

COVER SHEET

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S.E.C. Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

Jonamel G. Israel-Orbe
Contact Person

310-7100
Company Telephone Number

1	2	3	1
<i>Month</i>		<i>Day</i>	
<i>Fiscal Year</i>			

SEC Form 20-IS
(Definitive Statement)

Annual Meeting

Not applicable
Secondary License Type. If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

The diagram illustrates the components of the total amount of borrowings. A large rectangle is divided into two smaller rectangles. The top rectangle is labeled "Total Amount of Borrowings". The bottom-left rectangle is labeled "Domestic". The bottom-right rectangle is labeled "Foreign".

To be accomplished by SEC Personnel concerned

The diagram shows two horizontal rows of boxes. The top row consists of 10 empty boxes, with the text "File Number" centered below it. The bottom row also consists of 10 empty boxes, with the text "Document I.D." centered below it.

LCU

Cashier

STAMPS

NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS

Please take notice that the Annual Meeting of Stockholders of **ATOK-BIG WEDGE CO., INC.** will be held on 07 May 2019 at 2:00p.m. at The City Club at Alphaland Makati Place, Ayala Avenue Extension, Makati City to discuss the following:

AGENDA

1. Call to order
2. Certification of Notice and Quorum
3. Review and approval of the minutes of the previous meeting

The minutes of the previous meeting held on 31 May 2018 will be presented for approval by the stockholders. Copies of the minutes of the meeting will be distributed to the stockholders before the meeting. A resolution to this agenda item must be approved with a majority vote of the stockholders present and eligible to vote.

4. Annual report of Management and approval of the audited financial statements for the year ended December 31, 2018.

After the President's report on the performance of the Company in the year 2018 and the plan of operations for the year 2019, the Company's Financial Statements as of December 31, 2018 will be presented for approval by the stockholders. The Financial Statements of the Company is included in the Information Statement to be sent to the stockholders prior to the meeting.

5. Ratification of all acts and resolutions adopted by the Board of Director, Executive Committee and other committees of the Board of Directors, and Management since the last Annual Stockholders Meeting held on May 31, 2018.

Ratification by the stockholders will be sought for all acts and resolutions adopted by the Board of Directors, Executive Committee and other committees of the Board of Directors, and Management since the last Annual Stockholders Meeting on May 31, 2019. These acts and resolutions include approval of agreements, fiscal or treasury matters, regulatory matters, and other matters taken in the conduct of the regular business of the Company. A resolution on this agenda item must be approved by a majority vote of the stockholders present and eligible to vote.

6. Election of members of the Board of Directors (including Independent Directors)

The Nominations Committee will determine whether the nominees for membership in the Board of Directors of the Company have all the qualifications and none of the disqualifications to serve as members of the Board. The qualified nominees will be submitted for election by the stockholders. The profile of the nominees to the Board of Directors of the Company will be included in the Information Statement that will be sent to the stockholders prior to the meeting. Members of the Board of Directors of the Company are elected by plurality of votes using the cumulative voting method.

7. Appointment of External Auditor

The appointment of Reyes Tacandong & Co. as the Company's External Auditor for the ensuing year will be proposed for the consideration and approval of stockholders. A resolution on this agenda item must be approved by a majority vote of the stockholders present and eligible to vote.

8. Other matters

The Chairman will open the floor for comments and questions by the stockholders. Such other relevant matters or issued may also be considered by the stockholders.

9. Adjournment

For purposes of the meeting, only stockholders of record as of April 17, 2019 are entitled to notice of, and to vote at, the Annual Meeting of Stockholders.

Registration starts at 1:30p.m. For your convenience in registering your attendance, please have available some form of identification, such as your driver's license, passport or community tax certificate. For representatives of corporate stockholders, kindly bring a copy of the Board Resolution authorizing you to vote the shares of the company you represent.

Should you be unable to attend the meeting in person, you may want to execute a proxy in favor of a representative. The giving of such proxy will not affect your right to vote in person, should you decide to attend the Annual Meeting.

March 27, 2019.


CLIBURN ANTHONY A. ORBE
Corporate Secretary

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODESECURITIES AND EXCHANGE
COMMISSIONRECEIVED
APR 10 2019MARKET REGULATION DEPT.
BY: *[Signature]* TIME: *3:49 pm*

1. Check the appropriate box:

☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter
- ATOK BIG-WEDGE CO., INC.

- 3.
- PHILIPPINES

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number
- PW 427-A

5. BIR Tax Identification Code
- 000-707-286

- 6.
- Alphaland Makati Place, 7232 Ayala Avenue corner Malugay Street, Makati City
-
- Address of principal office Postal Code
- 1209

7. Registrant's telephone number, including area code
- +632 310-7100 / +632 337-2031

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

Date May 7, 2019Time 2:00p.m.Place 4th Floor, Ballroom, The City Club at Alphaland Makati Place,
Ayala Avenue corner Malugay Street,
Makati City

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
- April 11, 2019, or at least fifteen (15) business days prior to meeting date.

10. Proxies will not be solicited.

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 Outstanding	Amount of Liabilities Outstanding as of December 31, 2018 (in Php)
Common Shares	2,545,000,000	2,720,860.00

12. Are any or all of registrant's securities listed in a Stock Exchange?
-
- Yes
- ☒
- No

PART I.

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

The Annual Meeting of the Stockholders of Atok-Big Wedge Co., Inc. (hereinafter referred to as "AB", the "Corporation" or the "Company") will be held on May 7, 2019 at 2:00p.m. at the 4th Floor Ballroom of The City Club at Alphaland Makati Place, 7232 Ayala Avenue Extension corner Malugay Street, Makati City.

The complete mailing address of the registrant is the Alphaland Makati Place, 7232 Ayala Avenue corner Malugay Street, Makati City.

The approximate date on which the Information Statement is first to be sent or given to security holders is April 11, 2019 or at least fifteen (15) business days prior to meeting date.

Item 2. Dissenters' Right of Appraisal

There are no matters or proposed actions as specified in the attached Notice of Annual Meeting that may give rise to a possible exercise by shareholders of their appraisal rights or similar rights as provided in Title X of the Corporation Code of the Philippines.

Pursuant to Sections 81 and 42 of the Corporation Code, shareholders of the Company may exercise their right of appraisal in the following instances:

- (i) any amendment of the articles of incorporation which has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (ii) sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property or assets of the corporation;
- (iii) incurring, creating or increasing bonded indebtedness;
- (iv) increase or decrease of capital stock;
- (v) merger or consolidation of the corporation with another corporation or other corporations;
- (vi) dissolution of the corporation;
- (vii) declaration of stock dividends;
- (viii) removal of directors;
- (ix) extension or limitation of corporate term;
- (x) investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
- (xi) delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws.

Each share of stock is entitled to one vote during stockholders' meetings. However, at all elections of directors, every stockholder entitled to vote may vote such number of stocks for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.

The election of directors may only be held at a meeting convened for that purpose at which stockholders representing a majority of the outstanding capital stock are present in person or by proxy. However, any vacancy in the board, other than by removal or expiration of term, may be filled by the majority of the remaining directors if still constituting a quorum.

A shareholder who shall have voted against any proposed action may exercise his appraisal right by making a written demand on the Company within thirty (30) days after the date of the shareholders meeting. Failure to make the demand within the prescribed period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the Company shall pay the dissenting stockholder upon surrender of the stock certificates representing his shareholdings in the Company based on the fair value thereof as of the day prior to the date of the shareholders meeting, excluding any appreciation or depreciation in anticipation of such corporate actions, provided that no payment shall be made to the dissenting shareholder unless the Company has unrestricted retained earnings to cause such payment.

If within a period of sixty (60) days from the date of the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the shareholder, another by the Corporation and the third by the two thus chosen. The findings of the majority of the appraiser shall be final and their award shall be paid by the Company within thirty (30) days after such award is made.

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

No director or officer of the Corporation, or nominee for election as director of the Corporation, or any associate of any of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the stockholders' meeting, other than election to office.

No director has informed the Corporation, in writing or otherwise, that he intends to oppose any action to be taken by the registrant at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) All the outstanding 2,545,000,000 common shares of the Corporation as of record date are entitled to vote at the rate of one (1) vote per share.
- (b) The record date for purposes of determining the stockholders entitled to vote is April 17, 2019.
- (c) An item in the Agenda for the Annual Meeting is the election of directors for the ensuing year. The Corporation's stockholders have cumulative voting rights in the election of directors. Thus, a stockholder entitled to vote at the stockholders' meeting shall have the right to vote, in person or by proxy, the number of shares registered in his name in the stock and transfer book of the Corporation for as many persons as there are directors to be elected, or he 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 shares shall equal, or he may distribute them on the same cumulative voting principle among as many nominees as he shall see fit; provided that the total number of

votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected.

Only registered stockholders of good standing as of April 17, 2019 are entitled to vote.

The following have been nominated to the Board of Directors for the ensuing year:

Roberto V. Ongpin
Eric O. Recto
Walter W. Brown
Anna Bettina Ongpin
Mario A. Oreta
Dennis O. Valdes
Michael Angelo Patrick M. Asperin
Cliburn Anthony A. Orbe
John Peter Chick B. Castelo
Paul Francis B. Juat
Dennis A. Uy – Independent Director
Gregorio Ma. Araneta III – Independent Director
Lorenzo V. Tan – Independent Director
Margarito B. Teves – Independent Director

The following names have been nominated as members of the various committees of the Board of Directors for the ensuing year:

Executive Committee

- a. Roberto V. Ongpin (Chairman)
- b. Eric O. Recto
- c. Anna Bettina Ongpin

Audit Committee

- a. Margarito B. Teves (Chairman/Independent Director)
- b. Eric O. Recto
- c. Anna Bettina Ongpin

Nominations Committee

- a. Margarito B. Teves (Chairman/Independent Director)
- b. Eric O. Recto
- c. Roberto V. Ongpin

Compensation Committee

- a. Roberto V. Ongpin (Chairman)
- b. Eric O. Recto
- c. Anna Bettina Ongpin

The aforementioned nominees were nominated to the Nominations Committee by shareholders of the Company.

Pursuant to Section 38 of the Securities Regulation Code and Article III, Section 2 of the Corporation's By-Laws, the Corporation is required to elect at least two (2) independent directors, or such independent directors constituting at least twenty percent (20%) of the

members of such board, whichever is less. Messrs. Gregorio Ma. Araneta III, Lorenzo V. Tan, Margarito B. Teves and Dennis A. Uy were nominated by Mr. Roberto V. Ongpin. The nominating shareholder is not related to any of the nominees for independent director.

A majority of the above-named nominees are expected to attend the scheduled Annual Meeting.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

1. *Security Ownership of Certain Record and Beneficial Owners of More Than 5% as of 28 February 2019*

(1) TITLE OF CLASS	(2) NAME AND ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH	(3) NAME OF BENEFICIAL OWNER AND RELATIONSHIP WITH	(4) CITIZENSHIP	(5) NUMBER OF SHARES	(6) PERCENT TO TOTAL OUTSTANDING
Common	Boerstar Corporation* 6766 Ayala Avenue corner Paseo De Roxas, Makati City (Stockholder)	Roberto V. Ongpin – Beneficial Owner	Filipino	1,485,685,983	58.38%
Common	Boerstar Corporation* 6766 Ayala Avenue corner Paseo De Roxas, Makati City (Stockholder)	Eric O. Recto – Beneficial Owner	Filipino	289,532,821	11.38%
Common	North Kitanglad Agricultural Co., Inc. Kalugmanan Manolo Fortich, Bukidnon (Stockholder)	Walter W. Brown – controlling shareholder	Filipino	309,000,000**	12.14%
Common	PCD Nominee Corporation (Stockholder)	North Kitanglad Agricultural Co., Inc. – beneficial owner	Filipino	212,683,739**	8.36%

* All shares subscribed by Boerstar Corporation, both fully paid-up and partially paid. The total fully paid-up shares amount to 584,241,964.

**North Kitanglad Agricultural Co., Inc. (NKACI) has 212,683,739 shares lodged with PDTC and held by PCD Nominee Corporation. In all, NKACI owns 521,683,739 shares representing 20.5% of the total outstanding shares of the Company. Only the 212,683,739 shares are fully-paid shares.

Except as stated above, the Board of Directors and Management of the Company have no knowledge of any person who, as at Record Date, is indirectly or directly the beneficial owner or more than 5% of the Company's outstanding shares of common stock or who has voting power or investment power with respect to shares comprising more than five percent (5%) of the outstanding shares of common stock. As of 28 February 2019, there are no persons holding more than 5% of the Company's common stocks that are under a voting trust or similar agreement.

2. *Security Ownership of Management as of 28 February 2019*

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE BENEFICIAL OWNERSHIP	CITIZENSHIP	PERCENT OF CLASS
Common	Roberto V. Ongpin	1 (direct) 1,485,685,983 (indirect)	Filipino	Nil 58.38%
Common	Dennis A. Uy	1,000 (direct)	Filipino	Nil
Common	Eric O. Recto	1 (direct) 289,532,821 (indirect)	Filipino	Nil 11.38%
Common	Walter W. Brown	1 (direct) 509,000,000 (indirect)	Filipino	Nil 20.00%
Common	Anna Bettina Ongpin	100 (direct)	Filipino	Nil
Common	Mario A. Oreta	1 (direct)	Filipino	Nil
Common	Gregorio Ma. Araneta III	1,000 (direct)	Filipino	Nil
Common	Lorenzo V. Tan	1,000 (direct)	Filipino	Nil
Common	Margarito B. Teves	100 (direct)	Filipino	Nil
Common	Dennis O. Valdes	1 (direct)	Filipino	Nil
Common	Michael Angelo Patrick M. Asperin	100 (direct)	Filipino	Nil
Common	Cliburn Anthony A. Orbe	100 (direct)	Filipino	Nil
Common	Paul Francis B. Juat	100 (direct)	Filipino	Nil
Common	John Peter Chick B. Castelo	102 (direct)	Filipino	Nil
TOTAL		2,284,218,804		89.76%
Total Issued & Outstanding Shares		2,545,000,000		100%

Mr. Roberto V. Ongpin beneficially owns and controls Boerstar Corporation (“Boerstar”), which is the registered owner of approximately 69.75% of the Company. However, Mr. Eric O. Recto is the beneficial owner of 289,532,821 common shares registered in the name of Boerstar, corresponding to approximately 11.38% of the Company as indicated above.

In 2012, Boerstar Corporation sold a portion of its shareholdings in the Company to other entities to enable the Company to comply with the minimum public float requirement of the PSE. Upon approval of its Executive Committee of the Board of Directors, the Company agreed to shoulder the transaction costs amounting to P27,300,000 for the transfer of ownership of the shares of Boerstar Corporation to other parties.

To the extent known to the Corporation, there is no person holding more than five percent (5%) of the Corporation’s voting stock under a voting trust or similar agreement.

(e) Changes in Control

The Corporation is not aware of any change in control or arrangement that may result in a change in control of the Corporation during the period covered by this Statement.

Item 5. **Names of Directors and Executive Officers –**

The names of the Directors and Executive Officers of the Corporation as of 31 December 2018, and their respective ages, positions held and periods of service are as follows:

Name	Age	Position	Period During Which the Individual has Serves as Such
Roberto V. Ongpin	82	Chairman of the Board, Chief Executive Officer and Director	12 November 2009 to Present
Dennis A. Uy	45	Vice Chairman and Independent Director	31 May 2018 to present
Eric O. Recto	55	Director Vice-Chairman President	12 November 2009 to Present; 10 December 2016 to 31 May 2019 31 May2018 to Present;
Walter W. Brown	79	Executive Vice President and Director	31 May 2018 to present; 10 December 2009 to Present
Michael Angelo Patrick M. Asperin	60	Director	28 August 2014 to Present
John Peter Chick B. Castelo	52	Director	28 August 2014 to Present
Anna Bettina Ongpin	54	Director	16 August 2013 to Present
Mario A. Oreta	72	Director	12 November 2009 to Present
Dennis O. Valdes	57	Director	12 November 2009 to Present
Gregorio Ma. Araneta III	70	Independent Director	28 August 2014 to Present
Margarito B. Teves	76	Independent Director	26 May 2011 to Present
Paul Francis B. Juat	26	Director	31 May 2018 to Present
Lorenzo V. Tan	57	Independent Director	31 May 2018 to Present
Cliburn Anthony A. Orbe	44	Director Corporate Information Officer and Compliance Officer Corporate Secretary	13 May 2013 to Present 13 May 2013 to Present 13 May 2013 to Present 31 December 2013 to Present
Josephine A. Manalo	76	Treasurer	11 August 2015 to present
Cristina B. Zapanta	55	Compliance Officer-anti Money Laundering Manual and Senior Vice President for Finance	31 May 2016 to Present
Jonamel G. Israel-Orbe	46	Corporate Information Officer; Deputy Compliance Officer and Assistant Corporate Secretary	As Assistant Corporate Secretary, 28 August 2014; As Corporate Information Officer and Deputy Compliance Officer, 13 December 2013 to present

Following are information on the educational attainment, business experience for the last five years and other directorships held in other companies credentials of each of the above-named Directors and Officers, and present nominees for membership in the Board of Directors of the Corporation:

ROBERTO V. ONGPIN, *Chairman of the Board, Chief Executive Officer and Director*

Mr. Ongpin, Filipino, 82 years old, was elected Director and Chairman of the Board on 12 November 2009. He is also the Chairman of Alphaland Corporation, a former Chairman of Philweb Corporation, a former Director of San Miguel Corporation, PAL Holdings, Inc. and Petron Corporation. He is also the Chairman of Alphaland Balesin Island Club, Inc. In Hong Kong, he was the Non-Executive Director of Shangri-La Asia and the former Deputy Chairman of the South China Morning Post, both listed in the Hong Kong Stock Exchange. He is also the former Non-Executive Director of Forum Energy PLC (United Kingdom). Mr. Ongpin graduated cum laude in Business Administration from the Ateneo de Manila University, is a Certified Public Accountant and has an MBA from the Harvard Business School.

