, 2016, 2017, 2018 and estimated to be paid in 2019, (1) to the Chief Executive Officer and four (4) most highly compensated officers of the Company, as a group; and (2) to all key officers, other officers, and directors as a group, is set out below:

Names	*Position*	*Year*	*Salary*	*Bonus*	*Others*
Manolito A. Manalo	*Chairman & President*		*0*	*0*	
Bernadeth A. Lim	*Vice President*		*0*	*0*	
Juan Victor Valdez	*Director*		*0*	*0*	
Rolando S. Santos	*Treasurer*		*0*	*0*	
Diane Madelyn C. Ching	*Corporate Secretary*		*0*	*0*	
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*

There are no special employment contracts between the Corporation and its directors and officers. The directors are entitled to nominal per diem amounting to P10,000.00 for attending board meetings and PhP 5,000.00 for attending committee meetings

Item 7. Independent Public Accountants

a) Independent Public Accountants, Reyes Tacandong & Co. (RTC) will stand for re-election as the Corporation's external auditors for the year 2019 which shall be subject to shareholders' approval during the Annual Meeting in compliance with SRC Rule 68, Paragraph 3(b)(iv) which provides that the external auditor should be rotated every five (5) years or earlier or the handling partner shall be changed.

b) RTC was first elected as the Company's Independent Public Accountant in December 2014. Representatives of RTC will be present during the annual meeting and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed. There was no event where RTC and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. Except as stated in the report of independent auditors, the Corporation has no disagreements with its auditors.

c) For the audit of the Company's Annual financial statements and services provided in connection with statutory and regulatory filings or engagements, the aggregate amounts to be billed or already billed excluding VAT and out of pocket expenses (OPE) by RTC amounts/amounted to ₱370,000.00 and ₱340,000.00 for 2018 and 2017 respectively.

The 2018 audit of the Company is in compliance with Rule 68, paragraph (3)(b)(ix) of the Amended Securities Regulation Code Rule 68, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier and that a two-year cooling off period should be observed in the re-engagement of the same signing partner or individual auditor.

At present, RTC account partner handling the Corporation is Belinda B. Fernando and she has been the handling partner since 2014. She is due for rotation in 2019. A two-year cooling off period shall be observed in the re-engagement of the same signing partner or individual.

The Company created an Audit Committee composed of the following members: Bernadeth A. Lim, Juan Francisco L. Layug III and Johnny Y. Aruego, Jr (Chairman). As provided for in its charter, the objective of the Audit Committee is to assist the board of directors in fulfilling its oversight responsibilities by reviewing the financial reporting process, the system of internal control, risk management, governance processes, the audit process and the company's process for monitoring compliance with laws and regulations and its own code of business conduct.

Item 8. COMPENSATION PLANS

No action is proposed to be taken during the stockholders' meeting with regard to any bonus, profit sharing, pension/retirement plan, granting of any extension of options, warrants or rights to purchase any securities.

C. ISSUANCE AND EXCHANGE OF SECURITIES

No matter will be taken up involving any issuance or exchange of securities.

Item 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

There is nothing to disclose with respect to authorization or issuance of securities.

Item 10. MODIFICATION OR EXCHANGE OF SECURITIES

Pursuant to the previous approvals of the Board of Directors and Stockholders of the Company sometime in the year 1997 which was duly approved by the Securities and Exchange Commission and duly disclosed to the Exchange, the Company issued 1,289,279 additional shares on May 30, 2016 arising from the conversion of 32,231,970 preferred shares at the conversion rate of 25 preferred shares to 1 common share.

As of 31 October 2019, Change(s) in Number of Issued and Outstanding Shares are as follows:

	Before	**After**
Common Shares/ PRIM (Foreign)	1,217,859	4,183,650
Common Shares/ PRIM (Local)	699,002,326	696,115,056
Total	**700,220,185**	**700,298,616**
Preferred Shares/ PRIM (Foreign)	109,650	109,650
Preferred Shares/ PRIM (Local)	16,217,380	14,256,610
Total	**16,327,030**	**14,366,260**

D. OTHER MATTERS

Item 15. ACTION WITH RESPECT TO REPORTS & OTHER PROPOSED ACTION/S

The following matters shall be submitted to the vote of stockholders of the Company during the stockholders' meeting.

1. Approval of Minutes of the previous meeting
2. Approval of Management Report and Audited Financial Statements
3. Ratification of Management's Act
4. Election of Directors
5. Appointment of External Auditor

Action is to be taken on the approval of the Minutes of the previous stockholders' meeting. The Summary of the minutes therefor is provided below:

1. The stockholders approved the minutes of the meeting of the last Annual General Meeting of the stockholders held last 03 December 2018.

2. The stockholders approved the Management/President's Report and the Annual Report for the year 2018 including the Corporation's Audited Financial Statement for the year ended 31 December 2018.

3. The stockholders ratified all acts of the Board of Directors and Management for the previous year up to even date.

4. The stockholders approve and ratified the executed management agreement between the Corporation and RYM Business Management Corporation.

5. The stockholders elected the following as directors of the Corporation to serve for the period 2018-2019 and until their successors shall have been duly elected as qualified, to wit:

   a. Manolito A. Manalo
   b. Juan Victor S. Valdez
   c. Bernadeth A. Lim
   d. Rolando S. Santos
   e. Diane Madelyn C. Ching
   f. Johnny Y. Aruego, Jr. as independent director
   g. Francisco Layug, as independent director

6. The stockholders approved the appointment of Reyes Tacandong & Co., as the External Auditor of the Corporation for the ensuing year.

On the approval of the management agreement between the Corporation and RYM, the board seeks the ratification by the stockholders of the execution of the said agreement in accordance with Section 44 of the Corporation Code. Under Section 44 of the Corporation Code, a corporation is allowed to execute a management agreement with another corporation, provided the same is approved by the board of directors and stockholders owning at least two-thirds (2/3) of the total outstanding capital stock entitled to vote in the event that a stockholder representing the same interest of both the managing and the managed corporations owns or control more than one-third (1/3) of the total outstanding capital stock entitled to vote of the managing corporation.

The Annual Meeting of Stockholders was held on 03 December 2018, and was attended by shareholders, the Board of Directors, and various officers of the Corporation. The shareholders were allowed to cast their votes on each agenda item presented to them for approval, with the number of votes approving each agenda item indicated in their respective sections in the Minutes. The shareholders were also given the opportunity to ask questions, express an opinion, and make suggestions on various issues related to the Corporation. The Minutes of the Annual Meeting of Stockholders held on 03 December 2018 is uploaded in PRIM's website thru the following hyperlink;
http://www.primemediaholdingsinc.com/company-disclosures/minutes-of-all-general-special-stockholders-meetings/

Summary of the Minutes of the Board Meetings for the year 2019 for ratification of management's actions.

Meetings of the Board of Directors were held on the following dates:

a. 18 February 2019
b. 27 February 2019
c. 12 April 2019
d. 18 August 2019
e. 3 September 2019
f. 24 October 2019

At these meetings, operational and financial reports were discussed. In addition, the following matters were taken up:

1. **18 February 2019**
   - Authority to process transfer of the title of the subject property to Travel Café Food Corporation

2. **27 February 2019**
   - Authority to reinstate loan agreement with Mr. Rizaldo F. Fagutan
   - Authority to cancel the Deed of Assignment in favor of Bangko Sentral ng Pilipinas in Transfer Certificate No. RT-90238
   - Authority to inquire and obtain documents relating to the Corporation's condominium unit in Paragon Plaza

3. **12 April 2019**
   - Approval of the Audited Financial Statements for the year 2018

4. **18 August 2019**
   - Appointment of legal counsel for the case entitled LRC Case No.2019-198 entitled "In Re Petition For Issuance Of New Owner's Duplicate Of Transfer Certificate Title No. (107561) 78097 Of The Registry Of Deeds Of Parañaque City" pending before the Regional Trial Court - Branch 274 of Paranaque City.

5. **3 September 2019**
   - Postponement of Annual Stockholders' Meeting
   - Acceptance of the resignation of Atty. Diane Madelyn C. Ching as Director, Corporate Secretary, Compliance Officer and Data Privacy Officer
   - Appointment of Atty. Maila Lourdes G. De Castro as Corporate Secretary, Compliance Officer and Data Privacy Officer
   - Change of Bank Signatories

6. **24 October 2019**
   - Setting the schedule of the Annual Stockholder's Meeting for the year 2019
   - Approval of the Material Related Party Transaction Policy

Item 16. MATTERS NOT REQUIRED TO BE SUBMITTED

All corporate actions to be taken up at the annual stockholders' meeting will be submitted to the stockholders of the Registrant for their approval in accordance with the requirements of the Corporation Code.

Matters not required to be submitted are the Call to Order and Certification of Notice and Quorum.

Item 17. Voting Procedures

In the election of directors, the seven (7) nominees garnering the highest number of votes will be elected as members of the board of directors, provided that there shall always be at least two (2) members who are independent directors.

For all other matters proposed to be acted upon, the affirmative vote of the shareholders representing a majority of the outstanding common capital stock will be needed for approval.

Manner of Voting

Each common share entitles the person in whose name it is registered in the books of the Company to one vote with respect to all matters to be taken up during the annual meeting of stockholders.

In the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his share shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

Voting Requirements

(a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected as directors of the Company.

(b) All other matters presented for approval of the stockholders of the Company require the affirmative vote of the stockholders representing a majority of the outstanding stock of the Company

Method by which Votes will be Counted

Unless required by law or demanded by a stockholder present or represented at the meeting and entitled to vote thereat, voting need not be by ballot and will be done by show of hands.

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the Stockholders.

MANAGEMENT REPORT
MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

MANAGEMENT REPORT

I. Financial Statements

The Audited Financial Statements of the Company for the year ended as of 31 December 2018 are attached to this report.

II. Information on Independent Accountants and other Related Matters

The Company's financial statements for the years ended 31 December 2018 and 2017 have been audited by RTC, independent auditors, as stated in their reports appearing herein.

Ms. Belinda B. Fernando is the Company's current audit partner. We have not had any disagreements on accounting and financial disclosures with our current external auditors for the periods or any subsequent interim period.

There were no disagreements with RTC on any matter of accounting and financial disclosure.

The following table sets out the aggregate fees incurred for the years ended December 31, 2018 and 2017 for professional services rendered by RTC:

	2018	2017
Audit and Audit-Related Services	₱370,000	₱340,000

The Audit Committee reviewed the nature of non-audit services rendered by RTC and the corresponding fees and concluded that these are not in conflict with the audit functions of the independent auditor. The Audit Committee has an existing policy to review and pre-approve the audit and non-audit services rendered by the Company's independent auditor. It does not allow the Corporation to engage the independent auditor for certain non-audit services expressly prohibited by regulations of the SEC to be performed by an independent auditor for its audit clients. This is to ensure that the independent auditor maintains the highest level of independence from the Corporation both in fact and appearance.

III. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is based on the audited financial statements as at 31 December 2018 and 2017, prepared in conformity with Philippine Financial Reporting Standards (PFRS) and accompanying Notes to the Financial Statements and should be read in conjunction with the audited consolidated financial statements.

Summary Financial Information
The Financial Statements as at 31 December 2018 and 2017 and for the years ended 31 December 2017 and 2016 are hereto attached.

The following table sets forth the summary financial information for the years ended 31 December 2018 and 2017:

Summary of Income Statement

	Years Ended December 31		
	2018	2017	2016
INCOME	₱1,819,791	₱2,201,162	₱2,973,625
EXPENSES	35,774,296	30,105,614	28,653,740
INCOME (LOSS) BEFORE TAX	(33,954,505)	(27,904,452)	(25,680,115)
PROVISION FOR INCOME TAX	(9,381,478)	531,234	590,871
NET INCOME (LOSS)	(24,573,027)	(28,435,686)	(26,270,986)
OTHER COMPREHENSIVE INCOME (LOSS)	200,000	60,000	(10,000)
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱24,373,027)	(₱28,375,686)	(₱26,280,986)
BASIC AND DILUTED LOSS PER SHARE	(₱0.04)	(₱0.04)	(₱0.04)

Summary of Balance Sheet

	December 31	
	2018	2017
ASSETS		
Current Assets	₱44,822,195	₱16,802,522
Noncurrent Assets	1,758,193	71,714,190
	₱46,580,388	₱88,516,712
LIABILITIES AND EQUITY		
Current Liabilities	₱187,303,080	₱193,071,645
Noncurrent Liability	–	9,556,800
	187,303,080	202,628,445
Equity	(140,722,692)	(114,111,733)
	₱46,580,388	₱88,516,712

Summary of net cash flows

	Years Ended December 31		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES	(₱54,922,599)	₱595,268	(₱70,523,055)
CASH FLOWS FROM INVESTING ACTIVITIES	44,925,331	(1,577,000)	–
CASH FLOWS FROM FINANCING ACTIVITIES	13,880,000	–	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	3,882,732	(981,732)	(70,523,055)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,720,231	2,701,963	73,225,018
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱5,602,963	₱1,720,231	₱2,701,963

2018 vs. 2017

Statement of Financial Position

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 31 December 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

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.

2017 vs. 2016

Statement of Financial Position

The total Assets of the Company decreased by ₱27.94 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 31 December 2017, a decrease of ₱0.97 million or equivalent to 36.06% pertains to the payment of administrative expenses.
- Receivable decreased by ₱2.07 million or equivalent to 45.80% due to the setup of allowance for doubtful accounts on cash advances.
- Other current assets decreased due to the 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 increase pertains to purchase of Toyota Hilux amounting to ₱1.58 million.
- Liabilities increased by ₱0.43 million or equivalent to 0.21% mainly due to increase in deferred tax liability.
- The company incurred a net loss of ₱28.44 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 77.67% due to lower collection this year.

- Provisions 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 processing the transfer and registrations.
- Professional fees decreased by ₱1.11 million or equivalent to 38.12% due to lower legal fees in 2017.
- Outside services increased from ₱1.09 million in2016 to ₱1.32 million in 2017, ₱0.22 million or equivalent to 20.39% primarily due to engagement of lawyers to attend to litigation cases in which the Company is involved.
- Taxes and licenses decreased from ₱0.65 million in 2016 to ₱0.46 million in 2017, 29.77% in due payment of Documentary stamp tax on 2016.
- Rent decreased by ₱0.09 million or equivalent to 31.56% due to 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 increase in transportation equipment.
- Other expenses increased by ₱0.53 million due to recognize of other miscellaneous expense from interest receivable.

<u>2016 vs. 2015</u>

<u>Statement of Financial Position</u>

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.

<u>Results of Operations</u>

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 ₱2.09 million 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.

Key Performance Indicators

	2016	*2017*	*2018*
Return on Asset (%)	0.21%	(0.27%)	(0.36%)
Return on Equity (%)	(0.03%)	0.28%	0.19%

1/ Return on assets (ROA) was computed based on the ratio of net income/ (net loss) to average assets.
2/ Return on equity (ROE) was computed based on the ratio of net income/ (net loss) to average equity.

IV. Brief Description of the General Nature and Scope of the Business

The Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on 6 February 1963.

On 1 October 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 9 July 1964, the Philippine Stock Exchange, Inc. ("PSE") approved the public listing of the Company's shares of stock. As at 31 December 2018 and 2017, 663,713,458 Company shares are publicly listed.

On 12 September 2002, the Company's assets and liabilities arising from its development bank operations were transferred to and assumed by Banco de Oro Unibank, Inc. (BDO) and Philippine Deposit Insurance Corporation (PDIC) under a Memorandum of Agreement (MOA). As at December 31, 2016 and 2015, 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 9).

As at December 31, 2015, the Company's shareholders are RYM Business Management Corp. (RYM or Parent Company) (43%), Metro Tagaytay Land Company, Inc. (MTLCI) (31%) and Neo Oracle Holdings, Inc. (NOHI) (13%). In 2016, RYM acquired the common stock owned by MTLCI and NOHI but disposed of 21% of its ownership shares. As at December 31, 2016, RYM effectively owns 66% of the Company's common stock.

The financial statements of the Company as at December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 were approved and authorized for issuance by the Board of Directors (BOD) on April 10, 2017.

Status of Operations

The Company is still exploring new business matters. Its current activities comprise mainly of transferring assets related to its development bank operation to BDO and PDIC. Thus, the Company has continued to incur losses resulting to a capital deficiency of ₱140.72 million and ₱114.11 million as at
31 December 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 ₱34.2 million into common stock in 2016 and 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. The Company is also considering implementing a quasi-reorganization to reduce the capital deficiency.

V. DESCRIPTION OF PROPERTY

Nothing to disclose.

VI. Business Transactions with Related Parties

The Company as of 31 December 2018 and 2017 summary of related party transactions are as follows:

Parent Company and Other Related Party

	Nature of Transaction	Amount of Transaction 2018	Amount of Transaction 2017	Outstanding Balance 2018	Outstanding Balance 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	₱-	₱-

VII. Employees

As of 31 December 2018, the Company has no regular employees.

VIII. Plan of Operation

The Company has no significant operational activity since its primary purpose was changed from a development bank to a holding company in December 2002 other than those described in Item 1 above. 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 brought down the capital deficit and is 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.

On 17 July 2019, RYM, the principal stockholders of the Company entered into an agreement with a group of investors ("Investors") wherein the Investors will infuse investment properties into the Company in exchange for shares ("Investment"). The Investment is subject to compliance with conditions precedents and approvals as discussed above. The Company was informed by the Investors that it is proposed that the Company be used as the vehicle to raise new funds for the proposed project for a smart-farming agricultural area, smart-city commercial and/or mixed-use developments in the Province of Rizal with the possible integration of a mass transport hub to decongest Metro Manila traffic.

IX. Status of Operations

The Company has a capital deficiency of ₱143.27 million and ₱140.72 million as at September 30, 2019 and 31 December 2018, respectively. In April 2016, 34.19 million shares were converted to 1.37 million common shares at a rate of 25:1, which resulted to a decreased in preferred stock by ₱34.19

million and increase in common stock by ₱1.37 million, and increase in additional paid capital in excess of par by ₱32.82 million.