DENNIS A. UY, *Vice Chairman and Independent Director*

Mr. Uy, Filipino, 45 years old, was elected Independent Director and appointed as Vice Chairman of the Board of Directors on 31 May 2018. He is the Founder, Chairman, and CEO of Udenna Corporation, his holding company with a diverse business portfolio that includes interests in petroleum retail and distribution, shipping and logistics, real estate development, infrastructure, education, leisure and gaming, and telecommunications. Mr. Uy is currently the Chairman and President of PPHI, the holding company of PHOENIX Petroleum Philippines, Inc. (PPPI) and serves as the President and Chief Executive Officer of PPPI. He is also the Chairman of Chelsea Logistics Holdings Corp. (CLC) and PH Resorts Group Holdings, Inc. (PHR). He is likewise the President and CEO of Udenna Management & Resources Corp. (UMRC) and its subsidiaries. Mr. Uy is also the Chairman of F2 Logistics, Phoenix Philippines Foundation, and Udenna Foundation. He is a Director of the shipping and logistics provider 2Go Group, Inc. through Udenna Investments BV's subsidiary KGLI-NM Holdings, Inc. He also serves as Independent Director of Apex Mining Corp. Mr. Uy is a member of the Young Presidents Organization – Philippine chapter and the Philippine Business for Social Progress. Since November 2011, Mr. Uy has been the Honorary Consul of Kazakhstan to the Philippines. In 2016, he was appointed as the Presidential Adviser on Sports. He is a graduate of De La Salle University with a degree in Business Management.

ERIC O. RECTO, *President and Director*

Mr. Recto, Filipino, 55 years old, was elected Director on 12 November 2009 and appointed Vice Chairman of the Board of Directors on 10 December 2009. He is presently the President of Atok-Big Wedge Co., Inc. He is also the Chairman of the Philippine Bank of Communications; Chairman and CEO of ISM Communications Corporation; Chairman and President of Bedfordbury Development Corporation; Vice-Chairman of Alphaland Corporation; Independent Director of Aboitiz Power Corporation and Philippine H2O; and a Member of the Board of Supervisors of Acentic GmbH. Mr. Recto served as Undersecretary of Finance of the Republic of the Philippines from 2002 to 2005, in charge of handling both the International Finance Group and the Privatization Office. Before his stint with the government, he was Chief Finance Officer of Alaska Milk Corporation and Belle Corporation. Mr. Recto has a degree in Industrial Engineering from the University of the Philippines as well as an MBA from the Johnson School, Cornell University.

WALTER W. BROWN, *Executive Vice-President and Director*

Dr. Brown, 79 years old, Filipino, was elected Director on 10 December 2009. He is presently the Executive Vice-President of Atok-Big Wedge Co., Inc. He is also the President and CEO of Apex Mining Co., Inc.; the Chairman of A Brown Company, Inc.; Palm Thermal Consolidated Holdings Corporation; International Cleanenvironment Systems, Inc.; North Kitanglad Agricultural Company, Inc.; PhiGold; and A Brown Energy & Resources Dev't. Inc.; President of Monte Oro Resources and Energy Inc.; and PBJ Corporation. He received two undergraduate degrees: B.S. Physical Science (1959) and B.S. Geology (1960), both from the University of the Philippines, and post graduate degrees from Stanford University: M.S. Economic Geology (1963), and Ph.D in Geology, and Major in Geochemistry (1965). He was a

candidate in master of Business Economics (1980) from the University of Asia & the Pacific (formerly Center for Research & Communications). He is currently the Chairman and Director of Family Farm School (PPAI), Chairman and President of Studium Theologiae Foundation, Vice Chairman of the Board of Trustees of Xavier University, and the Geological Society of the Philippines.

ANNA BETTINA ONGPIN, *Director*

Ms. Ongpin, Filipino, 54 years old, was elected Director on 16 August 2013. She is also currently the President of Alphaland Corporation. She is the Vice Chairman of Alphaland Balesin Island Club, Inc.; Vice Chairman and President of The City Club at Alphaland Makati Place, Inc.; and Chairman of The Alpha Suites. Ms. Ongpin has more than twenty years of communications, marketing, project management, and operations experience in the management consulting and media fields. She holds a Bachelor's Degree in Political Science from Wellesley College.

MARIO A. ORETA, *Director*

Mr. Oreta, Filipino, 72 years old, was elected Director on 12 November 2009. He is also a Director of Alphaland Corporation and The City Club at Alphaland Makati Place, Inc. He served as President of Alphaland Corporation from 2007 to 2016. He graduated with honors from the Ateneo de Manila University with a Bachelor of Laws degree and immediately joined the law firm of Siguion Reyna, Montecillo and Ongsiako. He was Founding Partner of Tanjuatco Oreta and Factoran Law Firm and The Law Firm of Mario A. Oreta and Partners.

DENNIS O. VALDES, *Director*

Mr. Valdes, Filipino, 57 years old, was elected Director on 12 November 2009. He is presently the President of Philweb Corporation. He is also a director of Alphaland Corporation. His previous work experience includes 10 years with the Inquirer Group of Companies. He is a certified public accountant, graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines and has an MBA degree from the Kellogg School of Management, Northwestern University.

GREGORIO MA. ARANETA III, *Independent Director*

Mr. Araneta, III, Filipino, 70 years old, was elected Director on 28 August 2014. He is also an independent Director of Alphaland Corporation; Alphaland Balesin Island Club, Inc.; and The City Club at Alphaland Makati Place, Inc. He is presently the Chairman of the Board of Directors of Gregorio Araneta, Inc.; Araneta Properties, Inc.; ARAZA Resources Corporation; Carmel Development Corporation; Belisama Hydro Corporation; Gregorio Araneta Management Corporation; Gamma Properties, Inc.; and Philweb Corporation. He is also the President of Energy Oil and Gas Holdings, Inc. Mr. Araneta studied at the University of San Francisco and Ateneo de Manila University, where he earned his Bachelor of Arts degree in Economics.

LORENZO V. TAN, *Independent Director*

Mr. Tan, Filipino, 57 years old, was elected Independent Director on 31 May 2018. He is currently a Member of the Board of Advisers of Primeiro Partners. He is a prominent banker who served as the President and Chief Executive Officer of Rizal Commercial Banking Corporation from 2007 to 2016; President of the Bankers Association of the Philippines (BAP) from 2013 to 2016; and represented the BAP in the ASEAN Bankers Association (ABA). Mr. Tan is presently Director at EEI Corporation; House of Investments, Inc.; iPeople, Inc.; Independent Director at the Philippine Realty and Holdings Corporation; Member of the Board of Trustees at De La Salle Santiago Zobel; and Vice Chairman of the TOYM

Foundation. He also served as Director at Smart Communications, Inc.; Digital Telecommunications Phils., Inc.; Malayan Insurance Company, Inc.; and Sunlife Grepa Financial, Inc. Mr. Tan is a Certified Public Accountant in Pennsylvania, USA and in the Philippines. Mr. Tan graduated from De La Salle University with a Bachelor of Science degree in Accounting and Commerce, and holds a Master in Management degree from the J.L. Kellogg Graduate School of Management, Northwestern University.

MARGARITO B. TEVES, *Independent Director*

Mr. Teves, Filipino, 76 years old, was elected Independent Director on 26 May 2011. He is also an Independent Director of Alphaland Corporation, Alphaland Balesin Island Club, Inc., The City Club at Alphaland Makati Place, Inc., San Miguel Corporation and Petron Corporation. He is currently the Chairman of Think Tank, Inc., and a member of the Board of Advisors of Bank of Commerce. Mr. Teves was formerly Secretary of the Department of Finance, Landbank President and CEO, and a Member of the House of Representatives (representing the 3rd District of Negros Oriental). He obtained a Higher National Diploma (HND) in Business Studies, equivalent to a BSC in Business Economics, from the City of London College, and a Master of Arts (MA) in Development Economics from the Center for Development Economics, Williams College, Massachusetts, USA. He was recently conferred an Honorary Degree, Doctor of Laws, by Williams College, named Senior Adviser to the China-Asean Economic and Culture Research Center and Visiting Professor at the Guilin University of Electronic Technology in China.

MICHAEL ANGELO PATRICK M. ASPERIN, *Director*

Mr. Asperin, Filipino, 60 years old, was elected Director on 28 August 2014. He is a Director and Chief Operating Officer of Alphaland Corporation and also handles the operations of the aviation and security divisions of the Alphaland Group of Companies. He is also the President and Chief Executive Officer of Alphaland Balesin Island Club, Inc. (ABICI). Prior to joining Alphaland, he served in Philweb Corporation from 2009 to 2012 as Senior Vice President for Enterprise Risk Management. He graduated from the Philippine Military Academy in 1981.

JOHN PETER CHICK B. CASTELO, *Director*

Mr. Castelo, Filipino, 52, was elected Director on 28 August 2014. He is presently the Senior Vice President for Business Development of Araneta Center Inc. and sits in the board of its various subsidiaries and affiliates. He had 27 years of experience in real estate and finance industries. He earned his Masters in Business Administration and Degree in Bachelor of Science in Electrical Engineering from the University of the Philippines in Diliman.

PAUL FRANCIS B. JUAT, *Director*

Mr. Juat, Filipino, 26 years old, was elected Director on 31 May 2018. He is a director of Brownfield Holdings Corporation, North Kitanglad Agricultural Company, Inc., PBJ Corporation, and Pacific Bougainville Holdings Corporation. He also currently serves as Assistant to the President of Apex Mining Co., Inc. He holds a Bachelor's Degree in Industrial Engineering from the University of the Philippines, Diliman.

CLIBURN ANTHONY A. ORBE, *Corporate Information Officer, Compliance Officer, Corporate Secretary and Director*

Mr. Orbe, Filipino, 44 years old, was elected Corporate Information Officer and Compliance Officer on 13 December 2013 and Director and Corporate Secretary on 31 May 2016. He worked as an associate lawyer of the Rodrigo, Berenguer and Guno law firm prior to joining the Ongpin Group of Companies in

2006. He has a Bachelor of Laws degree from Mindanao State University where he graduated cum laude and class valedictorian. He is a member of the Integrated Bar of the Philippines since 2003.

JOSEPHINE A. MANALO, *Treasurer*

Ms. Manalo, Filipino, 76 years old, was appointed Treasurer on 11 August 2015. She is connected with Alphaland Corporation as Executive Assistant to the Chairman. She is also works in various capacities for Mr. Roberto V. Ongpin's Group of Companies. She has a Bachelor of Science in Business Administration degree from St. Theresa's College, Manila.

CRISTINA B. ZAPANTA, *Senior Vice President for Finance and Compliance Officer for Anti-Money Laundering Manual*

Ms. Zapanta, Filipino, 55 years old, was appointed Vice President for Finance and Compliance Officer for Anti-Money Laundering Manual on 31 May 2016. She is presently the Company's Senior Vice President for Finance. She is also the Senior Vice President for Finance of Alphaland Corporation; Alphaland Balesin Island Resort Corporation; Alphaland Balesin Island Club, Inc.; Alphaland Makati Place, Inc. and Alphaland Southgate Tower, Inc. Prior to joining the Company, she was the Finance and Administration Head of Connectivity Unlimited Resources Enterprise, Inc. (2006-2008) and Accounting Head of Belle Corporation (1997-2006). She has more than 30 years solid experience in Finance, of which over half is in the real estate industry. She is a Certified Public Accountant.

JONAMEL G. ISRAEL-ORBE, *Corporate Information Officer, Deputy Compliance Officer and Assistant Corporate Secretary*

Ms. Israel-Orbe, Filipino, 46 years old, was appointed as Corporate Information Officer and Deputy Compliance Officer on 13 December 2013 and appointed Assistant Corporate Secretary on 28 August 2014. Likewise, She is also the Assistant Corporate Secretary of Alpha group. Ms. Orbe is also the Corporate Information Officer, Compliance Officer for Anti-Money Laundering Manual and Compliance Officer for Manual on Corporate Governance of Alphaland Corporation.

For election during the Annual Meeting:

As regular Directors –

ROBERTO V. ONGPIN (incumbent)

ERIC O. RECTO (incumbent)

WALTER W. BROWN (incumbent)

ANNA BETTINA ONGPIN (incumbent)

MARIO A. ORETA (incumbent)

DENNIS O. VALDES (incumbent)

MICHAEL ANGELO PATRICK M. ASPERIN (incumbent)

CLIBURN ANTHONY A. ORBE (incumbent)

JOHN PETER CHICK B. CASTELO (incumbent)

PAUL FRANCIS B. JUAT (incumbent)

As Independent Directors-

GREGORIO MA. ARANETA III (incumbent)

LORENZO V. TAN (incumbent)

MARGARITO B. TEVES (incumbent)
DENNIS A. UY (incumbent)

The procedure and requirements under Rule 38 (Requirements on Nomination and Election of Independent Directors) of the Securities and Regulation Code, substantially incorporated in Article II of Section 4 (Nomination and Election of Independent Directors) of the Company's Amended By-Laws, which were approved on 16 July 2008, were followed in the nomination of Independent Directors and will be observed in the election of Independent Directors.

Each of Messrs. Gregorio Ma. Araneta III, Lorenzo V. Tan, Margarito B. Teves and Dennis A. Uy, if elected, would be an independent director who does not have a relationship with the Company which would interfere with the exercise of his independent judgment in carrying out the responsibilities of a director. Messrs. Araneta, Tan, Teves and Uy are not related to any of the directors or officers of the Company.

Mr. Roberto V. Ongpin nominated Messrs. Araneta, Tan, Teves and Uy as independent directors of the Company for the ensuing year. The Nominations Committee has taken into consideration the qualifications to be an independent director. Attached as **Annexes "A", "B", "C" and "D"** are the Certificates on the qualification of the nominees for Independent Directors.

In approving the nominations for Independent Directors, the Nomination Committee took into consideration the guidelines on the nomination of Independent Directors prescribed in SEC Memorandum Circular No. 16, Series of 2002. All the nominees for election to the Board of Directors have at least one (1) share registered in their names.

Term of Office

Under Article II, Section 1 of the Corporation's Amended By-Laws, the directors chosen by the stockholders of the Corporation entitled to vote at the annual meeting shall hold office for one (1) year until their successors are elected and shall have qualified.

Directorships in Other Reporting Companies

Mr. Roberto V. Ongpin also serves as director and Chairman of Alphaland Corporation and Alphaland Balesin Island Club, Inc.

Mr. Eric O. Recto is also Chairman of the ISM Communications Corporation (ISM) and the Chairman of Philippine Bank of Communications (PBC). He is Vice-Chairman of Alphaland Corporation. He is also a Director of Q-Tech Alliance Holdings, Inc.

Dr. Walter W. Brown is also a director of A Brown Company, Inc. (BRN) and a Director of Philippine Realty & Holdings Corporation (RLT).

Ms. Anna Bettina Ongpin is a director and the Vice Chairman and President of Alphaland Corporation and The City Club at Alphaland Makati Place, Inc. She is also a director and the Vice Chairman of Alphaland Balesin Island Club, Inc.

Mr. Michael Angelo Patrick M. Asperin is a director and Chief Operating Officer of Alphaland Corporation. He is also a director and the Chief Executive Officer and President of Alphaland Balesin Island Club, Inc.

Mr. Margarito B. Teves is also an Independent Director of Alphaland Corporation, The City Club at Alphaland Makati Place, Inc., and Alphaland Balesin Island Club, Inc. He is also an Independent Director of San Miguel Corporation (SMC) and Petron Corporation (PCOR).

Mr. Gregorio Ma. Araneta III is also an Independent Director of Alphaland Corporation, The City Club at Alphaland Makati Place, and Alphaland Balesin Island Club, Inc. He is also the Chairman of Philweb Corporation (WEB).

Mr. Dennis O. Valdes, is the President of WEB and a director of Alphaland Corporation.

Mr. Lorenzo Villanueva Tan is a Director of EEI Corporation (EEI) and an Independent Director of Philippine Realty and Holdings Corporation (RLT).