The Company is pursuing discussions with third party investors for additional capital. Please see discussions under item VIII (Plan of Operation)

X. Dividends

The Company has not declared dividend for the years 2018, 2017, and 2016. There are no restrictions that limits the payment of dividends on common shares.

XI. Legal Proceedings

In the normal course of operations, the Company is named a defendant in various legal actions, but it is the opinion of Management, that the ultimate liability, if any, from these cases will not seriously affect the Company.

Management Report for the period September 30, 2019

The unaudited Financial Statements of Prime Media Holdings, Inc. ("Company") as at 30 September 2019 (with comparative audited Statements of Financial Position as at 31 December 2018), and for the three months and nine months ended 30 September 2018 is in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of statements of financial position as at 30 September 2019 and 31 December 31, 2018:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)	Increase (decrease)	
			Amount	Percentage
	(₱'000)	(₱'000)	(₱'000)	
Current assets	₱42,079	₱44,822	(₱2,743)	(6.12%)
Noncurrent assets	1,501	1,758	(257)	(14.62%)
Total Assets	₱43,580	₱46,580	(₱3,000)	(6.44%)
Current Liabilities	₱186,848	₱187,303	(₱455)	(0.24%)
Noncurrent Liability	-	-	-	-
	186,848	187,303	(455)	(0.24%)
Capital Deficiency	(143,268)	(140,723)	(2,545)	1.81%
Total Liabilities and Capital Deficiency	₱43,580	₱46,580	(₱3,000)	(6.44%)

Summary of unaudited statements of comprehensive income for the three months and nine months period ended 30 September 2019 and 2018:

	For three months ended September 30,		For nine months ended September 30,	
	2019 (₱'000)	2018 (₱'000)	2019 (₱'000)	2018 (₱'000)
Revenues	(₱45)	₱528	₱872	₱1,129
Expenses	(693)	(49,833)	(3,416)	(53,263)
Loss before tax	(738)	(49,305)	(2,544)	(52,134)
Provision for income tax	-	-	-	-
Total comprehensive loss	(₱738)	(₱49,305)	(₱2,544)	(₱52,134)

Summary of unaudited statements of cash flows for the three months and nine months period ended 30 September 2019 and 2018:

	For three months ended September 30,		For nine months ended September 30,	
	2019 (₱'000)	2018 (₱'000)	2019 (₱'000)	2018 (₱'000)

Cash provided by (used in) operating activities	(₱525)	(₱48,044)	(₱3,302)	(₱29,068)
Cash provided by investing activities		69,876		69,876
Increase (decrease) in cash	(525)	21,832	(3,302)	40,808
Cash at beginning of period	2,826	20,696	5,603	1,720
Cash at end of period	₱2,301	₱42,528	₱2,301	₱42,528

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

The Company has not been actively operating other than the activities connected with the transfer of the Company's remaining assets to the Philippine Depositary Insurance Corporation (PDIC) and the Bangko Sentral ng Pilipinas (BSP). The Company also continues to pursue the cleanup of its books and the settlement of its remaining obligations to pave the way for possible additional capital infusion from third party investors.

FINANCIAL CONDITION AND RESULTS OF OPERATION

Nine months ended 30 September 2019 compared with nine months ended 30 September 2018

Results of operation for the nine months ended 30 September 2019 and 2018 were net loss of ₱2.54 million and ₱52.13 million, respectively. As compared with the same period last year, net loss for the current period declined by ₱49.59 million, which represent an improvement of 95%.

Significant changes in the income statement accounts for the nine months ended 30 September 2019 versus the same period last year are as follows:

Income

The Company's income for the current period in the amount of ₱0.87 million has dropped by ₱0.26 million compared with same period last year. The decrease in the Company's rental income is primarily due to termination of its lease contract with a third party on its property located in Mandaluyong City, mid last year. Lower collection as with regards to the recovery of accounts previously written off, also contributed to the decline in income.

Expenses

Total expenses during the period amounted to ₱3.42 million, which is lower by ₱49.85 million compared with same period last year. This represents a decrease of 94% compared with same period last year. The movement in expenses are attributable to the following:

a. During the last quarter of previous year, the Company sold its Legazpi property to Pacific Mall Corporation, which sale resulted to a loss of ₱24.9 million, representing the difference between the selling price and fair market value of the property. No similar transaction has occurred during the current year.

b. Professional fees decreased by ₱0.47 million compared with same period last year. Factors that resulted to the decline in this account are decreased in payments of various legal fees. In 2018, the Company incurred legal fees amounting to ₱0.57 million, in relation to its Cahirup case, which resulted to high legal fees last year, as compared this year.

c. Taxes and licenses for the period amounting to ₱0.43 million is lower by ₱0.80 million compared with same period last year. The Company paid real property taxes last year for its property located in Legazpi totalling ₱0.77 million, which caused last year's expense to be significantly higher compared with the current period.

d. Rent expense for the period amounting to ₱0.07 million is lower by ₱2.55 million compared with the same period last year. Last year, the Company made a payment of its association dues (including those in arrears) to Landco Business Park, concerning the Legazpi property, which resulted to high rent expense in prior year.

e. The significant drop in other expenses from ₱21.11 million last year to ₱0.82 million this year, is mainly due to payment of compromise settlement last year to Bangko Sentral ng Pilipinas involving a litigation.

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

Results of operation for the three months ended 30 September 30, 2019 and 2018 were net loss of ₱0.74 million and ₱49.31 million, respectively. As compared with the same period last year, net loss for the current period declined by ₱48.57 million, which represent an improvement of 99%.

Significant changes in the income statement accounts for the three months ended 30 September 2019 versus the same period last year are as follows:

Income

The decrease in the Company's rental income is primarily due to termination of its lease contract with a third party on its property located in Mandaluyong City, mid last year. Lower collection with regards to the recovery of accounts previously written off, also contributed to the decline in income.

Expenses

Total expenses during the period amounted to ₱0.69 million, which is lower by ₱49.14 million compared with same period last year. This represents a decrease of 99% compared with same period last year. The movement in expenses are attributable to the following:

a. During the last quarter of previous year, the Company sold its Legazpi property to Pacific Mall Corporation, which sale resulted to a loss of ₱24.9 million, representing the difference between the selling price and fair market value of the property. No similar transaction has occurred during the current year.

b. Taxes and licenses dropped by ₱0.84 million compared with same period last year. The Company paid real property taxes last year for its property located in Legazpi totalling ₱0.77 million, which caused last year's expense to be significantly higher compared with the current period.

c. Rent expense for the period amounting to ₱0.02 million is lower by ₱2.54 million compared with the same period last year. Last year, the Company made a payment of its association dues (including those in arrears) to Landco Business Park, concerning the Legazpi property, which resulted to high rent expense in prior year.

d. The significant drop in other expenses from ₱20.99 million last year to ₱0.10 million this year, is mainly due to payment of compromise settlement last year to Bangko Sentral ng Pilipinas involving a litigation.

STATEMENTS OF FINANCIAL POSITION

Total Assets of the Company as of 30 September 2019 is ₱43.58 million. The amount is lower by ₱3.0 million compared to the balance as of 31 December 2018, which represents a decline of 6%. The change in Total Assets is attributed to the following:

a. *Cash*
Cash decreased by ₱3.30 million or 59%. The decrease is mainly attributable to payments of the Company's operating expenses and accruals. Advances to a related party totalling ₱0.87 million during the period also contributed to the decline in cash balance.

b. *Due from related parties*
During the period, the Company advanced a total of ₱0.87 million to a related party. Further, the Company received ₱0.60 million from advances made to MMDC.

c. *Other current assets*
The movement in this account is mainly due to recognition of Input VAT from purchases of goods and/or services during the period totaling ₱0.32 million. This is slightly offset by the decrease in prepaid insurance due to amortization.

d. *Equipment*
Decrease in equipment of ₱0.26 million is attributed to the depreciation recognized for the period. No addition and/or disposal was made during the period.

e. *Accrued expenses and other current liabilities*
The account decreased by ₱0.46 million or 26% during the period, due to payment of accrued legal fees, rental, and other services.

f. *Capital deficiency*

The increase in capital deficiency of ₱2.54 million is mainly due to net loss during the period.

STATEMENTS OF CASH FLOWS

Net cash used in operating activities for the nine months ended 30 September 2019 and 2018 amounts to ₱3.30 million and ₱29.07 million, respectively. Decrease in cash for the current period is the net result of the following significant transactions:

- Payment of accruals and operating expenses during the period.
- Advances made to a related party totaling ₱0.87 million.