Mr. Dennis A. Uy is the Chief Executive Officer and President of Phoenix Petroleum Philippines, Inc. (PNX), and the Chairman of 2GO Group, Inc. (2GO), PH Resorts Group Holdings, Inc. (PHR), and Chelsea Logistics Holdings Corp. (CLC). He is also an Independent Director of Apex Mining Company, Inc. (APX).

Shares of ISM, BRN, RLT, EEI, PNX, 2GO, CLC, PBC, SMC, PCOR, WEB, PHR and APX are all listed in the Philippine Stock Exchange, Inc. Shares of The City Club at Alphaland Makati Place, Inc. and Alphaland Balesin Island Club, Inc. are covered by Registration Statements filed with the SEC.

Significant Employee

The Company considers its entire workforce as significant employees (including employees of its subsidiary AB Stock Transfers Corporation). Everyone is expected to work together as a team to achieve the Company's goals.

Family Relationships

Ms. Anna Bettina Ongpin is the daughter of Mr. Roberto V. Ongpin. Messrs. Recto and Valdes are nephews of Mr. Ongpin. Mr. Recto, Mr. Valdes and Ms. Ongpin are first cousins. Atty. Cliburn Anthony A. Orbe and Atty. Jonamel G. Israel-Orbe are married to each other. Mr. Paul Francis B. Juat is the grandson of Mr. Walter W. Brown. Other than the foregoing, the persons nominated or chosen by the Company to become directors or executive officers are not related to each other up to the fourth civil degree either by consanguinity or affinity.

Involvement in Certain Legal Proceedings

1. *Atty. Zenaida Ongkiko-Acorda, as attorney in fact of Atty. Mario E. Ongkiko and in behalf of Philex Mining Corporation vs. Roberto V. Ongpin, et al.*, SEC Case No. 11-166, Branch 158, Regional Trial Court of Pasig. This involves a purported "derivative suit" filed on behalf of Philex against Mr. Roberto V. Ongpin (RVO) and other companies beneficially owned by RVO in connection with Section 23.2 of the Securities Regulation Code and in order to recover the "short-swing profits", which were allegedly realized from supposed transactions involving Philex shares. The case is scheduled for pre-trial conference. A related Petition for Review on Certiorari is also pending before the Supreme Court in G.R. No. 204166, entitled *Roberto V. Ongpin, et al. vs. Ongkiko-Acorda, et al.* There are also two Petitions for Certiorari which are related to this case pending with the Court of Appeals docketed as CA-G.R. SP No.

152806 (entitled Atty. Zenaida Ongkiko-Acorda, as Attorney-in-Fact of Atty. Mario E. Ongkiko, and in behalf of Philex Mining Corporation vs. Judge Elma M. Rafallo-Lingan, in her capacity as Presiding Judge of the Regional Trial Court, Branch 159, Pasig City, et al.) and CA-G.R. SP No. 124683 (entitled Roberto V. Ongpin, et al. vs Honorable Maria Rowena Modesto San-Pedro, in her capacity as the presiding Judge of Branch 158 of the Regional Trial Court of Pasig City, et al.).

2. *People vs. Reynaldo G. David, et al.*, S.B.-13-CRM-0105 and S.B.-13-CRIM-0106, Sandiganbayan (Third Division). This case was filed against RVO and others in connection with two loans obtained by Deltaventure Resources, Inc. (DVRI) from DBP, both of which were fully paid even before maturity. The Informations in both cases for violations of Section 3 (e) of R.A. No. 3019 were filed on 10 January 2013. In a Resolution promulgated on 28 May 2014, the Third Division of the Sandiganbayan granted the Accused's Motions to Quash and DISMISSED Criminal Case Nos. S.B.-13-CRM-0105 and S.B.-13-CRIM-0106. A related Petition for Review on Certiorari is pending before the Supreme Court in G.R. Nos. 217417 and 217914, entitled "People of the Philippines v. Reynaldo G. David, et al."

3. *In the matter of: Roberto V. Ongpin, Mario A. Oreta, Margarito B. Teves, et al.*, SEC-EIPD Case No. 14-3039. This concerns the findings of the Enforcement and Investor Protection Department on the liability of respondents for violation of Section 26(3) of the Securities Regulation Code (SRC) in connection with the issuance of shares of Alphaland Corporation in a capital call, stock rights offering and property for share swap which were approved and ratified by respondents as officers and members of the Board of Alphaland Corporation. On August 24, 2015, Respondents elevated the matter through notice of appeal to the SEC En Banc, where the matter is presently pending resolution. The appeal is docketed as SEC En Banc Case No. 08-15-384, entitled "Roberto V. Ongpin, Mario A. Oreta, Margarito B. Teves, et al. vs. Enforcement and Investor Protection Department".

4. *In the Matter of: Philex Mining Corporation*, SEC-EIPD Case No. 14-3044. This concerns the findings of the Enforcement and Investor Protection Department against Mr. Roberto V. Ongpin for allegedly committing Insider Trading when he purchased Philex shares at Php19.25 to Php 19.50 per share from the open market in the morning of 02 December 2009 without disclosing to the public that the group of Mr. Manuel V. Pangilinan had agreed to purchase the said shares from him at P21.00 per share. RVO appealed the case to the SEC En Banc but the latter affirmed the findings of the EIPD. Mr. Ongpin elevated the case to the Court of Appeals by way of a Petition for Review docketed as CA-G.R. SP. No. 146704, entitled "Roberto V. Ongpin v. Enforcement and Investor Protection Department". On December 1, 2017, the Court of Appeals issued a decision in favor of RVO, reversing the SEC and finding that RVO did not commit insider trading. EIPD filed a Motion for Reconsideration, which was denied by the Court of Appeals on July 2, 2018. EIPD elevated the case to the Supreme Court by way of a Petition for Review, which petition is presently pending resolution.

5. *People of the Philippines vs. Dennis Ang Uy, John Does and/or Jane Does* - Regional Trial Court-Branch 14, Davao City, Criminal Case Nos. 75, 834-13 to 75, 845-13 and 76, 076-13. On August 27, 2013, The Department of Justice (DOJ) filed twelve (12) Informations before the Regional Trial Court of Davao against Mr. Dennis A. Uy and several John Does and/or Jane Does for alleged violations of Section 3602, in relation to Sections 3601, 2530 (I)(1), (3), (4), and (5), Sections 1801, 1802 of the Tariff and Customs Code of the Philippines. These provisions all pertain to unlawful importation of goods allegedly committed by Mr. Uy for the importation of petroleum products in the Philippines.

On September 5, 2013, Mr. Uy's Counsel filed an Omnibus Motion, which prayed, among others, for the dismissal of criminal case for lack of probable cause.

Additional ten(10) criminal informations were filed by the DOJ on September 11, 2013, pertaining to additional instances of the same violations under the TCCP. These additional informations all pertain to the alleged unlawful importation of goods for the importation of petroleum products. Hence, Mr. Uy's

counsel filed a supplemental motion on September 19, 2013 for the dismissal of the 10 additional informations.

On October 4, 2013, the RTC issued an Order dismissing all the case against Mr. Uy. The trial court held that there was no probable cause based on evidence for Mr. Uy to be held on trial.

Subsequently, however, the plaintiff, People of the Philippines, filed a Motion for Reconsideration to reverse the dismissal of all criminal cases. On August 18, 2014, the RTC denied the motion for Reconsideration.

Thereafter, the plaintiff People of the Philippines filed a Petition for Certiorari with the Court of Appeals for the reversal of the dismissal Orders issued on October 4, 2013 and August 18, 2014. Please see case 6 below for status on the Petition for Certiorari.

6. People of the Philippines vs. Hon. George E. Omello, in his capacity as Presiding Judge of the Davao City Regional Trial Court-Branch 14, Hon. Loida S. Posadas-Kahugan, in her capacity as Acting Presiding Judge of the Davao City RTC-Branch 14, Dennis Ang Uy, John Does and/or Jane Does, CA-G.R. SP No. 06500-MIN, Court of Appeals, Cagayan de Oro City, 23rd Division – On October 27, 2014, the petitioner People of the Philippines filed a Petition for Certiorari seeking the reversal of the Orders dated October 4, 2013 and August 18, 2014 issued by the trial court dismissing the criminal cases filed against Dennis Uy (under case 5) for having been issued with grave abuse of discretion amounting to lack or excess of jurisdiction, such that the issued orders were capricious, whimsical, or arbitrary.

Mr. Uy's counsel filed his Comment/Opposition to the said Petition for Certiorari, and the parties subsequently filed their respective Memoranda.

On October 12, 2016, the Court of Appeals issued a resolution denying the Petition for Certiorari filed by the People of the Philippines. The Court of Appeals ruled that "there is no showing that the error was capricious, whimsical or arbitrary. Further, the voluminous records evidence that the RTC's challenged Orders took careful account of the respective claims and defenses of the parties, as well as the evidence submitted. Such studious and studied consideration negates whimsically and arbitrariness.

Thus, on November 7, 2016, the People of the Philippines filed a Motion for Reconsideration of the Decision dated October 12, 2016. To date, the Court of Appeals has not acted on the Motion for Reconsideration dated November 7, 2016 and thus the case remains pending.

7. Dennis A. Uy vs. Hon. Secretary of the Department of Justice Leila M. De Lima and the Bureau of Customs, CA-G.R. SP No. 131702, Court of Appeals, Manila, Special Former Special Tenth Division – In connection to the resolution of the DOJ to file criminal cases against Dennis Uy, Mr. Uy sought remedy to question the resolutions of the DOJ which found probable cause against him for the alleged violations of the TCCP.

Dennis A. Uy filed a Petition for Certiorari with the Court of Appeals on September 4, 2013 for the reversal of these resolutions.

On July 25, 2014, the Court of Appeals issued its Decision granting the Petition for Certiorari of Mr. Uy and declaring the Resolutions of the DOJ dated April 24, 2013 and August 13, 2013 nullified and set aside and directing that the Information filed against Dennis Uy withdrawn and/or dismissed for lack of probable cause.

Thereafter, a Motion for Reconsideration of the Court of Appeals Decision was filed by the DOJ and the Bureau of Customs. On July 23, 2015, the Court of Appeals issued its Resolution denying the Motion for Reconsideration of the DOJ and the Bureau of Customs.

Subsequently, the DOJ filed a Motion for Extension to file Petition for Review on Certiorari with the Supreme Court.

8. *Secretary of the Department of Justice Leila M. De Lima and Bureau of Customs vs. Dennis A. Uy, G.R. No. 219295-219296, Supreme Court, 2nd Division* – On October 8, 2015, respondent Dennis A. Uy received a copy of the Petition for Review on Certiorari dated September 8, 2015 filed by petitioners SOJ and Bureau of Customs seeking to set aside the Court of Appeals' Decision dated July 25, 2014 and July 23, 2015. The Supreme Court required the parties to file their respective Memoranda, which the parties complied with. On December 12, 2016, the Supreme Court issued its Notice of Resolution dated November 16, 2016 noting the parties Memoranda. As of the date, the Supreme Court has not yet issued any decision.

Other than the foregoing, the Corporation knows of no legal proceedings including without limitation any (a) bankruptcy petition, (b) conviction by final judgment, (c) order, judgment or decree, or (d) violation of a securities or commodities law, during the last five (5) years up to the date of the filing of this Statement, to which any of its Directors and Executive Officers is a party and which is material to an evaluation of their ability or integrity to act as such.

Neither have they been convicted by final judgment in any criminal proceeding or have been subject to any final order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court of administrative bodies to have violated a securities or commodities law.

Certain Relationships and Related Transactions

Significant transactions with related parties include the following:

- a. ABSTC is billed by AMPI for the rent and utility expenses it incurs and allocates the same to its sub-lessees. ABSTC has existing subleasing agreements with the Parent Company and other related parties.
- b. The Company entered into a Cost Sharing Agreement with Philweb Corporation (Philweb), formerly a related party under common management with the Company, for its share in rental and salaries of its key management personnel. The Cost Sharing Agreement was terminated in October 2017.
- c. Non interest-bearing advances to and from related parties which are due and demandable.

The following table summarizes the Group's transactions with related parties (entities with common directors) for the years ended December 31, 2018 and 2017 and the related balances as at December 31, 2018 and 2017:

Nature of Transaction	Amount of Transactions		Outstanding Balance	
	2018	2017	2018	2017
Receivable from related parties				
<i>Entities under common management:</i>				
Alphaland Corporation (ALPHA)	Allocated costs	P—	P—	P2,794,966
	Service fee	183,000	180,000	33,600
Alphaland Heavy Equipment Corporation	Allocated costs	—	—	579,305
The City Club at Alphaland Makati Place, Inc.	Service fee	183,700	180,000	33,600
AlphalandBalesin Island Club, Inc.	Reimbursements	—	—	32,500
	Service fee	1,173,320	180,000	1,188,802
Alphaland Aviation Inc.	Reimbursements	—	—	796
Acentic Philippines Inc.	Allocated costs	—	39,747	—
				2,500
			P4,663,569	P3,544,467
Rental and security deposits				
<i>Entity under common management-</i>				
Alphaland Southgate Tower, Inc. (ASTI)	Deposit in relation to lease agreement	P—	P—	P1,349,090
				P1,441,579
Payable to related parties				
<i>Entities under common management:</i>				
ASTI	Lease of office space and utilities	P245,206	P11,605	P839,180
	Lease of office space and utilities			P593,974
Alphaland Makati Place, Inc. (AMPI)		163,073	266,524	400
				262,392
ALPHA	Reimbursements	—	—	187,182
				187,182
			P1,026,762	P1,043,548

- d. In 2012, Boerstar Corporation sold a portion of its shareholdings in the Company to the other entities to enable the Company to comply with the minimum public float requirement of the PSE. Upon approval of its Executive Committee of the Board of Directors, the Company agreed to shoulder the transaction costs amounting to P27.3 million for the transfer of ownership of the shares of Boerstar Corporation to other parties.

Aside from the foregoing, there are no transactions (or series of similar transactions) during the last two (2) years, with or involving the Company or its subsidiaries, in which a director, executive officer, or stockholder owning ten percent (10%) or more of the total outstanding shares, or any member of his/her immediate family, had or will have a direct or indirect material interest.

Item 6. Compensation of Directors and Executive Officers

In the years 2017 and 2018, the Company gave directors per diem in the total amount of Php40,000.00 each, net of withholding taxes. The directors and officers did not receive any other compensation from the Corporation in the form of bonus, warrants, options, or participation in any profit-sharing plan in the years 2017 and 2018.

Annual Compensation of the Five Most Highly-Paid Executives including the CEO:

(a)	(b)	(c)	(d)	(e)
Name and Principal Position	Year	Salary	Bonus	Other Annual Comp
1. Roberto V. Ongpin Chairman and CEO				
2. Eric O. Recto President				

3. Benedicto D.V. Tan
General Manager for ABSTC
4. Merilyn G. De Guzman
OIC General Administration and Support

Aggregate Compensation of the Five
Most Highly-Paid Executives
including the CEO:

2016	3,945,552
2017	975,000
2018	988,000

There are no material terms of, nor any other arrangements with regard to compensation as to which directors are compensated, directly or indirectly, for any services rendered as director.

There is no employment contract between the Corporation and a named executive officer.

There is no compensatory plan or arrangement between the Corporation and any executive officer in case of resignation, retirement or any other termination of the executive officer's employment with the Corporation, or from a change in the management control of the Corporation, or a change in the named executive officer's responsibilities following a change in the management control.

Item 7. **Independent Public Accountants**

The Company's independent certified public accountant ("ICPA") for 2018 and 2019 is Reyes Tacandong & Co. and the engagement partner is Mr. Emmanuel V. Clarino.

The 2018 audit of the Company is in compliance with SRC Rule 68(3)(b)(IV) that provides that the external auditor should be rotated every five (5) years or earlier or the engagement partner shall be changed. The engagement partner is Mr. Emmanuel V. Clarino.

During Audit Committee and/or Company meetings that would have an agenda that would affect the financial statements of the Company, a representative of the External Auditor is expected to be present to discuss issues and be available to respond to appropriate questions. The External Auditor is given the opportunity to make a statement if necessary pertaining to matters that may affect the examination of the books of the Company. The Chairman of the Audit Committee of the Corporation is Mr. Margarito B. Teves.

There are no changes in or disagreement with the accountants on accounting and financial disclosures.

Item 8. Financial and Other Information

2018 Operational Results

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Year ended		Increase (Decrease)	
	December 31, 2018	December 31, 2017	Amount	%
GENERAL AND ADMINISTRATIVE EXPENSES	5,568,469	7,836,824	(2,268,355)	-28.94%
OTHER INCOME (EXPENSES)				
Share in the net results of operations of an associate	(12,864,143.00)	(13,735,209.00)	871,066.00	0.00%
Service fees	2,494,560	1,472,890	1,021,670	69.36%
Interest income	940,150	1,051,021	(110,871)	-10.55%
Others	1,523	1,816	(293)	-16.13%
	(9,427,910)	(11,209,482)	1,781,572	-15.89%
LOSS BEFORE INCOME TAX	(14,996,379)	(19,046,306)	4,049,927	-21.26%
PROVISION FOR INCOME TAX	331,311	162,094	169,217.00	0.00%
NET LOSS	(15,327,690)	(19,208,400)	3,880,710	-20.20%
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Item that will be reclassified subsequently to profit or loss -</i>				
Foreign exchange differences on translation of the financial statements of Tidemark Holdings Limited	51,199,326	1,889,325	49,310,001	0.00%
<i>Item that will be reclassified subsequently to profit or loss -</i>				
Fair value remeasurement on equity instrument designated as fair value through other comprehensive income	105,294	-	105,294	0.00%
TOTAL COMPREHENSIVE INCOME (LOSS)	35,976,930	(17,319,075)	53,296,005	-307.73%
BASIC AND DILUTED LOSS PER SHARE	(0.0060)	(0.0075)	0.0015	-20.20%

2018 operations resulted to a P35.7 million total comprehensive income compared to P17.3 million total comprehensive loss in 2017. The total difference of P53.0 million were brought about by the following:

- 1) -P2.0 million; decrease in the general and administrative mainly due to lower salaries and wages consequent to manpower reduction, rent, representation expenses, allocated mining exploration and communication costs during the current year.
- 2) +P0.9 million; decrease in share on the loss of operations of an associate (Tidemark),
- 3) +P49 million; increase on the foreign exchange differences of an associate (Tidemark)

Item 9. Merger, Consolidations, Acquisition & Similar Matters

(A) Description of Business

The Company was incorporated and registered with the Securities and Exchange Commission (the “SEC”) on 4 September 1931. Its corporate life was extended on 25 September 1981 for another fifty (50) years to expire on 25 September 2031. The common shares of the Company are listed in the Philippine Stock Exchange (the “PSE”; ticker symbol: AB).

Since its incorporation, the Company engaged in mining as its primary purpose, producing gold as its major product and silver as a by-product. Its production was all sold to the Central Bank of the Philippines at a price subsidized by the Philippine Government, and later on at the prevailing world market price. Gold bullions are used by the Philippine Government as one of the components in the monetary reserve.

Although the Company changed its primary purpose in 1996 from mining to general investment, it reverted to its original purpose of engaging in exploration and development of mining, oil, gas, and other natural resources when it amended its Articles of Incorporation, which was approved by the SEC on 24 May 2010.

The Company has two (2) wholly-owned subsidiaries, AB Stock Transfers Corporation (ABSTC) and Tidemark Holdings Ltd.

ABSTC was incorporated on 24 June 2010, with the purpose of establishing, operating and acting as a transfer agent and/or registrar of corporations.

On the other hand, Tidemark is a holding company registered and domiciled in Hongkong SAR, which the Company bought on 3 October 2011. Tidemark used to own 9,646,757 ordinary shares of Forum Energy plc, now Forum Energy Limited (“Forum”), a company registered and domiciled in the United Kingdom representing approximately 27.14% of Forum’s outstanding capital. In March 2017, Tidemark subscribed to 6,666,667 new shares of Forum, together with the subscription simultaneously made by the other shareholder of Forum. This new subscription resulted in Tidemark owning 20% of Forum. Tidemark expects the absolute value of its 20% stake in Forum to exceed the value of its then 27.14% stake. Forum is a gas & oil exploration and production company with a portfolio of projects in the Philippines. Among these projects is the Service Contract (SC) 72 where Forum holds 70% equity. SC72 is situated offshore West of Palawan Island and is host to the Sampaguita offshore gas/condensate discovery. Drilling plans for SC72 have been placed on hold by the Philippine government pending the resolution of territorial sovereignty disputes involving claimant countries surrounding West Philippine Sea.

The Company is a regular member and signatory of the Chamber of Mines. It has adopted the spirit and substance of the Chamber of Mines’ Code of Conduct, which calls for sustainable mineral resources development, environmental responsibility and a social commitment to the general welfare and economic development of the people in the localities in which it operates.

Over the past seven decades, the Company has established a strong foundation in the Philippine mining industry.

Pursuant to its goal of seeking out projects to put into operation, the Company made a continued careful and diligent evaluation of multiple metallic and non-metallic prospects for possible investment. While it looked into investment possibilities in Laos, it recently decided to re-focus its efforts in the

Philippines with priority on projects in the advanced stage, but not disregarding greenfield exploration prospects with potential. Discussions also continued for mines with confirmed potential and previously operated but closed down during the period with low metal prices. However, the Company has not made any publicly-announced new products or services nor it or any of its security holders acquired securities of another person, aside from the previously stated acquisition by Tidemark of additional shares of Forum. The Company has no plans of purchasing or selling any significant equipment.

Government Approvals

The Company has complied with government rules and regulations and has paid all the necessary taxes and fees. It regularly coordinates with the Department of Energy (DOE) and DENR with regard to new rules and regulations that may be promulgated.

Employees

As of end of 2018, the Company has three (3) regular employees while ABSTC, the Company's subsidiary, has only one (1) regular employee, which employees are not subject to Collective Bargaining Agreement. The Company has no plans of adding additional employees for the ensuing twelve (12) months. However, if the level of activities increase parallel to a more supportive regulatory position on exploration and mining, the Company, is expected to increase the number of its employees. The principal duties and responsibilities of the employees of the Company and its subsidiaries are to conduct technical evaluation of potential mining projects, maintain the validity and existence of the subsidiary's mining rights, conduct exploration and development works, set and run a pilot gold processing plant, and secure all other properties of the subsidiary, including the plant, equipment, records, maps and other valuable information at the mine site.

Patents, Trademarks, Copyrights, Licenses, Concessions and Royalty Agreements

The company does not own any registered patent, trademark or copyright. Neither is it a recipient of any license or concession nor a party to any royalty agreement.

Effect of Existing or Probable Governmental Regulations

In 2012, Forum encountered a delay in one of its drilling programs. It has submitted all the requirements for the issuance of required permits for the drilling program. However, the permit has not yet been issued by the relevant Government body. The latest resource assessment supported the case to proceed with the drilling and Forum has been granted an extension up to August 2015 to complete its obligations under the service contract. Forum expects to proceed with its commitment as soon as it is able to obtain the necessary authorization from the Government. The Philippine Department of Energy has granted a force majeure on Service Contract 72 [SC 72] because this contract area falls within the territorial disputed area of the West Philippine Sea.

On July 3, 2018, the Department of Environment and Natural Resources issued Administrative Order No. 2018-13 lifting the moratorium on the acceptance, processing and/or approval of applications for Exploration Permit under DENR Memorandum Order No. 2016-01. With the lifting of the moratorium on exploration permit processing, the DENR can proceed with the evaluation of the Company's existing exploration permit application in Agusan del Norte which the company filed on October 29, 2013. The company had previously complied with the orders of the Mines and Geosciences Bureau (MGB) relative to its EPA by filing two 2 revisions as well as paying the filing fee assessed by MGB. The MGB

was in the process of evaluating the company's EPA when the DENR issued Memorandum Order 2016-01 ordering a moratorium on new mining applications. With the lifting of the said moratorium, the MGB is set to endorse the application to its Regional Office in Agusan del Norte which will then require the company to submit additional requirements before approving the same.

On 20 November 2018, during the state visit of Chinese President Xi Jinping to the Philippines, the Philippines and China exchanged a Memorandum of Understanding (MOU) on oil and gas development in the West Philippine Sea. In the said MOU, both countries agreed to establish an Inter-Governmental Joint Steering Committee which will be responsible for negotiating and agreeing the cooperation arrangements and the maritime areas to which they will apply. Both countries endeavoured to agree on the cooperation arrangements within 12 months from the execution of the Memorandum of Understanding. The signing of the MOU gives hope that the territorial dispute between the Philippines and China in the West Philippine Sea will be resolved and Forum can obtain the necessary authorization from the Philippine Government to perform its drilling programs within the territory covered by Service Contract No. 72.

Research and Development Activities

The Company does not allocate specific amounts or fixed percentages for research and development. The allocation for such activities may vary depending on the nature of the project.

Total cost incurred, including exploration and development works, during calendar years 2013 to 2018 amounted to P5.2 million broken down as follows:

Period	Revenue	Exploration Development and Environmental Cost	Percentage on Revenue
CY 2013	-	165,450	0%
CY 2014	-	2,456,558	0%
CY 2015	-	1,593,983	0%
CY 2016	-	976,428	0%
CY 2017	-	-	0%
CY 2018	-	-	0%
Total		5,192,419	-

The above-mentioned expenses were incurred pursuant to the mandatory requirement to conduct annual assessment works, i.e. reconnaissance and semi-detailed exploration works such as geological mapping, sampling, and assaying of samples, etc., to prove mineable ore reserve, as provided under the Philippine Bill of 1902, Presidential Decree No. 463, the New Mining Code, and applicable laws, rules and regulations. On 8 July 2016, the DENR issued Memorandum Order 2016-01 ordering a moratorium on the approval of new mining projects which effectively halted all exploration works of the company. The said moratorium was lifted only on July 3, 2018. There were still no exploration works after the moratorium was lifted in 2018 because the company is still awaiting the official endorsement of the EPA by the Mines and Geosciences Bureau to its Regional Office in Agusan Del Norte.

Compliance with Environmental Laws

The Company presently has no exploration and commercial operations. While an exploration permit application for a mining tenement in Agusan del Norte was filed with the Mines and Geosciences Bureau in 2013, no exploration permit has been granted to date. In the event that the Company will be granted the requisite permit to operate a mine or oil project, all necessary pollution control and environmental protection measures will be set in place.

Risk Factors

The Company's profitability is dependent on the performance of its subsidiary ABSTC and affiliate Forum.

Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors reviews and institutes policies for managing each of the risks.

Credit Risk

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from the Company's cash in banks and cash equivalents, trade receivables and refundable deposits.

Receivables which are neither past due nor impaired are of good quality. These are from clients that pay on time or even before maturity date.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will adversely affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to transaction and translation exposures resulting from currency exchange fluctuations. The Company regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the changes in current exchange rates.

Capital Management

The primary objective of the Company's capital management is to ensure its ability to continue as a going concern and that it maintains healthy capital ratios in order to support its business.

The Company monitors capital on the basis of debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt comprises of accounts payable and accrued expenses, other current liabilities and due to related parties. Total equity comprises all components of equity.

(B) Description of Property

Other than its shareholdings in ABSTC and in Forum (through Tidemark), the Company does not own any other significant property.

Information required by Part II (A) of Annex "C", as amended

A. Market Information

1. Principal Market – Philippine Stock Exchange, Inc.

The Company's common shares are traded in the Philippine Stock Exchange. As of April 10, 2019, the closing price of the shares of the Company is P12.90. The high and low sale prices of the shares for each quarter within the last three (3) years and subsequent interim period are:

Quarter Ended	High	Low
3.31.2019 - 1 st Quarter	16.50	12.56
12.31.18 - 4 th Quarter	19.70	12.50
09.30.18 - 3 rd Quarter	25.80	15.10
06.30.18 - 2 nd Quarter	43.00	16.40
03.31.18- 1 st Quarter	26.00	12.10
12.31.17 - 4 th Quarter	18.00	13.50
09.30.17 - 3 rd Quarter	20.00	12.12
06.30.17 - 2 nd Quarter	17.00	9.51
03.31.17- 1 st Quarter	11.48	9.62

12.31.16 - 4 th Quarter	10.50	9.63
09.30.16 - 3 rd Quarter	11.80	9.63
06.30.16 - 2 nd Quarter	14.50	10.24
03.31.16 - 1 st Quarter	14.00	9.01

[Data taken from the Philippine Stock Exchange, Inc.(edge.pse.com.ph)]

B. Holders

Approximate Number of Shareholders of Each Class of Common Security as of March 31, 2019:

The Company has 4,182 stockholders as of March 31, 2019.

The Top 20 Registered Stockholders of the Company as of March 31, 2019 are:

	No. of Shares	%
1. Boestar Corporation	1,775,218,804	69.75%
2. North Kitanglad Agricultural Co., Inc.	309,000,000	12.14%
3. PCD Nominee Corporation:	213,469,471	8.39%
Filipino - 212,683,039		
Non-Filipino - 786,432		
4. Strong Gain Enterprises Limited	120,000,000	4.72%
5. Progressive Development Corporation	93,963,474	3.69%
6. Power Merchant International Limited	29,000,000	1.14%
Carroll, Charles F., TEE Carroll Family Trust FBO		
7. Charles F. Carroll	593,200	0.02%
8. Braasch, Herbert	84,884	0.00%
9. Baron, Rose A. & William J.	81,197	0.00%
10. Araneta, Jorge L.	73,535	0.00%
11. McLarney, Jane Mary & Timothy P. McLarney	70,875	0.00%
12. Silbert, Solomon S. & Claire B. Silbert	56,567	0.00%
13. Cohen, Sy R. & Barbara	43,195	0.00%
14. Steiner, Norma	38,656	0.00%
15. Loo Ngo Kue	36,020	0.00%
16. Pua, Luis	35,542	0.00%
Cunningham, Edmund F. & Pauline F.		
17. Jtwros	33,275	0.00%
18. Fores, Maria Lourdes A.	29,840	0.00%
19. Roxas, Judy A.	29,840	0.00%
20. Anulis, Evelyn	26,753	0.00%

Total issued and outstanding shares -
2,545,000,000

NOTE: NKACI has 212,683,739 shares lodged with PCD Nominee Corporation. In all, NKACI owns 521,683,739 shares representing 20.5% of the total outstanding shares of the Company.

C. Dividends

The Company has not declared any dividends during the last three (3) years.

The Company's Amended By-Laws provides that its Board of Directors may declare dividends only from surplus profits arising from the business of the Company, in accordance with the preferences constituted in favor of preferred stock when and if such preferred stock be issued and outstanding. Restrictions under the Corporation Code of the Philippines also limit the Company's power to declare dividends.

Information Required by Part III, paragraph (A) and (B) of "Annex C", as amended

Management's Discussion and Analysis

December 31, 2018 vs December 31, 2017

As of December 31, 2018, the Company's consolidated assets amounted to ₱673.7 million as compared to ₱637.4 million as of December 31, 2017. On the other hand, the Company's liabilities as of December 31, 2018 increased to ₱2.7 million from ₱2.4 million as of December 31, 2017.

Cash and cash equivalents totalling ₱14.8 million as of December 31, 2018 showed a decrease of ₱26.0 million from ₱40.8 million as of December 31, 2017 mainly due to investment of excess cash to short-term investments.

Receivables increased from ₱4.5 million as of December 31, 2017 to ₱6.2 million as of December 31, 2018 mainly due to increase in services billed and transactions with related parties.

Investment in associate showed an increase of ₱38.3 million from ₱579.2 million as of December 31, 2017 to ₱617.6 million as of December 31, 2018 due to increase on the foreign exchange differences of an associate (Tidemark).

Stockholders' Equity increased from ₱635.0 million at the end of 2017 to ₱671.0 million as of December 31, 2018 primarily due to cumulative translation adjustment.

Financial Condition – Consolidated

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2018	December 31, 2017	Increase (Decrease)
ASSETS			
Current Assets			
Cash and cash equivalents	14,787,228	40,764,801	(25,977,573)
Receivables	6,186,796	4,523,710	1,663,086
Short-term investments	22,000,000	-	22,000,000
Other current assets	9,515,025	9,337,237	177,788
Total Current Assets	52,489,049	54,625,748	(2,136,699)
Noncurrent Assets			
Investment in an associate	617,576,358	579,241,175	38,335,183
Equity investment designated as fair value through other comprehensive income	2,105,244	1,999,950	105,294
Property and equipment	27,954	45,574	(17,620)
Advances to mining right holders	1,525,000	1,525,000	-
Total Noncurrent Assets	621,234,556	582,811,699	38,422,857
	673,723,605	637,437,447	36,286,158
LIABILITIES AND EQUITY			
Current Liabilities			
Payables and other current liabilities	2,720,860	2,411,632	309,228
Total Current Liabilities	2,720,860	2,411,632	309,228
Equity			
Capital stock	1,060,000,000	1,060,000,000	-
Deficit	(545,124,892)	(529,797,202)	(15,327,690)
Cumulative translation adjustment	156,127,637	104,823,017	51,304,620
Total Equity	671,002,745	635,025,815	35,976,930
	673,723,605	637,437,447	36,286,158

Results of Operation

2018 Operational Results

2018 operations resulted to a ₱36.0 million total comprehensive income compared to ₱17.3 million total comprehensive loss in 2017. The total difference of ₱53.3 million were brought about by the following:

- 1) -₱2.3 million; decrease in the general and administrative mainly due to lower salaries and wages consequent to manpower reduction, rent, representation expenses, allocated mining exploration and communication costs during the current year.
- 2) +₱0.9 million; decrease in share on the loss of operations of an associate (Tidemark),
- 3) +₱49 million; increase on the foreign exchange differences of an associate (Tidemark).