HORIZONTAL AND VERTICAL ANALYSIS

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	Increase (Decrease)	
			Amount	Percentage
ASSETS				
Current Assets				
Cash	₱2,301,484	₱5,602,963	(₱3,301,479)	(58.92%)
Receivables	27,483,567	27,396,444	87,123	0.32%
Due from related parties	8,167,154	7,940,000	227,154	2.86%
Other current assets	4,127,131	3,882,788	244,343	6.29%
Total Current Assets	42,079,336	44,822,195	(₱2,742,859)	(6.12%)
Noncurrent Assets				
Equity securities designated as fair value through other comprehensive income (FVOCI)	500,000	500,000	-	0.00%
Equipment	1,000,617	1,258,193	(257,576)	(20.47%)
Total Noncurrent Assets	1,500,617	1,758,193	(257,576)	(14.65%)
	₱43,579,953	₱46,580,388	(₱3,000,435)	(6.44%)

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	Amount	Percentage
LIABILITIES AND CAPITAL DEFICIENCY				
Current Liabilities				
Accrued expenses and other current liabilities	₱172,967,533	₱173,423,080	(₱455,547)	(0.26%)
Due to a related party	13,880,000	13,880,000	-	0.00%
Total Current Liabilities	186,847,533	187,303,080	(455,547)	(0.24%)
Capital Deficiency				
Capital stock	714,664,876	714,664,876	-	0.00%
Deficit	(858,232,456)	(855,687,568)	(2,544,888)	0.30%
Cumulative unrealized valuation gain on equity securities designated as FVOCI	300,000	300,000	-	0.00%
Total Capital Deficiency	(143,267,580)	(140,722,692)	(2,544,888)	1.81%
	₱43,579,953	₱46,580,388	(₱3,000,435)	(6.44%)

Corporate Governance

The Company adopted a manual on corporate governance, which details the standards by which it conducts sound corporate governance consistent with relevant laws and regulations.

Ultimate responsibility for the Company's adherence to its manual rests with its Board of Directors, and through three committees that are to be charged with oversight functions on specific areas of the Company's activities. The Audit Committee is charged with internal audit oversight over all of the Company's transactions. The Nomination Committee is charged with ensuring that those admitted as members of the Company's Board of Directors are qualified, as well as ensuring fair representation of independent directors in the Company's Board of Directors. Finally, the Compensation and Remuneration Committee is tasked to ensure that fair compensation practices are adhered throughout the organization.

In view however, of its current condition, the Company is not actively conducting business. Despite said absence of actual business operations, the Company is currently undergoing internal reorganization and is in the process of evaluating its compliance with its reporting obligations as a public company. As such, it is not in a position to fully comply with the provisions of the manual on corporate governance. There are no regular meetings conducted by the Committees. There is also no Compensation Committee, in view of the fact that the Company's directors and officers currently do not receive compensation for serving as such. Notwithstanding the foregoing, the Company continues to endeavor towards internally reorganizing and evaluating its compliances to the rules applicable to it as a public company. Despite the status of the business operations of the Company, it has submitted to the Securities and Exchange Commission current reports (SEC Form 17-C) and quarterly (SEC Form 17-Q) and annual (SEC Form 17-A) reports to update the investing public of its financial and operational condition.

Market Information

The closing market price of the Company's common stock in the Philippine Stock Exchange on 31 October 2019 is PhP 1.46.

The high and low prices for each quarter of 2017, 2018 and 2019 are provided below:

	Price	
	Low	High
Q1 (2017)	1.01	1.26
Q2 (2017)	0.76	1.17
Q3 (2017)	0.92	1.65
Q4 (2017)	1.02	1.98
Q1 (2018)	1.08	1.68
Q2 (2018)	1.09	1.62
Q3 (2018)	1.15	1.66
Q4 (2018)	1.10	1.26
Q1 (2019)	1.12	1.36
Q2 (2019)	1.03	1.40
Q3 (2019)	1.21	1.98

The common shares of the Company is held by 1,594 shareholders of common shares and 267 shareholders of preferred shares.

The list of the top 20 stockholders of the Company as of 31 October 2019 is shown below :

1.	PCD Nominee Corporation (Filipino)	668,574,617	95.47%
2.	First Producers Holdings Corp. FAO Ray Burton	6,175,789	00.88%
3.	First Producers Holdings Corp. FAO Producers Properties Inc.	4,903,852	00.70%
4.	PCD Nominee Corporation (Foreign)	4,176,036	00.60%
5.	Ray Burton Development Corp.	3,213,293	00.46%
6.	Producers Properties, Inc.	3,013,701	00.43%
7.	Mercantile Investment Company Inc.	1,585,989	00.23%
8.	Del Rosario, Albert ITF Anthony Salim	1,289,279	00.18%
9.	Yan, Lucio W. &/or Clara Yan	600,000	00.09%
10.	Vargas, Joel B.	534,876	00.08%
11.	So, Merlene, &/or So Peng Kee	239,000	00.03%
12.	Uy, Maria T.	211,200	00.03%
13.	Go, Jr., Jose Yu	210,000	00.03%
14.	Go, Jovy Lim	150,000	00.02%
15.	Que Lu Kiong	150,000	00.02%
16.	Abad, Rufino H.	142,011	00.02%
17.	Tan, Luciano H.	139,600	00.02%
18.	Navalta, Leonardo	132,294	00.02%
19.	Dizon, Lamberto C., &/or Erlinda V. Dizon	127,860	00.02%
20.	Abacus Securities Corp.	127,860	00.02%

Other than the conversion of preferred shares to common shares as stated in page 13, the Company has no recent sales of unregistered or exempt securities or recent issuance of securities constituting an exempt transaction.

UPON THE WRITTEN REQUEST OF THE STOCKHOLDER(S), THE CORPORATION UNDERTAKES TO FURNISH SAID STOCKHOLDER(S) WITH A COPY OF SEC FORM 17-A, FREE OF CHARGE, EXCEPT FOR THE EXHIBIT ATTACHED THERETO, WHICH SHALL BE CHARGED AT A COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED TO Atty. Maila Lourdes G. De Castro at c/o Marcventures, 4th Floor Citibank Center Bldg., Paseo de Roxas, Makati City

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on the 15th day of November 2019.

PRIME MEDIA HOLDINGS, INC.

By:

MAILA LOURDES G. DE CASTRO
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SECRETARY'S CERTIFICATE

I, **MAILA LOURDES G. DE CASTRO**, of legal age, Filipino, with office address at 4th Floor, Citibank Center, Paseo de Roxas Ave., Makati City, being 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, Paseo de Roxas, Makati City, hereby certify that as of the date of this Certification, none of the directors or officers of the Corporation are employed by or connected with any government agencies or its instrumentalities.

IN WITNESS WHEREOF, I have hereunto set my hand this OCT 16 2019 day of ______ 2019 at MAKATI CITY

MAILA LOURDES G. DE CASTRO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this OCT 16 2019 day of ______ 2015 at MAKATI CITY, affiant exhibited to me her Driver's License No. N02-95-296472 expiring on 18 October 2021.

Doc. No. 249;
Page No. 51;
Book No. 998;
Series of 2019.

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2019
PTR NO. 0568833/1-3-2019 CY 2019
ROLL NO. 20247/MCLE 6 / 3-22-19
R NO. MKT. 7355572/1-3-19 APPT. NO. M-14
MAKATI CENTRAL POST OFFICE

COVER SHEET

2 2 4 0 1

S.E.C. Registration Number

P R I M E   M E D I A   H O L D I N G S ,   I N C .

(f o r m e r l y   F i r s t   e - B a n k   C o r p .)

(Company's Full Name)

1 6 t h   F l o o r   C i t i b a n k   T o w e r ,

8 7 4 1   P a s e o   d e   R o x a s ,

M a k a t i   C i t y

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

ROLANDO S. SANTOS

Contact Person

831-4479

Company Telephone Number

1 2 | 3 1

Month *Day*

Fiscal Year

Certification of Independent Director
(Atty. Johnny Y. Aruego, Jr.)

FORM TYPE

0 5

Month *Day*

Annual Meeting

N/A

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1,594

Total No. of Stockholders

nil

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Johnny Y. Aruego, Jr.**, Filipino, of legal age and a resident of No. 167 Libra Street, Cinco Hermanos Subdivision, Marikina City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of **PRIME MEDIA HOLDINGS, INC.** for its Annual Stockholders' Meeting on 12 December 2019.

2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Aruego Bite and Associates	Partner	Since 2001
Life Savings Bank	Independent Director	Since 2019
Lorenzana Food Corporation	Manager for Administration and Legal Services	Since 2012
A.V. Ocampo-ATR Kimeng Insurance Broker, Inc.	Corporate Secretary and/or Legal Consultant	Since 2011
East Offices Realty and Management Co., Inc.	Corporate Secretary and/or Legal Consultant	Since 2012
National Steel Corporation	Corporate Secretary and/or Legal Consultant	Since 2006
PET Plans, Inc.	Assistant Rehabilitation Receiver	Since 2006
Advent Capital and Finance Corporation	Assistant Liquidator	Since 2001
Bacnotan Steel Industries, Inc.	Assistant Liquidator	Since 2003
East Asia Capital Corporation	Assistant Liquidator	Since 2009
Reynolds Philippines Corporation	Assistant Liquidator	Since 2005

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of PRIME MEDIA HOLDINGS, INC., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other Securities and Exchange Commission (SEC) issuances.

4. Other than as disclosed in Item no. 2 above, I am not in any way related to any director, officer and/or substantial shareholder of PRIME MEDIA HOLDINGS, INC. and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, the Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of PRIME MEDIA HOLDINGS, INC. of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 08 NOV 2019 day of November 2019, at MAKATI.