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Year ended		Increase (Decrease)	
	December 31, 2018	December 31, 2017	Amount	%
GENERAL AND ADMINISTRATIVE EXPENSES	5,568,469	7,836,824	(2,268,355)	-28.94%
OTHER INCOME (EXPENSES)				
Share in the net results of operations of an associate	(12,864,143.00)	(13,735,209.00)	871,066.00	0.00%
Service fees	2,494,560	1,472,890	1,021,670	69.36%
Interest income	940,150	1,051,021	(110,871)	-10.55%
Others	1,523	1,816	(293)	-16.13%
	(9,427,910)	(11,209,482)	1,781,572	-15.89%
LOSS BEFORE INCOME TAX	(14,996,379)	(19,046,306)	4,049,927	-21.26%
PROVISION FOR INCOME TAX	331,311	162,094	169,217.00	0.00%
NET LOSS	(15,327,690)	(19,208,400)	3,880,710	-20.20%
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Item that will be reclassified subsequently to profit or loss -</i>				
Foreign exchange differences on translation of the financial statements of Tidemark Holdings Limited	51,199,326	1,889,325	49,310,001	0.00%
<i>Item that will be reclassified subsequently to profit or loss -</i>				
Fair value remeasurement on equity instrument designated as fair value through other comprehensive income	105,294	-	105,294	0.00%
TOTAL COMPREHENSIVE INCOME (LOSS)	35,976,930	(17,319,075)	53,296,005	-307.73%
BASIC AND DILUTED LOSS PER SHARE	(0.0060)	(0.0075)	0.0015	-20.20%

2017 Operational Results

2017 operations resulted to a ₱17.3 million total comprehensive loss compared to ₱13.6 million in 2016. The total difference of ₱30.9 million were brought about by the following:

- 1) +₱10.9 million; decrease in the general and administrative mainly due to lower salaries and wages consequent to manpower reduction, rent, representation expenses, allocated mining exploration and communication costs during the current year.
- 2) +₱5.0 million; decrease in share on the income of operations of an associate (Tidemark),
- 3) -₱45.0 million; decrease on the foreign exchange differences of an associate (Tidemark).

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		Increase (Decrease)	
	2017	2016	Amount	%
GENERAL AND ADMINISTRATIVE EXPENSES	7,836,824	18,690,458	(10,853,634)	-58.07%
OTHER INCOME (EXPENSES)				
Share in the net results of operations of an associate	(13,735,209)	(18,758,273)	5,023,064	-26.78%
Service fees	1,472,890	1,479,480	(6,590)	-0.45%
Interest income	1,051,021	2,784,483	(1,733,462)	-62.25%
Others	1,816	30,141	(28,325)	-93.97%
	(11,209,482)	(14,464,169)	3,254,687	-22.50%
LOSS BEFORE INCOME TAX	(19,046,306)	(33,154,627)	14,108,321	-42.55%
PROVISION FOR INCOME TAX	162,094	209,955	(47,861)	-22.80%
NET LOSS	(19,208,400)	(33,364,582)	14,156,182	-42.43%
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Item that will be reclassified subsequently to profit or loss -</i>				
Foreign exchange differences on translation of the financial statements of Tidemark Holdings Limited	1,889,325	46,933,425	(45,044,100)	-95.97%
TOTAL COMPREHENSIVE INCOME (LOSS)	(17,319,075)	13,568,843	(30,887,918)	-227.64%
BASIC AND DILUTED LOSS PER SHARE	(0.0075)	(0.0350)	0.0275	-78.44%

2016 Operational Results

2016 operations resulted to a ₱13.6 million total comprehensive income compared to P0.5 million in 2015. The total difference of ₱13.0 million were brought about by the following:

- 1) +₱3.2 million; decrease in the general and administrative expenses
- 2) +₱3.4 million; decrease in share on the income of operations of an associate (Tidemark),
- 3) + ₱6.4 million; increase on the foreign exchange differences of an associate (Tidemark)

ATOK BIG WEDGE CO., INC. And Subsidiaries CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year		increase (Decrease)	
	2016	2015	Amount	%
GENERAL AND ADMINISTRATIVE EXPENSES	(18,691,964)	(21,927,639)	3,235,675	(14.76%)
OTHER INCOME (EXPENSES)				
Interest income	2,784,483	2,843,539	(59,056)	(2.08%)
Service fees	1,479,480	1,463,297	16,183	1.11%
Share in the net results of operations of an associate	(18,758,273)	(22,208,252)	3,449,979	(15.53%)
Others	31,647	27,643	4,004	14.48%
	(14,462,663)	(17,873,773)	3,411,110	(19.08%)
LOSS BEFORE INCOME TAX	(33,154,627)	(39,801,412)	6,646,785	(16.70%)
PROVISIONS FOR INCOME TAX	(209,955)	(219,688)	9,733	(4.43%)
NET LOSS	(33,364,582)	(40,021,100)	6,656,518	(16.63%)
OTHER COMPREHENSIVE INCOME				
<i>Item that will be reclassified subsequently to profit or loss -</i>				
Foreign exchange differences on translation of the financial statements of Tidemark Holdings Limited	46,933,425	40,540,500	6,392,925	15.77%
TOTAL COMPREHENSIVE INCOME (LOSS)	13,568,843	519,400	13,049,443	2512.41%
BASIC AND DILUTED LOSS PER SHARE	(0.0131)	(0.0157)	0.0026	(16.63%)

Key Performance Indicators

The Company's and its majority owned subsidiaries key performance indicators and their manner of computation are as follows:

		Manner of Calculation	As of		
			Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
CURRENT/LIQUIDITY RATIO			19.54:1	22.65:1	75.26:1
Current assets	Current assets divided by current liabilities	52,120,126	54,625,748	159,039,881	
Current liabilities		2,667,569	2,411,632	2,113,181	
SOLVENCY RATIO			(5.86):1	(7.95):1	(15.58):1
Net loss after tax less depreciation and impairment losses	The sum of net loss after tax less depreciation and impairment losses divided by total liabilities	(15,643,322)	(19,208,400)	(33,364,582)	
		17,620	40,589	442,826	
Total liabilities		2,667,569	2,411,632	2,113,181	
DEBT TO EQUITY RATIO			0.004:1	0.004:1	0.003:1
Total liabilities	Total liabilities divided by total equity	2,667,569	2,411,632	2,113,181	
Total equity		670,687,113	635,025,815	652,344,890	
ASSET TO EQUITY RATIO			1.00:1	1.00:1	1.00:1
Total assets	Total assets divided by total equity	673,354,682	637,437,447	654,458,071	
Total equity		670,687,113	635,025,815	652,344,890	
INTEREST RATE COVERAGE RATIO			-	-	-
Income before interest and taxes	Income before taxes and interest divided by interest expense	(15,312,011)	(19,046,306)	(33,154,627)	
Interest expense		-	-	-	
PROFITABILITY RATIO			(0.02):1	(0.03):1	(0.05):1
Net loss after tax	Net loss after tax divided by total equity	(15,643,322)	(19,208,400)	(33,364,582)	
Total equity		670,687,113	635,025,815	652,344,890	

Current/liquidity ratio – The ratio decreased from 22.65 to 19.54 due to decrease in current assets by ₦2.5 million.

Solvency ratio – The ratio moved from (7.95) to (5.86) due to lower net loss incurred as compared with 2017, from (₦19.2 million) down to (₦15.6 million). This is caused primarily by the decrease in share in the net results of operations of its associate, Tidemark and due to lower administrative expenses.

Debt-to-equity ratio – There is no significant movement for the Debt-to-equity ratio.

Asset-to-equity ratio – There is no significant movement for the Asset-to-equity ratio.

Profitability ratio – The ratio moved from (0.03) to (0.02) due to lower net loss incurred from P19.2 million down to P15.6 million. This is caused primarily by the decrease in share in the net results of operations of its associate, Tidemark and due to lower administrative expenses.

Plan of Operations

The Company is hoping to get the government approval for its application for Exploration Permit over an area of 3,375 Hectares in CADT134, Agusan Del Norte. While in the process, it will continue to conduct series of field inspection to understand the mineralization occurrence in preparation for more detailed exploration activities. Concurrent to the field activities in CADT134, exploration works continues in Mt. Daraga (587 Hectares), Mendez (486 Hectares) and Aboloc (567 Hectares) areas also in Agusan Del Norte, all under Memoranda of Agreement. “Sweet” areas (High Grade areas for Gold mineralization) within Mt. Daraga and Mendez have been identified for more detailed subsurface activities. Plans involving oil and gas exploration have been shelved in relation the uncertainty in supply and demand situation. SC-72 (Recto Bank) is still kept on hold depending on the outcome of Philippine Government initiatives involving West Philippine Sea. The Philippine Department of Energy has granted a force majeure on Service Contract 72 [SC 72] because this contract area falls within the territorial disputed area of the West Philippine Sea, which is the subject of a United Nations arbitration process between the Republic of the Philippines and the People’s Republic of China. From November 2013 to 31 December 2018, the mining exploration cost of the Company is Php 5,192,419.00.

The Company will continue to fund its operations in the next year or two depending on the activities that will materialize using its cash and its money market investments.

The vision of the Company remains and that is to have a substantial involvement in the exploration and judicious development of various natural resources that will contribute to the economic development of the Philippines. The Company’s mission to be the leader in chosen fields by creating value through change, utilizing the group’s knowledge capital and adopting leading technologies, to enhance shareholders’ value and profit through growth in earnings and in intrinsic worth, to be committed to a culture of excellence, loyalty and pride, and to be a socially responsible and environmentally conscious corporate citizen, adhering to the highest ethical standards and respecting the communities to which it belongs remains.

Currently, the Company has no plans of increasing its number of employees during the next twelve (12) months, however, if the level of activities increase parallel to a more supportive regulatory position on exploration and mining, the Company, is expected to increase the number of its employees.

C. OTHER MATTERS

Item 10. Action with Respect to Reports

The approval of the following will be considered and acted upon at the meeting:

1. Review and Approval of the Minutes of the Previous Meeting held on 31 May 2018

The following took place during the meeting:

- a. The minutes of the previous annual meeting of stockholders dated 10 May 2017 were unanimously approved.

- b. The stockholders approved the Management Report and the Audited Financial Statements of the Corporation as of 31 December 2017.
 - c. The stockholders approved and ratified all the acts and proceedings of the Board of Directors, Executive Committee, and corporate officers from the previous annual meeting on 10 May 2017.
 - d. The stockholders elected the members of the Board of Directors for a term of one (1) year or until their successors have been elected and qualified.
 - e. The stockholders approved the re-appointment of Reyes Tacandong & Co., as the external auditor of the Corporation for the year ending 31 December 2017.
- 2. Annual Report of Management and Approval of the Audited Financial Statements
 - 3. Ratification of Acts of the Board of Directors and Management since the Last Annual Stockholders' Meeting
 - 4. Election of Directors
 - 5. Appointment of External Auditor

There are no other items submitted for approval or consideration other than those required in the ordinary course of business that requires approval or presentation to the shareholders of the Company.

Item 11. **Voting Procedures**

The vote required for acts requiring stockholders approval is either a majority or two-thirds of the outstanding capital stock. Since Boerstar Corporation owns 69.75% of the outstanding shares of the Company, matters for decision, if any, will most probably be decided by the major stockholder.

In the election of directors, nominees with the greatest number of votes will be elected directors. For the other proposals or matters submitted to a vote, a vote of the majority of the shareholders present or represented by proxy at the meeting is necessary for approval of such proposal.

Every stockholder is entitled to one vote.

The method of counting the votes of the shareholders shall be in accordance with the general provisions of the Corporation Code of the Philippines. Method of voting shall be conducted by show of hands unless a shareholder requires a poll to be made on any action. In such case, the method of counting votes shall be done by secret. Counting of votes shall be supervised by the Corporate Secretary and/or Assistant Corporate Secretary.

A COPY OF THE AUDITED FINANCIAL STATEMENTS (AFS) WITH MANAGEMENT DISCUSSION & ANALYSIS (SEC FORM 20 IS) AS OF DECEMBER 31, 2018 IS ATTACHED TO THIS INFORMATION STATEMENT. HARD COPIES OF UNAUDITED FS AND MD&A FOR THE APPLICABLE INTERIM PERIOD SHALL ALSO BE MADE AVAILABLE TO STOCKHOLDERS UPON REQUEST.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO:

ATTY. CLIBURN ANTHONY A. ORBE
CORPORATE SECRETARY, ATOK-BIG WEDGE CO., INC.
5TH FLOOR, THE CITY CLUB AT ALPHALAND MAKATI PLACE
7232 AYALA AVENUE CORNER MALUGAY STREET
1209 MAKATI CITY

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

MAR 27 2019

ATOK-BIG WEDGE CO., INC.

Issuer


By: CLIBURN ANTHONY A. ORBE
Corporate Secretary

ATOK-BIG WEDGE CO., INC.

MANAGEMENT REPORT

for the
2019 Annual Meeting of Stockholders
Pursuant to SRC Rule 20 (4) (A)

A. AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED DECEMBER 31, 2018

Please see the attached Audited Financial Statements for the year ended December 31, 2018.

B. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are no changes in and disagreements with the accountants on accounting and financial disclosures.

C. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Atok-Big Wedge Co. Inc. (the "Company"), formerly Atok-Big Wedge Mining Co., Inc., was incorporated and registered with the Securities and Exchange Commission on September 4, 1931. Its corporate life was extended on September 25, 1981 for another fifty (50) years to expire on September 25, 2031. It is listed in the Philippine Stock Exchange (the "PSE").

1. Plan of Operation for the Next Twelve (12) Months

The Company is hoping to get the government approval for its application for Exploration Permit over an area of 3,375 Hectares in CADT134, Agusan Del Norte. While in the process, it will continue to conduct series of field inspection to understand the mineralization occurrence in preparation for more detailed exploration activities. Concurrent to the field activities in CADT134, exploration works continues in Mt. Daraga (587 Hectares), Mendez (486 Hectares) and Aboloc (567 Hectares) areas also in Agusan Del Norte, all under Memoranda of Agreement. "Sweet" areas within Mt. Daraga and Mendez have been identified for more detailed subsurface activities. Plans involving oil and gas exploration have been shelved in relation to the uncertainty in supply and demand situation. SC-72 (ReedBank) is still kept on hold depending on the outcome of Philippine Government initiatives involving West Philippine Sea. The Philippine Department of Energy has granted a force majeure on Service Contract 72 [SC 72] because this contract area falls within the territorial disputed area of the West Philippine Sea, which is the subject of a United Nations arbitration process between the Republic of the Philippines and the People's Republic of China.

The Company will continue to fund its operations in the next year or two depending on the activities that will materialize using its cash and its money market investments.

The vision of the Company remains and that is to have a substantial involvement in the exploration and judicious development of various natural resources that will contribute to the economic development of the Philippines. The Company's mission to be the leader in chosen fields by creating value through change, utilizing the group's knowledge capital and adopting leading technologies, to

enhance shareholders' value and profit through growth in earnings and in intrinsic worth, to be committed to a culture of excellence, loyalty and pride, and to be a socially responsible and environmentally conscious corporate citizen, adhering to the highest ethical standards and respecting the communities to which it belongs remains.

Currently, the Company has no plans of increasing its number of employees during the next twelve (12) months, however, if the level of activities increase parallel to a more supportive regulatory position on exploration and mining, the Company, is expected to increase the number of its employees.

2. Financial Condition-Consolidated

a. Analysis of Financial Condition and Results of Operations for the Last Three (3) Years

2018 Operational Results compared with 2017

2018 operations resulted to a ₱36.0 million total comprehensive income compared to ₱17.3 million total comprehensive loss in 2017. The total difference of ₱53.3 million were brought about by the following:

- 1) -₱2.3 million; decrease in the general and administrative mainly due to lower salaries and wages consequent to manpower reduction, rent, representation expenses, allocated mining exploration and communication costs during the current year.
- 2) +₱0.9 million; decrease in share on the loss of operations of an associate (Tidemark),
- 3) +₱49.3 million; increase on the foreign exchange differences of an associate (Tidemark)

The Company continues to evaluate investment opportunities and plans to acquire other mining assets in Northern Mindanao. It will likewise continue to scout for oil and assets within the country and overseas to be included in its business folio. While doing so, the company is planning to magnify its exploration activities in the areas relative to the signed Memorandum of Understanding (MOU) covering three (3) areas of Agusan Del Norte. It also plans to conduct semi-detailed to detailed exploration work over the area within the CADT134, Agusan Del Norte where it applied for an Exploration Permit (EP).

2017 Operational Results compared with 2016

2017 operations resulted to a ₱17.3 million total comprehensive loss compared to ₱13.6 million in 2016. The total difference of ₱30.9 million were brought about by the following:

- 1) +₱10.9 million; decrease in the general and administrative mainly due to lower salaries and wages consequent to manpower reduction, rent, representation expenses, allocated mining exploration and communication costs during the current year.
- 2) +₱5.0 million; decrease in share on the income of operations of an associate (Tidemark),
- 3) -₱45.0 million; decrease on the foreign exchange differences of an associate (Tidemark)

2016 Operational Results compared with 2015

2016 operations resulted to a ₱13.6 million total comprehensive income compared to ₱0.5 million in 2015. The total difference of ₱13.0 million were brought about by the following:

- 1) +₱3.2 million; decrease in the general and administrative expenses
- 2) +₱3.4 million; decrease in share on the income of operations of an associate (Tidemark),
- 3) +₱6.4 million; increase on the foreign exchange differences of an associate (Tidemark)

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2018	2017	2016
GENERAL AND ADMINISTRATIVE EXPENSES	5,884,101	7,836,824	18,690,458
OTHER INCOME (EXPENSES)			
Share in the net results of operations of an associate	(12,864,143)	(13,735,209)	(18,758,273)
Service fees	2,494,560	1,472,890	1,479,480
Interest income	940,150	1,051,021	2,784,483
Others	1,523	1,816	30,141
	(9,427,910)	(11,209,482)	(14,464,169)
LOSS BEFORE INCOME TAX	(15,312,011)	(19,046,306)	(33,154,627)
PROVISION FOR INCOME TAX	331,311	162,094	209,955
NET LOSS	(15,643,322)	(19,208,400)	(33,364,582)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item that will be reclassified subsequently to profit or loss -</i>			
Foreign exchange differences on translation of the financial statements of Tidemark Holdings Limited	51,199,326	1,889,325	46,933,425
<i>Item that will be reclassified subsequently to profit or loss -</i>			
Fair value remeasurement on equity instrument designated as fair value through other comprehensive income	105,294	-	
TOTAL COMPREHENSIVE INCOME (LOSS)	35,661,298	(17,319,075)	13,568,843
BASIC AND DILUTED LOSS PER SHARE	(0.0164)	(0.0201)	(0.0350)

Key Performance Indicators

The Company and its subsidiaries key performance indicators and their manner of computation are as follows:

		Manner of Calculation	As of		
			Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
CURRENT/LIQUIDITY RATIO			19.54:1	22.65:1	75.26:1
Current assets	Current assets		52,120,126	54,625,748	159,039,881
Current liabilities	divided by current liabilities		2,667,569	2,411,632	2,113,181
SOLVENCY RATIO			(5.86):1	(7.95):1	(15.58):1
Net loss after tax	The sum of net loss after tax		(15,643,322)	(19,208,400)	(33,364,582)
less depreciation	less depreciation		17,620	40,589	442,826
and impairment losses	and impairment losses				
Total liabilities	divided by total liabilities		2,667,569	2,411,632	2,113,181
DEBT TO EQUITY RATIO			0.004:1	0.004:1	0.003:1
Total liabilities	Total liabilities		2,667,569	2,411,632	2,113,181
Total equity	divided by total equity		670,687,113	635,025,815	652,344,890
ASSET TO EQUITY RATIO			1.00:1	1.00:1	1.00:1
Total assets	Total assets		673,354,682	637,437,447	654,458,071
Total equity	divided by total equity		670,687,113	635,025,815	652,344,890
INTEREST RATE COVERAGE RATIO			-	-	-
Income before interest and taxes	Income before taxes and interest		(15,312,011)	(19,046,306)	(33,154,627)
Interest expense	divided by interest expense		-	-	-
PROFITABILITY RATIO			(0.02):1	(0.03):1	(0.05):1
Net loss after tax	Net loss after tax		(15,643,322)	(19,208,400)	(33,364,582)
Total equity	divided by total equity		670,687,113	635,025,815	652,344,890

Current/liquidity ratio – The ratio decreased from 22.65 to 19.54 due to decrease in current assets by ₦2.5 million.

Solvency ratio –The ratio moved from (7.95) to (5.86) due to lower net loss incurred as compared with 2017, from (₦19.2 million) down to (₦15.6 million). This is caused primarily by the decrease in share in the net results of operations of its associate, Tidemark and due to lower administrative expenses.

Debt-to-equity ratio – There is no significant movement for the Debt-to-equity ratio.

Asset-to-equity ratio – There is no significant movement for the Asset-to-equity ratio.

Profitability ratio – The ratio moved from (0.03) to (0.02) due to lower net loss incurred from P19.2 million down to P15.6 million. This is caused primarily by the decrease in share in the net results of operations of its associate, Tidemark and due to lower administrative expenses.

ii. **Events that will Trigger Direct or Contingent Financial Obligation that is Material to the Company, including any Default or Acceleration of an Obligation**

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

iii. **Material Off-Balance Sheet Transactions, Arrangements, Obligations (Including Contingent Obligations), and Other Relationships of the Company with Unconsolidated Entities or Other Persons Created During the Reporting Period**

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

The general purposes of the capital expenditures are to explore and locate additional gold ore reserve of a better grade, conduct pilot test, secure all the Company's assets, and keep the mineral rights in good standing.

The known trends, events or uncertainties that may have a material impact on sales are the price of gold in the world market, the peso-dollar exchange rate, NGOs' anti-mining position and changes in the Department of Environment and Natural Resources' rules and regulations at midstream.

The significant elements of income or loss from continuing operations are the ounces of gold produced and the cost to produce such gold.

Causes for material changes from period to period of the financial statements covering the past three (3) years, with horizontal and vertical analyses of such changes, are as follows:

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	VERTICAL ANALYSIS			HORIZONTAL ANALYSIS		
	2018	2017	2016	2018	2017	2016
ASSETS						
Current Assets						
Cash and cash equivalents	2.2%	6.4%	22.3%	(63.7%)	(72.0%)	(15.6%)
Receivables	0.9%	0.7%	0.9%	28.6%	(20.2%)	13.1%
Short-term investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other current assets	1.4%	1.5%	1.2%	1.9%	24.0%	6.4%
Total Current Assets	7.7%	8.6%	24.3%	(4.6%)	(65.7%)	(14.0%)
Noncurrent Assets						
Investment in an associate	91.7%	90.9%	74.9%	6.6%	18.1%	6.1%
Equity investment designated as fair value through other comprehensive income	0.3%	0.3%	0.3%	5.3%	0.0%	0.0%
Property and equipment	0.0%	0.0%	0.0%	(38.7%)	(63.7%)	(89.0%)
Advances to mining right holders	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%
Rental and security deposits	0.0%	0.0%	0.0%	0.0%	(100.0%)	5.7%
Total Noncurrent Assets	92.3%	91.4%	75.7%	6.6%	17.6%	5.8%
	100.0%	100.0%	100.0%	5.6%	(2.6%)	0.2%
LIABILITIES AND EQUITY						
Current Liabilities						
Payables and other current liabilities	0.4%	0.4%	0.3%	10.6%	15.1%	(85.2%)
Income tax payable	0.0%	0.0%	0.0%	0.0%	(100.0%)	(80.6%)
Total Current Liabilities	0.4%	0.4%	0.3%	10.6%	14.1%	(85.2%)
Equity						
Capital stock	157.4%	166.3%	162.0%	0.0%	0.0%	0.0%
Deficit	(81.0%)	(83.1%)	(78.0%)	3.0%	3.8%	7.0%
Cumulative translation adjustment	23.2%	16.4%	15.7%	48.9%	1.8%	83.8%
Total Equity	99.6%	99.6%	99.7%	5.6%	(2.7%)	2.1%
	100.0%	100.0%	100.0%	5.6%	(2.6%)	0.2%

VERTICAL ANALYSIS – The Company showed a significant change in the composition of assets for investment in an associate due to increase in cumulative translation adjustment.

HORIZONTAL ANALYSIS

Cash and cash equivalents (-63.7%) – due to settlement of operations-related payables and other liabilities

Property and equipment, net (-38.7%) – due to depreciation of fixed assets

Accounts payable and other current liabilities (10.6%) - due to decreased activities and settlement of accounts during the year.

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2018	December 31, 2017	Increase (Decrease)
ASSETS			
Current Assets			
Cash and cash equivalents	14,787,228	40,764,801	(25,977,573)
Receivables	6,186,796	4,523,710	1,663,086
Short-term investments	22,000,000	-	22,000,000
Other current assets	9,515,025	9,337,237	177,788
Total Current Assets	52,489,049	54,625,748	(2,136,699)
Noncurrent Assets			
Investment in an associate	617,576,358	579,241,175	38,335,183
Equity investment designated as fair value through other comprehensive income	2,105,244	1,999,950	105,294
Property and equipment	27,954	45,574	(17,620)
Advances to mining right holders	1,525,000	1,525,000	-
Total Noncurrent Assets	621,234,556	582,811,699	38,422,857
	673,723,605	637,437,447	36,286,158
LIABILITIES AND EQUITY			
Current Liabilities			
Payables and other current liabilities	2,720,860	2,411,632	309,228
Total Current Liabilities	2,720,860	2,411,632	309,228
Equity			
Capital stock	1,060,000,000	1,060,000,000	-
Deficit	(545,124,892)	(529,797,202)	(15,327,690)
Cumulative translation adjustment	156,127,637	104,823,017	51,304,620
Total Equity	671,002,745	635,025,815	35,976,930
	673,723,605	637,437,447	36,286,158

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	VERTICAL ANALYSIS			HORIZONTAL ANALYSIS		
	2018	2017	2016	2018	2017	2016
GENERAL AND ADMINISTRATIVE EXPENSES	(16.5%)	45.2%	(137.7%)	(24.9%)	(58.1%)	(14.8%)
OTHER INCOME (EXPENSES)						
Share in the net results of operations of an associate	(36.1%)	79.3%	(138.2%)	(6.3%)	(26.8%)	(15.5%)
Service fees	7.0%	(8.5%)	10.9%	69.4%	(0.4%)	1.1%
Interest income	2.6%	(6.1%)	20.5%	(10.5%)	(62.3%)	(2.1%)
Others	0.0%	(0.0%)	0.2%	(16.1%)	(94.0%)	9.0%
	(26.4%)	64.7%	(106.6%)	(15.9%)	(22.5%)	(19.1%)
LOSS BEFORE INCOME TAX	(42.9%)	110.0%	(244.3%)	(19.6%)	(42.6%)	(16.7%)
PROVISION FOR INCOME TAX	(0.9%)	0.9%	(1.5%)	104.4%	(22.8%)	(4.4%)
NET LOSS	(43.9%)	110.9%	(245.9%)	(18.6%)	(42.4%)	(16.6%)
OTHER COMPREHENSIVE INCOME (LOSS)						
<i>Item that will be reclassified subsequently to profit or loss -</i>						
Foreign exchange differences on translation of the financial statements of Tidemark Holdings Limited	143.6%	(10.9%)	345.9%	2,609.9%	(96.0%)	15.8%
<i>Item that will be reclassified subsequently to profit or loss -</i>						
Fair value remeasurement on equity instrument designated as fair value through other comprehensive income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL COMPREHENSIVE INCOME (LOSS)	100.0%	100.0%	100.0%	(305.9%)	(227.6%)	2,512.4%

VERTICAL ANALYSIS –

General and administrative expenses (-16.5%) –decreased significantly from last year due to lower salaries and wages consequent to manpower reduction, rent, representation expenses, allocated mining exploration and communication costs during the current year. The vertical ratio however turned negative because of the total comprehensive income in 2018 as compared to a total comprehensive loss in 2017.

Share in the net results of operations of an associate (-36.1%) - due to favorable results in the operation of its associate, Tidemark, against 79.3% in 2017.

Interest income (2.6%) – the ₱0.09 million interest income in 2018 is lower that the ₱1.05 million earned in 2017 due to lower cash equivalent balances

Gain from translating the financial statements of Tidemark (143.6%) – the increase was due to ₱49.3 million foreign exchange differences of its subsidiary, Tidemark.

HORIZONTAL ANALYSIS –

General and administrative expenses (-24.9%) - due to lower salaries and wages consequent to manpower reduction, rent, representation expenses, allocated mining exploration and communication costs during the current year expenses.

Share in the net results of operations of an associate (-6.3%) - due to favorable results in the operation of its associate, Tidemark, (P12.86)million share in 2018 against the (P13.74 million) in 2017.

Interest income (-10.5%) – due to lower interest earned from money market placements.

Others (-16.1%) – other income earned in 2018 very minimal at P1.5 thousand as compared with P1.8 thousand in 2017.

Gain from translating the financial statements of Tidemark (2,609.9%) – the increase was due to the P49.3 million foreign exchange differences of its subsidiary, Tidemark.

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Year ended		Increase (Decrease)	
	December 31, 2018	December 31, 2017	Amount	%
GENERAL AND ADMINISTRATIVE EXPENSES	5,568,469	7,836,824	(2,268,355)	-28.94%
OTHER INCOME (EXPENSES)				
Share in the net results of operations of an associate	(12,864,143.00)	(13,735,209.00)	871,066.00	0.00%
Service fees	2,494,560	1,472,890	1,021,670	69.36%
Interest income	940,150	1,051,021	(110,871)	-10.55%
Others	1,523	1,816	(293)	-16.13%
	(9,427,910)	(11,209,482)	1,781,572	-15.89%
LOSS BEFORE INCOME TAX	(14,996,379)	(19,046,306)	4,049,927	-21.26%
PROVISION FOR INCOME TAX	331,311	162,094	169,217.00	0.00%
NET LOSS	(15,327,690)	(19,208,400)	3,880,710	-20.20%
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Item that will be reclassified subsequently to profit or loss -</i>				
Foreign exchange differences on translation of the financial statements of Tidemark Holdings Limited	51,199,326	1,889,325	49,310,001	0.00%
<i>Item that will be reclassified subsequently to profit or loss -</i>				
Fair value remeasurement on equity instrument designated as fair value through other comprehensive income	105,294	-	105,294	0.00%
TOTAL COMPREHENSIVE INCOME (LOSS)	35,976,930	(17,319,075)	53,296,005	-307.73%
BASIC AND DILUTED LOSS PER SHARE	(0.0060)	(0.0075)	0.0015	-20.20%

External Audit Fees

a. Audit and Audit Related Fees

The Company's External Auditor for 2018 and 2017 is Reyes Tacandong & Co.

The aggregate External Audit Fees (MC No. 14, Series of 2004) in connection with the audit of the annual financial statements and services for the last three (3) years were as follows:

<u>Year</u>	<u>Amount</u>
2016	200,000
2017	200,000
2018	200,000

The above-mentioned audit fees are inclusive of: (a) other assurance and related services by the External Auditor that are reasonably related to the performance of the audit; and (b) review of the Company's financial statements, exclusive of tax consultancy fees and/or representation for legal matters.

The Audit Committee makes recommendations to the Board of Directors concerning the external auditors and pre-approves audit plans, scope, and frequency before the conduct of the external audit.

The Company's Auditors conducted the audit in accordance with auditing standards generally accepted in the Philippines with the objective of expressing an opinion as to whether the presentation of the financial statements, taken as a whole, conforms to accounting principles generally accepted in the Philippines. They performed tests of the accounting records and such other procedures, as they considered necessary in the circumstances to provide a reasonable basis for an opinion on the financial statements. They also assessed the accounting principles used and significant estimates made by management and evaluated overall financial statements presentation.

The auditors also considered the Company's internal controls in order to determine the nature, timing and extent of their audit procedures for the purpose of expressing an opinion on the financial statements. The auditors did not bill separately for this scope of work.

There were no services provided by the external auditors other than the services reported in the foregoing.

b. Tax Fees

There are no fees billed in each of the last three (3) years for professional services rendered by the External Auditor for tax accounting, compliance, advice, planning, and any other form of tax services.

c. All Other Fees

There are no fees billed in each of the last three (3) years for services provided by the External Auditor, other than the services under items (a) and (b) above.

d. Audit Committee's Approval of Policies and Procedures

The 2018 audit of the Company is in compliance with SRC Rule 68(3)(b)(IV) that provides that the External Auditor be rotated every five (5) years or earlier or the engagement partner should be changed. The engagement partner is Mr. Emmanuel V. Clarino.

During Audit Committee and/or Company meetings that would have an agenda that would affect the financial statements of the Company, a representative of the External Auditor is expected to be present to discuss issues and be available to respond to appropriate questions. The External Auditor is given the opportunity to make a statement if necessary pertinent to matters that may affect the examination of the books of the Company.

3. Financial Risk Management

The Group and its subsidiary and affiliate have exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors reviews and institutes policies for managing each of the risks.

Credit Risk

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The Group's credit risk arises principally from the Group's cash in banks and cash equivalents, trade receivables and refundable deposits.

Receivables which are neither past due nor impaired are of good quality. These are from clients that pay on time or even before maturity date.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by forecasting projected cash flows and maintaining a

balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will adversely affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to transaction and translation exposures resulting from currency exchange fluctuations. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates.

Capital Management

The primary objective of the Company's capital management is to ensure its ability as a going concern and that it maintains healthy capital ratios in order to support its business.

The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, other current liabilities and due to related parties. Total equity comprises all components of equity.