JOHNNY Y. ARUEGO, JR.
Affiant

SUBSCRIBED AND SWORN to before me this 08 NOV 2019 day of November 2019 at MAKATI, affiant personally appeared before me and exhibited to me his Driver's License No. NO1-87-048565, expiring on 03 February 2024.

Doc. No. 379;
Page No. 77;
Book No. 281;
Series of 2019.

ATTY. JOSHUA P. LAPUZ
Notary Public for and in Makati City
Appointment No. M-82 until 12/31/2019
PTR No. 7333095, Jan. 3, 2019, , Makati
Roll No. 45790, IBP, Lifetime Roll No. 04897
MCLE No. V-0049692 / 4-15-2016
G/F Fedman Suites, 199 Salcedo Street,
Legaspi Village, Makati City
MCLE No. VI-0016565 / Jan 19, 2019

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

Contact Person

831-4479

Company Telephone Number

1 2 | 3 1

Month *Day*

Fiscal Year

Certification of Independent Director (Mr. Francisco Layug III)

FORM TYPE

0 5

Month *Day*

Annual Meeting

N/A

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1,594

Total No. of Stockholders

nil

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Francisco L. Layug, III**, Filipino, of legal age and a resident of 12 F. Bernabe St., Merville Park Subdivision, Paranaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **PRIME MEDIA HOLDINGS, INC.** ("PRIM") for its Annual Stockholders' Meeting on 12 December 2019.

2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Rotary Club of Pasay	President-Elect	2017-2018
University of the Philippines Electronics and Electrical Engineering Alumni Association, Inc. (UPEEEAAI)	President	2010-2011
Alay-Lakad Foundation	Vice President	2009-2010

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Prime Media Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. Other than as disclosed in Item 2 above, I am not in any way related to any director/officer/substantial shareholder of Prime Media Holdings, Inc. and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of Prime Media Holdings, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 15 NOV 2019 day of ____________, at QUEZON CITY

Francisco L. Layug, III
Affiant

SUBSCRIBED AND SWORN to before me this 15 NOV 2019 day of ____________ at QUEZON CITY affiant personally appeared before me and exhibited to me his Tax Identification Number 112-818-166.

Doc. No. 239;
Page No. 48;
Book No. 129;
Series of 2019.

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Not Com. No.NP-124 1-12-19 until 12-31-2020
IBP O.R. No. 055255 Jan. 2019 & IBP O.R. No. 055256 Jan. 2020
PTR O.R. No. 7376155 C 1-7-19/Roll No. 33832 /TIN# 129-871-009
MCLE No. V-0019296 valid from 04/15/2016 until 04/14/2019/PASIG CITY
Address: 31-F Harvard St. Cubao, Q. C.

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 30 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

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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		

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

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

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
Citibank Center, 8741 Paseo de Roxas
Makati City, Philippines

APR 30 2019

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.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

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.

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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.

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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

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PRIME MEDIA HOLDINGS, INC.

(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF FINANCIAL POSITION

	Note	December 31 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.

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

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2018	2017	2016
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.

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

STATEMENTS OF CHANGES IN EQUITY

	Note	2018	2017	2016
		Years Ended December 31		
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.

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

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2018	2017	2016
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.

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).

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.

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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.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash in banks 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.

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

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8741 Paseo de Roxas
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Website : www.reyestacandong.com

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
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

**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
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.)

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

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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

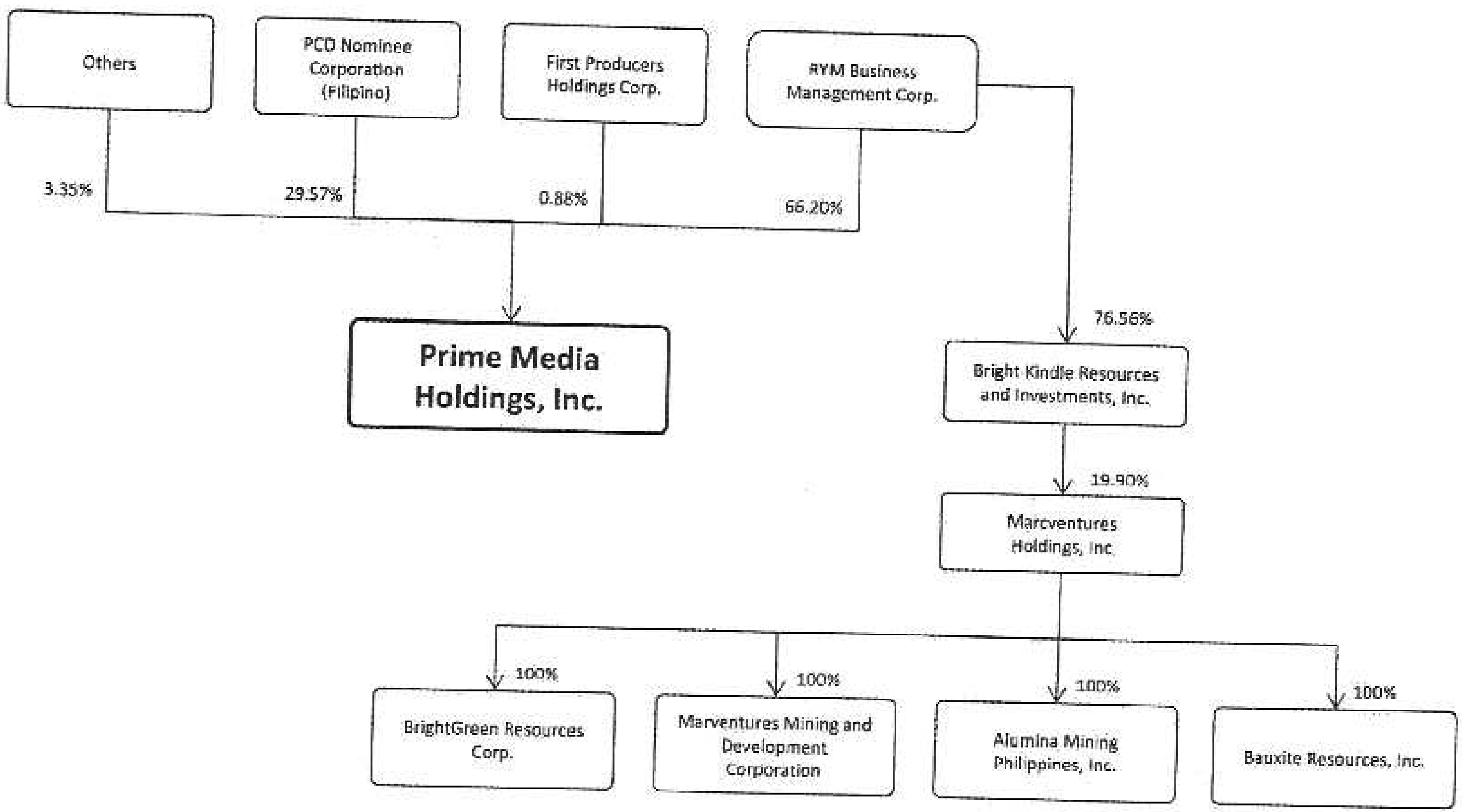
PRIME MEDIA HOLDINGS, INC.
(A Subsidiary of RYM Business Management Corp.)

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)**	(0.14)
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)
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			✓

111052019001488

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
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Company Information

SEC Registration No.	0000022401
Company Name	PRIME MEDIA HOLDINGS INC.
Industry Classification	FINANCING COMPANY OPERATIONS
Company Type	Stock Corporation

Document Information

Document ID	111052019001488
Document Type	17-Q (FORM 11-Q:QUARTERLY REPORT/FS)
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Period Covered	September 30, 2019
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

2 2 4 0 1

S.E.C. Registration Number

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

(Company's Full Name)

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

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

ROLANDO S. SANTOS

Contact Person

831-4479

Company Telephone Number

1	2		3	1

Month *Day*

Fiscal Year

SEC 17-Q

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

1,594

Total No. of Stockholders

nil

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

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

2. Commission 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**

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office
   16TH FLOOR CITIBANK TOWER, 8741 PASEO DE ROXAS MAKATI CITY Postal Code **1227**

8. Issuer's telephone number, including area code **831-4479**

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

10. Securities registered pursuant to Sections 8 and 12 of the Code, 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 Stock, P1 par value	700,298,616
Preferred Stock, P1 par value	14,366,260

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

    Yes [x] No [ ]

    Philippine Stock Exchange **Common Shares**

12. Indicate by check mark whether the registrant:

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

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited Financial Statements of Prime Media Holdings, Inc. ("Company") as of 30 September 2019 (with comparative audited Statements of Financial Position as at 31 December 2018), and for the three months and nine months ended 30 September 2018 is in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of statements of financial position as of 30 September 2019 and 31 December 2018:

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	Increase (decrease)	
	(₱'000)	(₱'000)	Amount (₱'000)	Percentage
Current assets	**₱42,079**	₱44,822	(₱2,743)	(6.12%)
Noncurrent assets	**1,501**	1,758	(257)	(14.62%)
Total Assets	**₱43,580**	₱46,580	(₱3,000)	(6.44%)
Current Liabilities	**₱186,848**	₱187,303	(₱455)	(0.24%)
Noncurrent Liability	–	–	–	–
	186,848	187,303	(455)	(0.24%)
Capital Deficiency	**(143,268)**	(140,723)	(2,545)	1.81%
Total Liabilities and Capital Deficiency	**₱43,580**	₱46,580	(₱3,000)	(6.44%)

Summary of unaudited statements of comprehensive income for the three months and nine months period ended September 30, 2019 and 2018:

	For three months ended 30 September		**For nine months ended 30 September**	
	2019 (₱'000)	2018 (₱'000)	**2019 (₱'000)**	2018 (₱'000)
Revenues	**(₱45)**	₱528	**₱872**	₱1,129
Expenses	**(693)**	(49,833)	**(3,416)**	(53,263)
Loss before tax	**(738)**	(49,305)	**(2,544)**	(52,134)
Provision for income tax	–	–	–	–
Total comprehensive loss	**(₱738)**	(₱49,305)	**(₱2,544)**	(₱52,134)

Summary of unaudited statements of cash flows for the three months and nine months period ended September 30, 2019 and 2018:

	For three months ended 30 September		**For nine months ended 30 September**	
	2019 (₱'000)	2018 (₱'000)	**2019 (₱'000)**	2018 (₱'000)
Cash provided by (used in) operating activities	**(₱525)**	(₱48,044)	**(₱3,302)**	(₱29,068)
Cash provided by investing activities		69,876		69,876
Increase (decrease) in cash	**(525)**	21,832	**(3,302)**	40,808
Cash at beginning of period	**2,826**	20,696	**5,603**	1,720
Cash at end of period	**₱2,301**	₱42,528	**₱2,301**	₱42,528

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

The Company has not been actively operating other than the activities connected with the transfer of the Company's remaining assets to the Philippine Depositary Insurance Corporation (PDIC) and the Bangko Sentral ng Pilipinas (BSP). The Company also continues to pursue the cleanup of its books and the settlement of its remaining obligations to pave the way for possible additional capital infusion from third party investors.

FINANCIAL CONDITION AND RESULTS OF OPERATION

Nine months ended 30 September 2019 compared with nine months ended 30 September 2018

Results of operation for the nine months ended 30 September 2019 and 2018 were net loss of ₱2.54 million and ₱52.13 million, respectively. As compared with the same period last year, net loss for the current period declined by ₱49.59 million, which represent an improvement of 95%.

Significant changes in the income statement accounts for the nine months ended 30 September 2019 versus the same period last year are as follows:

Income

The Company's income for the current period in the amount of ₱0.87 million has dropped by ₱0.26 million compared with same period last year. The decrease in the Company's rental income is primarily due to termination of its lease contract with a third party on its property located in Mandaluyong City, mid last year. Lower collection as with regards to the recovery of accounts previously written off, also contributed to the decline in income.

Expenses

Total expenses during the period amounted to ₱3.42 million, which is lower by ₱49.85 million compared with same period last year. This represents a decrease of 94% compared with same period last year. The movement in expenses are attributable to the following:

a. During the last quarter of previous year, the Company sold its Legazpi property to Pacific Mall Corporation, which sale resulted to a loss of ₱24.9 million, representing the difference between the selling price and fair market value of the property. No similar transaction has occurred during the current year.

b. Professional fees decreased by ₱0.47 million compared with same period last year. Factors that resulted to the decline in this account are decreased in payments of various legal fees. In 2018, the Company incurred legal fees amounting to ₱0.57 million, in relation to its Cahirup case, which resulted to high legal fees last year, as compared this year.

c. Taxes and licenses for the period amounting to ₱0.43 million is lower by ₱0.80 million compared with same period last year. The Company paid real property taxes last year for its property located in Legazpi totalling ₱0.77 million, which caused last year's expense to be significantly higher compared with the current period.

d. Rent expense for the period amounting to ₱0.07 million is lower by ₱2.55 million compared with the same period last year. Last year, the Company made a payment of its association dues (including those in arrears) to Landco Business Park, concerning the Legazpi property, which resulted to high rent expense in prior year.

e. The significant drop in other expenses from ₱21.11 million last year to ₱0.82 million this year, is mainly due to payment of compromise settlement last year to Bangko Sentral ng Pilipinas involving a litigation.

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

Results of operation for the three months ended 30 September 2019 and 2018 were net loss of ₱0.74 million and ₱49.31 million, respectively. As compared with the same period last year, net loss for the current period declined by ₱48.57 million, which represent an improvement of 99%.

Significant changes in the income statement accounts for the three months ended 30 September 2019 versus the same period last year are as follows:

Income

The decrease in the Company's rental income is primarily due to termination of its lease contract with a third party on its property located in Mandaluyong City, mid last year. Lower collection as with regards to the recovery of accounts previously written off, also contributed to the decline in income.

Expenses

Total expenses during the period amounted to ₱0.69 million, which is lower by ₱49.14 million compared with same period last year. This represents a decrease of 99% compared with same period last year. The movement in expenses are attributable to the following:

a. During the last quarter of previous year, the Company sold its Legazpi property to Pacific Mall Corporation, which sale resulted to a loss of ₱24.9 million, representing the difference between the selling price and fair market value of the property. No similar transaction has occurred during the current year.

b. Taxes and licenses dropped by ₱0.84 million compared with same period last year. The Company paid real property taxes last year for its property located in Legazpi totaling ₱0.77 million, which caused last year's expense to be significantly higher compared with the current period.

c. Rent expense for the period amounting to ₱0.02 million is lower by ₱2.54 million compared with the same period last year. Last year, the Company made a payment of its association dues (including those in arrears) to Landco Business Park, concerning the Legazpi property, which resulted to high rent expense in prior year.

d. The significant drop in other expenses from ₱20.99 million last year to ₱0.10 million this year, is mainly due to payment of compromise settlement last year to Bangko Sentral ng Pilipinas involving a litigation.

STATEMENTS OF FINANCIAL POSITION

Total Assets of the Company as at 30 September 2019 is ₱43.58 million. The amount is lower by ₱3.0 million compared to the balance as at 31 December 2018, which represents a decline of 6%. The change in Total Assets is attributed to the following:

a. Cash

Cash decreased by ₱3.30 million or 59%. The decrease is mainly attributable to payments of the Company's operating expenses, and accruals. Advances to a related party totalling ₱0.87 million during the period, also contributed to the decline in cash balance.

b. Due from related parties

During the period, the Company advanced a total of ₱0.87 million to a related party. Further, the Company received ₱0.60 million from advances made to MMDC.

c. *Other current assets*

The movement in this account is mainly due to recognition of Input VAT from purchases of goods and/or services during the period totaling ₱0.32 million. This is slightly offset by decrease in prepaid insurance due to amortization.

d. *Equipment*

Decrease in equipment of ₱0.26 million is attributed to the depreciation recognized for the period. No addition and/or disposal was made during the period.

e. *Accrued expenses and other current liabilities*

The account decreased by ₱0.46 million or 26% during the period, due to payment of accrued legal fees, rental, and other services.

f. *Capital deficiency*

The increase in capital deficiency of ₱2.54 million is mainly due to net loss during the period.

STATEMENTS OF CASH FLOWS

Net cash used in operating activities for the nine months ended 30 September 2019 and 2018 amounts to ₱3.30 million and ₱29.07 million, respectively. Decrease in cash for the current period is the net result of the following significant transactions:

- Payment of accruals and operating expenses during the period.
- Advances made to a related party totaling ₱0.87 million.

HORIZONTAL AND VERTICAL ANALYSIS

	30 September 2019 (Unaudited)	31 December 2018 (Audited)	Increase (Decrease)	
			Amount	Percentage
ASSETS				
Current Assets				
Cash	**₱2,301,484**	₱5,602,963	(₱3,301,479)	(58.92%)
Receivables	**27,483,567**	27,396,444	87,123	0.32%
Due from related parties	**8,167,154**	7,940,000	227,154	2.86%
Other current assets	**4,127,131**	3,882,788	244,343	6.29%
Total Current Assets	**42,079,336**	44,822,195	(₱2,742,859)	(6.12%)
Noncurrent Assets				
Equity securities designated as fair value through other comprehensive income (FVOCI)	**500,000**	500,000	–	0.00%
Equipment	**1,000,617**	1,258,193	(257,576)	(20.47%)
Total Noncurrent Assets	**1,500,617**	1,758,193	(257,576)	(14.65%)
	₱43,579,953	₱46,580,388	(₱3,000,435)	(6.44%)
LIABILITIES AND CAPITAL DEFICIENCY				
Current Liabilities				
Accrued expenses and other current liabilities	**₱172,967,533**	₱173,423,080	(₱455,547)	(0.26%)
Due to a related party	**13,880,000**	13,880,000	–	0.00%
Total Current Liabilities	**186,847,533**	187,303,080	(455,547)	(0.24%)
Capital Deficiency				
Capital stock	**714,664,876**	714,664,876	–	0.00%
Deficit	**(858,232,456)**	(855,687,568)	(2,544,888)	0.30%
Cumulative unrealized valuation gain on equity securities designated as FVOCI	**300,000**	300,000	–	0.00%
Total Capital Deficiency	**(143,267,580)**	(140,722,692)	(2,544,888)	1.81%
	₱43,579,953	₱46,580,388	(₱3,000,435)	(6.44%)