D. GENERAL NATURE AND SCOPE OF BUSINESS

Atok-Big Wedge Co. Inc. (the "Company"), formerly Atok-Big Wedge Mining Co., Inc., was incorporated and registered with the Securities and Exchange Commission (the "SEC") on 4 September 1931. Its corporate life was extended on 25 September 1981 for another fifty (50) years to expire on 25 September 2031. The common shares of the Company are listed in the Philippine Stock Exchange (the "PSE"; ticker symbol: AB).

Since its incorporation, the Company engaged in mining as its primary purpose, producing gold as its major product and silver as a by-product. Its production was all sold to the Central Bank of the Philippines at a price subsidized by the Philippine Government, and later on at the prevailing world market price. Gold bullions are used by the Philippine Government as one of the components in the monetary reserve.

Although the Company changed its primary purpose in 1996 from mining to general investment, it reverted to its original purpose of engaging in exploration and development of mining, oil, gas, and other natural resources when it amended its Articles of Incorporation, which was approved by the SEC on 24 May 2010.

The Company has two (2) wholly-owned subsidiaries, AB Stock and Transfers Corporation (ABSTC) and Tidemark Holdings Ltd.

ABSTC was incorporated on 24 June 2010, with the purpose of establishing, operating and acting as a transfer agent and/or registrar of corporations.

On the other hand, Tidemark is a company registered and domiciled in Hongkong SAR, which the Company bought on 3 October 2011. Tidemark used to own 9,646,757 ordinary shares of Forum Energy plc, now Forum Energy Limited ("Forum"), a company registered and domiciled in the United Kingdom representing, approximately 27.14% of Forum's outstanding capital. In March 2017, Tidemark subscribed to 6,666,667 new shares of Forum, together with the subscription simultaneously made by the other shareholder of Forum. This new subscription resulted in Tidemark owning 20% of Forum. Tidemark expects the absolute value of its 20% stake in Forum to exceed the value of its then 27.14% stake. Forum is a gas & oil exploration and production company with a portfolio of projects in the Philippines. Among these projects is the Service Contract (SC) 72 where Forum holds 70% equity. SC72 is situated offshore West of Palawan Island and is host to the Sampaguita offshore gas/condensate discovery. Drilling plans for SC72 have been placed on hold by the Philippine government pending the resolution of territorial sovereignty disputes involving claimant countries surrounding West Philippine Sea.

The Company is a regular member and signatory of the Chamber of Mines. It has adopted the spirit and substance of the Chamber of Mines' Code of Conduct, which calls for sustainable mineral resources development, environmental responsibility and a social commitment to the general welfare and economic development of the people in the localities in which it operates.

Over the past seven decades, the Company has established a strong foundation in the Philippine mining industry.

Pursuant to its goal of seeking out projects to put into operation, the Company made a continued careful and diligent evaluation of multiple metallic and non-metallic prospects for possible investment. While it looked into investment possibilities in Laos, it recently decided to re-focus its efforts in the Philippines with priority on projects in the advanced stage, but not disregarding greenfield exploration prospects with potential. Discussions also continued for mines with confirmed potential and previously operated but closed down during the period with low metal prices. However, the Company has not made any publicly-announced new products or services nor it or any of its security holders acquired securities of another person, aside from the previously stated acquisition by Tidemark of additional shares of Forum. The Company has no plans of purchasing or selling any significant equipment.

1. Business Indicators

The Company is exploring the possibility of entering into a business venture with local and foreign entities. It will abide by the principle of sustainable and socially acceptable mineral resources development.

The viability of expanding the current pilot plant operation and sustaining it at an economically viable scale depends on the price of gold in the world market, the peso-dollar exchange rate, the efficiency of mining and milling operations, and the grade of ore. The higher the grade of ore in grams gold per ton of ore, the higher the profit margin will be.

2. Participation in Bankruptcy, Receivership or Similar Proceedings

There is no bankruptcy, receivership or similar proceedings involving the Company.

3. Competition

The Company is currently not operating a mine or oil project.

4. Customers

The Company and its subsidiaries are not dependent on any single customer or on a few customers.

5. Patents, Franchise/Government Approvals

The Company does not own any registered patent, trademark or copyright. Neither is it a recipient of any license or concession nor a party to any royalty agreement. The Company has complied with government rules and regulations and has paid all the necessary taxes and fees. It regularly coordinates with the Department of Energy (DOE) and DENR with regard to new rules and regulations that may be promulgated.

6. Effect of Existing or Probable Governmental Regulations

In 2012, Forum encountered a delay in one of its drilling programs. It has submitted all the requirements for the issuance of required permits for the drilling program. However, the permit has not yet been issued by the relevant Government body. The latest resource assessment supported the case to proceed with the drilling and Forum has been granted an extension up to August 2015 to complete its obligations under the service contract. Forum expects to proceed with its commitment as soon as it is able to obtain the necessary authorization from the Government. The Philippine Department of Energy has granted a force majeure on Service Contract 72 [SC 72] because this contract area falls within the territorial disputed area of the West Philippine Sea.

On July 3, 2018, the Department of Environment and Natural Resources issued Administrative Order No. 2018-13 lifting the moratorium on the acceptance, processing and/or approval of applications for Exploration Permit under DENR Memorandum Order No. 2016-01. With the lifting of the moratorium on exploration permit processing, the DENR can proceed with the evaluation of the Company's existing exploration permit application in Agusan del Norte which the company filed on October 29, 2013. The company had previously complied with the orders of the Mines and Geosciences Bureau (MGB) relative to its EPA by filing two 2 revisions as well as paying the filing fee assessed by MGB. The MGB was in the process of evaluating the company's EPA when the DENR issued Memorandum Order 2016-01 ordering a moratorium on new mining applications. With the lifting of the said moratorium, the MGB is set to endorse the application to its Regional Office in Agusan del Norte which will then require the company to submit additional requirements before approving the same.

On 20 November 2018, during the state visit of Chinese President Xi Jinping to the Philippines, the Philippines and China exchanged a Memorandum of Understanding (MOU) on oil and gas development in the West Philippine Sea. In the said MOU, both countries agreed to establish an Inter-Governmental Joint Steering Committee which will be responsible for negotiating and agreeing the cooperation arrangements and the maritime areas to which they will apply. Both countries endeavoured to agree on the cooperation arrangements within 12 months from the execution of the Memorandum of Understanding. The signing of the MOU gives hope that the territorial dispute between the Philippines and China in the West Philippine Sea will be resolved and Forum can obtain the necessary authorization from the Philippine Government to perform its drilling programs within the territory covered by Service Contract No. 72.

7. Research and Development Activities

The Company does not allocate specific amounts or fixed percentages for research and development. The allocation for such activities may vary depending on the nature of the project.

Total cost incurred, including exploration and development works, during calendar years 2013 to 2018 amounted to P5.2 million broken down as follows:

Period	Revenue	Exploration Development and Environmental Cost	Percentage on Revenue
CY 2013	-	165,450	0%
CY 2014	-	2,456,558	0%
CY 2015	-	1,593,983	0%
CY 2016	-	976,428	0%
CY 2017	-	-	0%
CY 2018	-	-	0%
Total		5,192,419	-

The above-mentioned expenses were incurred pursuant to the mandatory requirement to conduct annual assessment works, i.e. reconnaissance and semi-detailed exploration works such as geological mapping, sampling, opening up of assessment tunnels, ore reserve development and assaying of samples, etc., to prove mineable ore reserve, as provided under the Philippine Bill of 1902, Presidential Decree No. 463, the New Mining Code, and applicable laws, rules and regulations. On 8 July 2016, the DENR issued Memorandum Order 2016-01 ordering a moratorium on the approval of new mining projects which effectively halted all exploration works of the company. The said moratorium was lifted only on July 3, 2018. There were still no exploration works after the moratorium was lifted in 2018 because the company is still awaiting the official endorsement of the EPA by the Mines and Geosciences Bureau to its Regional Office in Agusan Del Norte.

8. Compliance with Environmental Laws

The Company is currently not operating a mine or oil project. In the event that it does, all necessary pollution control and environmental protection measures will be set in place.

9. Employees

As of end of 2018, the Company has three (3) regular employees while ABSTC, the Company's subsidiary, has only one (1) regular employee, which employees are not subject to Collective Bargaining Agreement. The Company has no plans of adding additional employees for the ensuing twelve (12) months. However, if the level of activities increase parallel to a more supportive regulatory position on exploration and mining, the Company, is expected to increase the number of its employees. The principal duties and responsibilities of the employees of the Company and its subsidiaries are to conduct technical evaluation of potential mining projects, maintain the validity and existence of the subsidiary's mining rights, conduct exploration and development works, set and run a pilot gold processing plant, and secure all other properties of the subsidiary, including the plant, equipment, records, maps and other valuable information at the mine site.

10. Risk Factors

The Company's profitability is dependent on the performance of its subsidiary ABSTC and affiliate Forum.

11. Properties

Other than its shareholdings in ABSTC and in Forum (through Tidemark), the Company does not own any other significant property.

12. Legal Proceedings

The Company is not involved in any legal proceeding.

E. MARKET PRICE OF AND DIVIDENDS ON THE COMPANY'S COMMON EQUITY

1. Market Price of Shares

The Company's common shares are traded in the Philippine Stock Exchange. As of April 10, 2019, the closing price of the shares of the Company is P12.90. The high and low sale prices of the shares for each quarter within the last three (3) years and during the interim period are:

Quarter Ended	High	Low
03.31.19- 1 st Quarter	16.50	12.56
12.31.18 - 4 th Quarter	19.70	12.50
09.30.18 - 3 rd Quarter	25.80	15.10
06.30.18 - 2 nd Quarter	43.00	16.40
03.31.18- 1 st Quarter	26.00	12.10
12.31.17 - 4 th Quarter	18.00	13.50
09.30.17 - 3 rd Quarter	20.00	12.12
06.30.17 - 2 nd Quarter	17.00	9.51
03.31.17- 1 st Quarter	11.48	9.62
12.31.16 - 4 th Quarter	10.50	9.63
09.30.16 - 3 rd Quarter	11.80	9.63
06.30.16 - 2 nd Quarter	14.50	10.24
03.31.16 - 1 st Quarter	14.00	9.01

[Data taken from the Philippine Stock Exchange, Inc. (edge.pse.com.ph)]

2. Holders

a. **Approximate Number of Shareholders of Each Class of Common Security as of March 31, 2019:**

The Company has 4,182 stockholders as of March 31, 2019.

b. **The Top 20 Registered Stockholders of the Corporation as of March 31, 2019 are:**

	No. of Shares	%
1. Boerstar Corporation	1,775,218,804	69.75%
2. North Kitanglad Agricultural Co., Inc.	309,000,000	12.14%
3. PCD Nominee Corporation:	213,469,471	8.39%
Filipino - 212,683,039		
Non-Filipino - 786,432		
4. Strong Gain Enterprises Limited	120,000,000	4.72%
5. Progressive Development Corporation	93,963,474	3.69%
6. Power Merchant International Limited	30,000,000	1.18%
Carroll, Charles F., TEE Carroll Family		
7. Trust FBO Charles F. Carroll	593,200	0.02%
8. Braasch, Herbert	84,884	0.00%
9. Baron, Rose A. & William J.	81,197	0.00%
10. Araneta, Jorge L.	73,535	0.00%
McLarney, Jane Mary & Timothy P.		
11. McLarney	70,875	0.00%
12. Silbert, Solomon S. & Claire B. Silbert	56,567	0.00%
13. Cohen, Sy R. & Barbara	43,195	0.00%
14. Steiner, Norma	38,656	0.00%
15. Loo Ngo Kue	36,020	0.00%
16. Pua, Luis	35,542	0.00%
Cunningham, Edmund F. & Pauline F.		
17. <u>Jtwros</u>	33,275	0.00%
18. Fores, Maria Lourdes A.	29,840	0.00%
19. Roxas, Judy A.	29,840	0.00%
20. Anulis, Evelyn	26,753	0.00%

Total issued and outstanding shares -
2,545,000,000

NOTE: NKACI has 212,683,739 shares lodged with PCD Nominee Corporation. In all, NKACI owns 521,683,739 shares representing 20.5% of the total outstanding shares of the Company.

3. Dividends

The Company has not declared any dividends during the last three (3) years.

The Company's Amended By-Laws provide that its Board of Directors may declare dividends only from surplus profits arising from the business of the Company, in accordance with the preferences constituted in favor of preferred stock when and if such preferred stock be issued and outstanding. Restrictions under the Corporation Code of the Philippines also limit the Company's power to declare dividends.

4. **Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction**

There were no unregistered or exempt securities sold by the Company, and there were no issuances of securities made by the Company constituting an exempt transaction.

F. COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICE

The Company has adopted the Securities and Exchange Commission's Corporate Governance Self-Rating Form (SEC CG-SRF) as its system of evaluation for compliance with the Company's Manual on Corporate Governance.

To fully comply with the adopted leading practices on good corporate governance, the following measures, among others, are being undertaken by the Company:

1. Holding a seminar on good corporate governance for Directors and Officers;
2. Adoption and implementation of a Code of Conduct for Directors, Officers and Employees;
3. Development, adoption and accomplishment of Full Business Interest Disclosure Form for all Directors and Officers;
4. Regularly holding, on a quarterly basis at the very least, Regular and Special Board Meetings;
5. Regular meetings of Board Committees, i.e. Nomination, Audit, and Compensation and Remuneration Committees;
6. Preparation and implementation of Audit Plans and Programs;
7. Adoption and implementation of Vision and Mission Statements and Corporate Strategy Financial and Operation Plans;
8. Identification and management of key performance risk areas;
9. Adoption and implementation of Guidelines on Capital Expenditures; and
10. Duly minuted proceedings of all Regular and Special Board Meetings and Board Committee Meetings.

There were no deviations from the Company's Manual of Corporate Governance.

The Company plans to hold more seminars on the different aspects of good corporate governance, such as risk management, to improve its corporate governance.

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

SECRETARY'S CERTIFICATE

I, **Cliburn Anthony A. Orbe**, of legal age, Filipino, and with office address at 5th Floor, Alphaland Makati Place, 7232 Ayala Avenue corner Malugay Street, Makati City, after being duly sworn in accordance with law, hereby certify that:

1. I am the Corporate Secretary of **ATOK-BIG WEDGE CO., INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with business office address at Alphaland Makati Place, 7232 Ayala Avenue corner Malugay Street, Barangay Bel-Air, 1209 Makati City, Philippines;

2. To the best of my knowledge, none of the directors and officers of the Corporation works in the government.

IN WITNESS WHEREOF, I have hereunto affixed my signature this _____
at Makati City, Metro Manila.

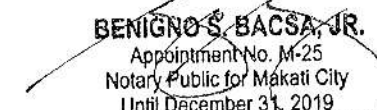
APR 08 2019


CLIBURN ANTHONY A. ORBE
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____, at Makati City, Metro Manila, affiant exhibiting to me his TIN 180-004-166.

APR 08 2019

Doc. No. 443;
Page No. 90;
Book No. 17;
Series of 20 19.


BENIGNO S. BACSA, JR.
Appointment No. M-25
Notary Public for Makati City
Until December 31, 2019
5th Floor, The City Club at Alphaland Makati Place
7232 Ayala Ave. Ext. cor. Malugay St. Makati City
Roll of Attorneys No. 68034
IBP No. 066622/01.10.2019/ Cagayan
PTR No. 7348332/01.10.2019/ Makati City
Admitted to the Bar in 2017 / TIN No. 408-296-439
Telephone No. (02) 337-2031

ANNEX "A"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GREGORIO MA. ARANETA III**, Filipino, of legal age, with address at 21/F Citibank Tower, Paseo de Roxas, Makati City, after having been sworn to in accordance with law, hereby depose and state that:

1. I am an Independent Director of ATOK-BIG WEDGE CO., INC. (the "Corporation").
2. I am also affiliated with the following companies:

Company	Position/Relationship	Period of Service
Araneta Properties, Inc.	Chairman/Chief Executive Officer	2010 to present
ARAZA Resources Corporation	President/Chairman	2006 to present
Carmel Development, Inc.	President/Chairman	2007 to present
Gregorio Araneta Inc.	Chairman and President	2000 to present
Gregorio Araneta Management Corporation	Chairman and President	2013 to present
Gamma Properties, Inc.	Chairman	2000 to present
Philweb Corporation	Chairman	2016 to present
Alphaland Corporation	Independent Director	2014 to present
Alphaland Balesin Island Club, Inc.	Independent Director	2014 to present
The City Club at Alphaland Makati Place, Inc.	Independent Director	2014 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in Section 38 of the Securities Regulations Code ("SRC") and its Implementing Rules and Regulations ("IRR").
4. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the SRC and its IRR.
5. I shall inform the Corporate Secretary /Assistant Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this _____ day of _____ at Makati City.



GREGORIO MA. ARANETA III
Affiant

MAR 15 2019

SUBSCRIBED AND SWORN to before me this _____ at Makati City, affiant exhibiting to me his TIN No. _____

BENIGNO S. BACSA, JR.