FINANCIAL INDICATORS

	As of 30 September 2019	As of 30 September 2018
Net loss	**₱2,544,888**	₱52,133,735
Quick assets	**3,981,483**	43,465,452
Current assets	**42,079,336**	61,609,481
Total assets	**43,579,953**	63,198,251
Current liabilities	**186,847,533**	219,886,918
Total liabilities	**186,847,533**	229,443,718
Stockholders 'equity	**(143,267,580)**	(166,245,468)
Preferred stock	**14,366,260**	14,366,260
Number of common shares outstanding	**700,298,616**	700,298,616
Number of preferred shares outstanding	**14,366,260**	14,366,260

Current Ratio1/	**0.23**	0.28
Debt to Equity Ratio2/	**(1.30)**	(1.38)
Asset to Equity Ratio3/	**(0.31)**	(0.38)
Return on Assets4/	**(0.06)**	(0.69)
Return on Equity5/	**0.02**	0.37
Book Value per share	**(0.23) per share**	(0.26) per share
Earnings/Loss per share (basic) trailing 12 months	**0.04**	(0.09)

1/ Current assets divided by current liabilities
2/ Total liabilities divided by equity
3/ Total assets divided by equity
4/ Net income divided by average assets
5/ Net income divided by average equity
Total common stockholder's equity divided
Trailing 12 months Net income/(loss) less dividends paid on preferred stock / weighted ave. no. of common shares outstanding

OTHER INFORMATION

a. There are no known trends, demands, commitments, events or uncertainties that have a material impact on the Company's liquidity.

b. There are no events that will trigger direct or contingent financial obligation that is material to the Company.

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

d. There are no material commitments for capital expenditures during the interim period.

e. There are no known trends, events or uncertainties that have or are reasonably expected to have a material impact on net sales/ revenues/ income from continuing operations.

f. There is no significant income or expense that did not arise from the Company's continuing operations.

g. There is no seasonal aspect that had a material effect on the financial condition or results of operation.

PART II - OTHER INFORMATION

The Company may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

a. Current Ratio
   Total Current Assets/ Total Current Liabilities = 0.23

b. Quick Ratio
   Quick asset / Total Current Liabilities = 0.02

Solvency Ratio

a. Debt Ratio
   Total liabilities / Total assets = 4.29

b. Debt to Equity Ratio
   Total liabilities / Shareholder's Equity = (1.30)

Profitability Ratio

a. Return on Equity Ratio
   Net loss / Average shareholder's equity = 0.02

b. Return on Assets
   Net loss / Average Total assets = (0.06)

c. Asset to Equity Ratio:
   Total Assets / Ave. Stockholders' Equity = (0.31)

d. Asset Turnover
   Revenue/Total Assets = 0.02

e. Book value per share
   Stockholder's equity - preferred stock/No. of common shares outstanding = (0.23)

SIGNATURES

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

Issuer: **PRIME MEDIA HOLDINGS, INC.**

Date: 04 November, 2019

By:

Signature:

ROLANDO S. SANTOS

Title: Treasurer

Signature: for:

JACKY-LYN VALENZUELA

Title: Accountant

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

STATEMENTS OF FINANCIAL POSITION

	Note	**September 30, 2019 (Unaudited)**	December 31, 2018 (Audited)
ASSETS			
Current Assets			
Cash	4	**₱2,301,484**	₱5,602,963
Receivables	5	**27,483,567**	27,396,444
Due from related parties	13	**8,167,154**	7,940,000
Other current assets	6	**4,127,131**	3,882,788
Total Current Assets		**42,079,336**	44,822,195
Noncurrent Assets			
Equity securities designated as fair value through other comprehensive income (FVOCI)	8	**500,000**	500,000
Equipment	9	**1,000,617**	1,258,193
Total Noncurrent Assets		**1,500,617**	1,758,193
		₱43,579,953	₱46,580,388
LIABILITY AND CAPITAL DEFICIENCY			
Current Liabilities			
Accrued expenses and other current liabilities	10	**₱172,967,533**	₱173,423,080
Due to a related party	13	**13,880,000**	13,880,000
Total Current Liabilities		**186,847,533**	187,303,080
Capital Deficiency			
Capital stock	11	**714,664,876**	714,664,876
Deficit		**(858,232,456)**	(855,687,568)
Cumulative unrealized valuation gain on equity securities designated as FVOCI	8	**300,000**	300,000
Total Capital Deficiency		**(143,267,580)**	(140,722,692)
		₱43,579,953	₱46,580,388

See accompanying Notes to Financial Statements

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

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note	2019	2018	2019	2018
INCOME					
Rental	12	**₱248,400**	₱305,314	**₱745,200**	₱877,457
Recovery of accounts written-off		**(295,000)**	219,000	**80,000**	247,202
Interest income	4	**1,370**	3,351	**4,367**	4,596
Other Income		–	–	**42,000**	–
		(45,230)	527,665	**871,567**	1,129,255
EXPENSES					
Loss on sale of investment properties		–	24,896,294	–	24,896,294
Professional fees		**374,879**	393,528	**1,476,822**	1,946,074
Outside services		**114,313**	78,348	**364,561**	1,212,726
Taxes and licenses		**(5,390)**	835,271	**426,246**	1,227,598
Depreciation	9	**85,859**	83,140	**257,576**	249,420
Rent	12	**19,884**	2,561,249	**71,878**	2,620,596
Others		**103,609**	20,985,425	**819,372**	21,110,283
		693,154	49,833,254	**3,416,455**	53,262,991
NET LOSS		**(₱738,384)**	(₱49,305,589)	**(₱2,544,888)**	(₱52,133,736)
Basic and Diluted Loss Per Share	15	**(₱0.001)**	(₱0.07)	**(₱0.004)**	(₱0.07)

See accompanying Notes to Financial Statements.

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

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Note	Nine Months Ended September 30, 2019	2018
CAPITAL STOCK	11		
Common stock - ₱1 par value		**₱700,298,616**	₱700,298,616
Preferred stock - ₱1 par value		**14,366,260**	14,366,260
		714,664,876	714,664,876
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of period		–	2,114,921,869
Effect of equity restructuring		–	(2,114,921,869)
Balance at end of period		–	–
DEFICIT			
Balance at beginning of period		**(855,687,568)**	(2,943,798,478)
Effect of equity restructuring		–	2,114,921,869
Net loss		**(2,544,888)**	(52,133,736)
Balance at end of period		**(858,232,456)**	(881,010,345)
CUMULATIVE UNREALIZED VALUATION GAIN ON EQUITY SECURITIES DESIGNATED AS FVOCI	8	**300,000**	100,000
		(₱143,267,580)	(₱166,245,469)

See accompanying Notes to Financial Statements.

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

UNAUDITED STATEMENTS OF CASH FLOWS

		Three Months Ended September 30,	
	Note	**2019**	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(₱738,384)**	(₱49,305,589)
Adjustments for:			
Depreciation	9	**85,859**	83,140
Interest income	4	**(1,370)**	(3,351)
Operating loss before working capital changes		**(653,895)**	(49,225,800)
Decrease (increase) in:			
Receivables		**94,100**	(190,072)
Due from related parties		**16,110**	(7,560,000)
Other current assets		**29,610**	(4,026,747)
Increase (decrease) in:			
Accrued expenses and other current liabilities		**(11,955)**	6,835,518
Due to a related party		**–**	6,120,000
Net cash generated from (used for) operations		**(526,030)**	(48,047,102)
Interest received		**1,370**	3,351
Net cash used in operating activities		**(524,660)**	(48,043,751)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment properties		**–**	69,876,000
NET INCREASE (DECREASE IN CASH)		**(524,660)**	21,832,249
CASH AT BEGINNING OF PERIOD		**2,826,144**	20,695,670
CASH AT END OF PERIOD		**₱2,301,484**	₱42,527,919

See accompanying Notes to Financial Statements.

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

UNAUDITED STATEMENTS OF CASH FLOWS

		Nine Months Ended September 30,	
	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(₱2,544,888)**	(₱52,133,735)
Adjustments for:			
Depreciation	9	**257,576**	249,420
Interest income	4	**(4,367)**	(4,596)
Operating loss before working capital changes		**(2,291,679)**	(51,888,911)
Decrease (increase) in:			
Receivables		**(87,123)**	(522,272)
Due from related parties		**(227,154)**	813,062
Other current assets		**(244,343)**	(4,290,061)
Increase (decrease) in:			
Accrued expenses and other current liabilities		**(455,547)**	6,815,273
Due to a related party		–	20,000,000
Net cash generated from (used for) operations		**(3,305,846)**	(29,072,909)
Interest received		**4,367**	4,596
Net cash used in operating activities		**(3,301,479)**	(29,068,312)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment properties		–	69,876,000
INCREASE (DECREASE) IN CASH		**(3,301,479)**	40,807,688
CASH AT BEGINNING OF PERIOD		**5,602,963**	1,720,231
CASH AT END OF PERIOD		**₱2,301,484**	₱42,527,919

See accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

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

On July 9, 1964, the Philippine Stock Exchange, Inc. approved the public listing of the Company's shares of stock. As at December 31, 2018 and 2017, 663,713,458 Company shares 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.

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 major 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).

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 values represent absolute amounts 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 16.

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

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

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

Expenditures incurred after the equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of computer 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 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 2019 and 2018 because the Company 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 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 Judgments, 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.

Judgments
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 ₱0.7 million and ₱0.9 million in 2019 and 2018, respectively (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 ₱0.07 million and ₱2.62 million in 2019 and 2018, 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 of 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 as at September 30, 2019 and December 31, 2018 (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 losses 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 2019 and 2018.

The aggregate carrying amount of receivables (excluding advances to officers, employees and service providers) and due from related parties amounted to ₱35.6 million and ₱35.3 million as at September 30, 2019 and December 31, 2018, respectively (see Notes 5 and 13).

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 Note 7.

Gain on fair value changes which were recognized in the statements of comprehensive income amounted to nil in 2019 and 2018. The carrying value of investment properties amounted to nil as at September 30, 2019 and December 31, 2018 (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	**September 30, 2019 (Unaudited)**	December 31, 2018 (Audited)
Other current assets	6	**₱4,127,131**	₱3,882,788
Equipment	9	**1,000,617**	1,258,193
Advances to officers, employees and service providers	5	**41,500**	32,200

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.

4. Cash

This account consists of:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Cash on hand	₱5,277	₱5,277
Cash in banks	2,296,207	5,597,686
	₱2,301,484	₱5,602,963

Cash in banks earn interest at prevailing bank deposit rates. Interest income from cash in banks amounted to ₱4,367 and ₱4,596 in 2019 and 2018, respectively.

5. Receivables

This account consists of:

	Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Loans receivables:			
Third parties		₱62,277,740	₱62,277,740
Related party	13	26,000,000	26,000,000
Advances to officers, employees and service providers		2,167,835	2,158,535
Rent receivables:	12		
Related party	13	1,076,400	809,518
Third parties		261,932	309,932
Interest receivable	13	341,667	431,500
Others		–	51,226
		92,125,574	92,038,451
Less allowance for impairment losses		64,642,007	64,642,007
		₱27,483,567	₱27,396,444

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:

	September 30, 2019 (Unaudited)			
	Loans receivables	Advances to officers, employees and service providers	Rent receivables	Total
Balance at beginning of period	₱62,277,740	₱2,126,335	₱237,932	₱64,642,007
Effect of initial application of PFRS 9	–	–	–	–
Balance at end of period	₱62,277,740	₱2,126,335	₱237,932	₱64,642,007

	December 31, 2018 (Audited)			
	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

The Company recovered various accounts written-off in prior years amounting to ₱0.08 million and ₱0.25 million in 2019 and 2018, respectively.

6. Other Current Assets

This account consists of:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
CWT	₱3,304,567	₱3,298,209
Prepayments	428,965	515,924
Net input VAT	393,599	68,655
	₱4,127,131	₱3,882,788

Prepayments mainly pertain to prepaid insurance and taxes.

7. Investment Properties

Movements in this account are as follows:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Balance at beginning of year	₱–	₱69,876,000
Disposal	–	(69,876,000)
Balance at end of year	₱–	₱–

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:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Cost	**₱200,000**	₱200,000
Unrealized gain on fair value changes		
Balance at beginning of period	**300,000**	100,000
Fair value change	**-**	200,000
Balance at end of period	**300,000**	300,000
	₱500,000	₱500,000

9. Equipment

Movements in this account are as follows:

	September 30, 2019 (Unaudited)		
	Computer Equipment	**Transportation Equipment**	**Total**
Cost			
Balance at beginning of period	**₱85,800**	**₱1,631,375**	**₱1,717,175**
Additions	**–**	**–**	**–**
Balance at end of period	**85,800**	**1,631,375**	**1,717,175**
Accumulated Depreciation			
Balance at beginning of period	**62,920**	**396,062**	**458,982**
Depreciation	**12,870**	**244,706**	**257,576**
Balance at end of period	**75,790**	**640,768**	**716,558**
Carrying Amount	**₱10,010**	**₱990,607**	**₱1,000,617**

	December 31, 2018 (Audited)		
	Computer Equipment	Transportation Equipment	Total
Cost			
Balance at beginning 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

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 13).

Rent income from the lease of transportation equipment amounted to ₱0.7 million and ₱0.9 million in 2019 and 2018, respectively.

10. Accrued Expenses and Other Current Liabilities

This account consists of:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Liabilities arising from the MOA	**₱151,104,972**	₱151,104,972
Dividends payable	**10,985,443**	10,985,443
Rental deposits	**5,972,642**	5,972,642
Accrued expenses	**1,707,296**	2,117,206
Statutory payables	**970**	2,607
Others	**3,196,210**	3,240,210
	₱172,967,533	₱173,423,080

Liabilities arising from the MOA pertain to estimated transfer taxes and registration fees related to the transfer of assets from its 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 capital stock are as follows:

	September 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	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
Subscribed:				
Balance at beginning of period	700,298,616	700,298,616	700,298,616	700,298,616
Conversion of preferred to common stock	–	–	–	–
Balance at end of period	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
Issued and outstanding:				
Balance at beginning of period	14,366,260	14,366,260	14,366,260	14,366,260
Conversion of preferred to common stock	–	–	–	–
Balance at end of period	14,366,260	14,366,260	14,366,260	14,366,260
	714,664,876	₱714,664,876	714,664,876	₱714,664,876

The Company has 1,594 and 1,598 stockholders as at September 30, 2019 and December 31, 2018, respectively.

The following summarizes the information on the Company's issued and subscribed shares as at September 30, 2019:

	Number of shares issued and subscribed	Percentage of shares
Non-public shareholdings:		
a. Related parties	575,733,986	82.21%
b. Affiliates, directors and officers	1,005	0.00%
Public shareholdings	124,563,625	17.79%
Total	700,298,616	100.00%

The high and low trading prices of the Company's stock are as follows:

Quarter	High	Low
January to September 2019		
First	**₱1.36**	**₱1.12**
Second	**1.40**	**1.03**
Third	**1.98**	**1.21**
January to December 2018		
First	₱1.68	₱1.08
Second	1.62	1.09
Third	1.66	1.15
Fourth	1.26	1.10

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 ₱0.7 million and ₱0.9 million in 2019 and 2018, respectively. Rent receivable amounted to ₱1.3 million and ₱1.1 million as at September 30, 2019 and December 31, 2018, respectively (see Note 5).

Related rent expense amounted to ₱0.07 million and ₱2.62 million in 2019 and 2018, respectively.

13. Related Party Transactions

Outstanding balances and transactions with related parties are as follows:

	Nature of Transaction	Amount of Transaction 2019 (Unaudited)	Amount of Transaction 2018 (Audited)	Outstanding Balance September 30, 2019 (Unaudited)	Outstanding Balance December 31, 2018 (Audited)
Receivables					
Loans Receivables					
Entity under common control	Loan	₱–	₱26,000,000	₱26,000,000	₱26,000,000
	Interest income	(89,833)	433,334	341,667	431,500
Rent Receivables					
Entity under common control	Rent income	745,200	828,000	1,076,400	809,518
				₱27,418,067	₱27,241,018
Due from related parties					
Entity under common control	Advances	₱227,154	₱8,500,000	₱8,167,154	₱7,940,000
Due to a related party					
Parent Company	Advances	₱–	₱20,000,000	₱13,880,000	₱13,880,000

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 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.

14. 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.

15. Basic Loss Per Share

The basic and diluted loss per share were computed as follows:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Net loss	**(₱2,544,888)**	(₱24,573,027)
Less dividend rights of preferred stockholders for the period	–	1,581,671
Loss attributable to common stockholders	**(2,544,888)**	(26,154,698)
Divided by weighted average number of common stock	**700,298,616**	700,298,616
Basic loss per share	**(₱0.004)**	(₱0.037)

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

16. 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.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash in banks and receivables (excluding advances to officers, employees and service providers) and due from related parties and equity securities designated as 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 September 30, 2019 and December 31, 2018 are as follows:

	September 30, 2019 (Unaudited)				
	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	₱2,296,207	₱–	₱–	₱–	₱2,296,207
Receivables*	27,442,067	–	–	62,515,672	89,957,739
Due from related parties	8,167,154	–	–	–	8,167,154
	37,905,428	–	–	62,515,672	100,421,100
Financial Assets at FVOCI					
Equity securities designated as FVOCI	500,000	–	–	–	500,000
	₱38,405,428	₱–	₱–	₱62,515,672	₱100,921,100

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

	December 31, 2018 (Audited)				
	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
	40,901,130	–	–	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.*

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 September 30, 2019 and December 31, 2018, accrued expenses and other current liabilities (excluding statutory payables) and due to a related party aggregating ₱186.8 million and ₱187.3 million, respectively, are generally due and demandable.