Appointment No. M-25

Notary Public for Makati City

Until December 31, 2019

5th Floor, The City Club at Alphaland Makati Place

7232 Ayala Ave. Ext. cor. Malugay St. Makati City

Roll of Attorneys No. _____

IBP No. _____

Doc. No. 314
Page No. 64
Book No. 01
Series on 2019

CERTIFICATION OF INDEPENDENT DIRECTOR

Annex "B"

I, **LORENZO V. TAN**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **ATOK-BIG WEDGE CO., INC.**
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
SEE ATTACHED		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ATOK-BIG WEDGE CO., INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of **ATOK-BIG WEDGE CO., INC.** and/or its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (*where applicable*)

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (*as the case may be*):

Offense Charged/Investigated	Tribunal or Agency Involved	Status
N/A		

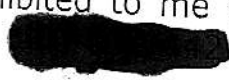
6. (*For those in government service/affiliated with a government agency or GOCC*) I have the required permission from (*head of the agency/department*) to be an independent director in **ATOK-BIG WEDGE CO., INC.**, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. 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.


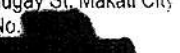
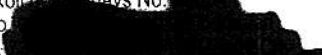

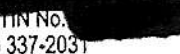
8. I shall inform the Corporate Secretary of **ATOK-BIG WEDGE CO., INC.** of any changes in the abovementioned information within five days from its occurrence.

Done, this MAR 15 2019, at Manila City.


LORENZO V. TAN
Affiant

SUBSCRIBED AND SWORN to before me this MAR 15 2019 at _____, affiant personally appeared before me and exhibited to me the following competent evidence of his/her identity: TIN No. 

Doc. No. 915;
Page No. 64;
Book No. 07;
Series of 2019;


BENIGNO S. BACSA, JR.
Appointment No. M-25
Notary Public for Makati City
Until December 31, 2019
5th Floor, The City Club at Alphaland Makati Place
7232 Ayala Ave. Ext. cor. Malugay St. Makati City
Roll of Attorneys No. 
IBP No. 
PTR No. 
Admitted to the Bar in 2017 / TIN No. 
Telephone No. (02) 337-2031

Company / Organization	Position / Relationship	Period of Service
Digital Telecommunications Phils. Inc.	Director	Jan. 27, 2017 up to present
SMART Communications Incorporated	Director	2007 up to present
Digitel Mobile Phils. Inc.	Director	Jan. 27, 2014 up to present
Voyager Innovations Inc.	Director	April 11, 2016 up to present
EEI Corporation	Director	June 16, 2017 up to present
House of Investments Inc.	Director	
Sun Life Grepa Financial Inc.	Director	June 6, 2017 up to present
Ipeople	Director	Jan. 5, 2018 up to present
Malayan Insurance	Director	May 2, 2017 up to present
Philippine Realty & Holdings Corporation	Director	July 13, 2016 up to present
Primeiro Partners Inc.	Managing Partner	Feb. 1, 2017 up to present
De La Salle Zobel	Trustee	Oct. 12, 2017 up to present

RM-X "C"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARGARITO B. TEVES**, Filipino, of legal age, with address at Great Wall Advertising Building, 136 Yakal Street, Makati City, after having been sworn to in accordance with law, hereby depose and state that:

1. I am an Independent Director of Atok-Big Wedge Co., Inc. (the "Corporation").
2. I am also affiliated with the following companies:

Company	Position/Relationship	Period of Service
P.J. Lhuillier Group of Companies	Member, Strategic Committee	February 2015 to present
Petron	Independent Director	May 20, 2014 to present
Bank of Commerce	Board Adviser	July 26, 2013 to present
Atlantic Aurum Investments Philippines Corporation	Independent Director,	July 19, 2013 to present
AB Capital Investment Corp.	Independent Director	June 29, 2012 to present
San Miguel Corporation	Independent Director	June 14, 2012 to present
The Wallace Business Forum	Managing Director	March 1, 2012 to present
Think Tank, Inc.	Chairman	1998 to 2000; 2010 to present
The City Club at Alphaland Makati Place, Inc.	Independent Director	2011 - Present
Alphaland Corporation	Independent Director	May 26 2011 - Present
Alphaland Balesin Island Club, Inc.	Independent Director	2011 - Present
Pampanga Sugar Development Co (PASUDECO)	Director	July 2011 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided for in Section 38 of the Securities Regulations Code ("SRC") and its Implementing Rules and Regulations ("IRR").
4. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the SRC and its IRR.
5. I shall inform the Corporate Secretary /Assistant Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this _____ day of _____ at Makati City.


MARGARITO B. TEVES
 Affiant

SUBSCRIBED AND SWORN to before me this _____ at Makati City, affiant exhibiting to me his TIN No. _____

Doc No. 313
 Page No. 69
 Book No. 21
 Series on 20 19

BENIGNO S. BACSA, JR.
 Appointment No. M-25
 Notary Public for Makati City
 Until December 31, 2019
 5th Floor, The City Club at Alphaland-Makati Place
 7232 Ayala Ave. Ext. cor. Malugay St. Makati City
 Roll of Attorneys No. _____
 IBP No. _____
 PTR No. _____
 Admitted to the Bar in 2017 / TIN No. _____
 Telephone No. (02) 337-2031

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DENNIS A. UY**, Filipino, of legal age and a resident of [REDACTED]
[REDACTED]
after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **ATOK-BIG WEDGE CO., INC.**
2. I am affiliated with the following companies or organizations (*including Government-Owned and Controlled Corporations*):

<i>Company/Organization</i>	<i>Position/Relationship</i>
Dennison Holdings Corp.	Chairman/ President & CEO
Udenna Corporation	Chairman/ President
Chelsea Shipping Corp.	Chairman/ President & CEO
Michael, Inc.	Chairman/ President & CEO
Bunkers Manila Incorporated	Chairman/ President & CEO
PNX-Chelsea Shipping Corp.	Chairman/ President & CEO
Fortis Tugs Corporation	Chairman/ President & CEO
Davao Gulf Marine Services Inc.	Chairman/ President & CEO
CD Ship Management and Marine Services Corp.	Chairman/ President & CEO
Starlite Ferries, Inc.	Chairman/ President & CEO
Worklink Services, Inc.	Chairman
Chelsea Dockyard Corp.	Chairman/ President & CEO
Trans-Asia Shipping Lines, Inc.	Chairman
Ocean Star Shipping Corporation	Chairman
Starsyshoppe, Inc.	Chairman
Dynamic Cuisine, Inc.	Chairman
Quality Metal & Shipworks, Inc.	Chairman
Udenna Management & Resources Corp.	Chairman/ President & CEO
Global Synergy Trade and Distribution Corp.	Chairman/ President
PNX-Udenna Insurance Brokers, Inc.	Chairman/ President & CEO
Udenna Energy Corporation	Chairman/ President & CEO
Valueleases, Inc.	Chairman/ President & CEO
Udenna Capital Inc.	Chairman/ President & CEO
Udenna Environmental Services, Inc.	Chairman
Udenna Development Corporation (UDEVCO)	Chairman/ President & CEO
Udenna Tower Corporation	Chairman/ President & CEO

GoHotels Davao, Inc.	Director
Lapulapu Land Corp.	Chairman/ President & CEO
Calaca Industrial Seaport Corp.	President
South Pacific Inc.	Chairman
Betelguese Land Corporation	Chairman/ President & CEO
Pleiades Land Corporation	Chairman/ President & CEO
Riegel Land Corporation	Chairman/ President & CEO
Electra Land Corporation	Chairman/ President & CEO
Kraz Land Corporation	Chairman/ President & CEO
Grafias Land Corporation	Chairman/ President & CEO
Lessth Land Corporation	Chairman/ President & CEO
Heze Land Corporation	Chairman/ President & CEO
Formacis Land Corporation	Chairman/ President & CEO
Clark Global City Corp.	Chairman/ President & CEO
GGDC Holdings, Inc.	Director
Global Gateway Development Corp.	Chairman/ Director
Global Gateway Logistics City Holdings Company	Chairman
Global Gateway Logistics City Aeropark Corporation	Chairman
Global Gateway Logistics City Business Park Corporation	Chairman
Global Gateway Logistics City Town Center Corporation	Chairman
Global Gateway Logistics City Logistics Park Corporation	Chairman
F2 Logistics Philippines Inc.	Chairman
F2 Global Logistics Inc.	Board Member
P-H-O-E-N-I-X Petroleum Holdings, Inc.	Chairman/ President
P-H-O-E-N-I-X Petroleum Philippines, Inc.	President & CEO
P-H-O-E-N-I-X Global Mercantile, Inc.	Chairman/ President
Subic Petroleum Trading and Transport Phils.	Chairman/ President & CEO
P-F-L Petroleum Management, Inc.	Chairman/President
PH Travel and Leisure Holdings Corp.	Chairman/ President & CEO
Lapulapu Leisure Inc.	Chairman
Donatela Hotel Panglao Corp.	Chairman/ President
Donatela Resorts & Development Corp.	Chairman/ President
Clark Grand Leisure Corp.	Chairman/ President
CD Treasures Holdings Corp.	Chairman/ President

Davao PH Resort Corp.	Chairman/ President
Aetos Air Philippines, Inc.	Chairman/ President & CEO
Udenna Trade Corporation	Chairman/ President & CEO
Udenna Water Integrated Services Inc.	Chairman/ President & CEO
Udenna Foundation, Inc.	Chairman
Phoenix Philippines Foundation, Inc.	Chairman
Lapulapu Cultural Heritage Foundation, Inc.	Chairman
APEX Mining Corporation	Independent Director
Mithras Security and Investigation Inc.	President
Mindanao Clean Air Corp.	Board Member
Davao Wildwater Adventure Inc.	Board Member/ Corporate Secretary
Moonbeam Realty Development Corp.	Board Member
Astana Grand Trade Corp.	Board Member
Udenco Corporation	Board Member/ Corporate Secretary
Negros Navigation Co., Inc.	Board Member
2GO Group, Inc.	President & CEO
Conti's Holdings Corporation	Chairman
Ancecar Specialty Foods, Inc.	Chairman
Argajon Specialty Foods, Inc.	Chairman
Conti's Specialty Foods, Inc.	Chairman
Masuma Food Industry Inc.	Chairman
NOC Specialty Foods, Inc.	Chairman
Shanjon Specialty Foods, Inc.	Chairman
PH Resorts Group Holdings, Inc.	Chairman
CGLC Cultural Heritage Foundation	Chairman
L3 Concrete Specialists Inc.	Chairman
Le Penseur Inc.	Chairman/ President & CEO
Chelsea Logistics Holdings Corporation	Chairman

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ATOK-BIG WEDGE CO., INC.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following director/officer/substantial shareholder of **ATOK-BIG WEDGE CO., INC.** and/or its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (*where applicable*)

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
None		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding/I disclose that I am the subject of the following criminal/administrative investigation or proceeding (*as the case may be*):

Offense Charged/Investigated	Tribunal or Agency Involved	Status
See attached Annex A.		

6. (*For those in government service/affiliated with a government agency or GOCC*) I have the required permission from (*head of the agency/department*) to be an independent director in **ATOK-BIG WEDGE CO., INC.**, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. 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.

8. I shall inform the Corporate Secretary of **ATOK-BIG WEDGE CO., INC.** of any changes in the abovementioned information within five days from its occurrence.

Done, this MARCH 14, 2017, at MANILA CITY.

DENNIS A. UY
Affiant

SUBSCRIBED AND SWORN to before me this MARCH 14, 2017 at MANILA CITY, affiant personally appeared before me and exhibited to me the following competent evidence of his/her identity: TIN No. [REDACTED]

Doc. No. 305 ;
Page No. 62 ;
Book No. 4 ;
Series of 2019 ;

BENIGNO S. BACSA, JR.
Appointment No. M-25
Notary Public for Makati City
Until December 31, 2019
5th Floor, The City Club at Alphaland Makati Place
7232 Ayala Ave. Ext. cor. Malugay St. Makati City
Roll of Attorneys No. [REDACTED]
IBP No. [REDACTED]
PTR No. [REDACTED]
Admitted to the Bar in 2017 / TIN No. [REDACTED]
Telephone No. (02) 337-2031

ANNEX A

Case 1: People of the Philippines vs. Dennis Ang Uy, John Does and/or Jane Does, Criminal Case Nos. 75,834-13 to 75,845-13 and 76,067-13 to 76,076-13, Regional Trial Court, 11th Judicial Region, Davao City, Branch 14

On August 27, 2013, the Department of Justice (DOJ) filed twelve (12) Informations before the Regional Trial Court of Davao (docketed as Criminal Case Nos. 75,834-13 to 75,845-13) against Mr. Dennis A. Uy and several John Does and/or Jane Does for alleged violations of Section 3602¹, in relation Sections 3601,² 2530 (1)(1), (3), (4), and (5),³ Sections 1801,⁴ 1802⁵ of the Tariff and Customs Code of the Philippines ("TCCP"). These provisions all pertain to unlawful importation of goods allegedly committed by Mr. Uy for the importation of petroleum products in the Philippines.

¹ Sec. 3602. Various fraudulent practices against customs revenue. Any person who makes or attempts to make any entry of imported or exported article by means of any false or fraudulent invoice, declaration, affidavit, letter, paper, or by any means of any false statement, written or verbal, or by any means of any false or fraudulent practice whatsoever, or knowingly effects any entry of goods, wares or merchandise, at less than true weight or measures thereof or upon a false classification as to quality or value, or by the payment of less than the amount legally due, or knowingly and willfully files any false or fraudulent entry or claim for the payment of drawback or refund of duties upon the exportation of merchandise, or makes or files any affidavit, abstract, record, certificate or other document, with a view to securing the payment to himself or others of any drawback, allowance, or refund of duties on the exportation of merchandise, greater than that legally due thereon, or who shall be guilty of any willful act or omission, shall, for each offense, be punished in accordance with the penalties prescribed in the preceding section.

² Sec. 3601. Unlawful Importation. — Any person who shall fraudulently import or bring into the Philippines, or assist in so doing, any article, contrary to law, or shall receive, conceal, buy, sell, or in any manner facilitate the transportation, concealment, or sale of such article after importation, knowing the same to have been imported contrary to law, shall be punished by a fine of not less than six hundred pesos nor more than five thousand pesos and imprisonment for not less than six months nor more than two years and, if the offender is an alien, he shall be deported after serving the sentence.

³ Sec. 2530. Property Subject to Forfeiture Under Tariff and Customs Laws. — Any vessel or aircraft, cargo, articles and other objects shall, under the following conditions, be subject to forfeiture:

xxx

I. Any article sought to be imported or exported:

(1) Without going through a customhouse, whether the act was consummated, frustrated or attempted;

xxx

(3) On the strength of a false declaration or affidavit executed by the owner, importer, exporter or consignee concerning the importation or exportation of such article.

(4) On the strength of a false invoice or other document executed by the owner, importer, exporter or consignee concerning the importation or exportation of such article.

(5) Through any other fraudulent practice or device by means of which such articles were entered through a customhouse to the prejudice of the government.

* SEC. 1801. Abandonment, Kinds and Effects of - An imported article is deemed abandoned under any of the following circumstances:

a. When the owner, importer, consignee of the imported article expressly signifies in writing to the Collector of Customs his intention to abandon; or

b. When the owner, importer, consignee or interested party after due notice, fails to file an entry within thirty (30) days, which shall not be extendible, from the date of discharge of the last package from the vessel or aircraft, or having filed such entry, fails to claim his importation within fifteen (15) days, which shall not likewise be extendible, from the date of posting of the notice to claim such importation.

Any person who abandons an article or who fails to claim his importation as provided for in the preceding paragraph shall be deemed to have renounced all his interests and property rights therein.

⁴ Sec. 1802. Abandonment of Imported Articles. - An abandoned article shall ipso facto be deemed the property of the Government and shall be disposed of in accordance with the provisions of this Code. Nothing in this section shall be construed as relieving the owner or importer from any criminal liability which may arise from any violation of law committed in connection with the importation of the abandoned article.

Any official or employee of the Bureau of Customs or of other government knowledge of the existence of an abandoned article or having control or custody of such abandoned article, fails to report to the Collector within twenty-four (24) hours from the time the article is shall be punished with the penalties prescribed in Paragraph 1, Section 3604 of this Code.

On September 5, 2013, Mr. Uy's counsel filed an Omnibus Motion, which prayed, among others, for the dismissal of the criminal cases for lack of probable cause.

Additional ten (10) criminal informations were filed by the DOJ on September 11, 2013, pertaining to additional instances of the same violations under the TCCP. These additional informations all pertain to the alleged unlawful importation of goods for the importation of petroleum products. Hence, Mr. Uy's counsel filed a supplemental motion on September 19, 2013 for the dismissal of the 10 additional informations.

On October 4, 2013, the RTC issued an Order *dismissing* all the cases against Mr. Uy. The trial court held that there was no probable cause based on evidence for Mr. Uy to be held on trial.

Subsequently, however, the plaintiff, People of the Philippines, filed a Motion for Reconsideration to reverse the dismissal of all criminal cases. On August 18, 2014, the RTC denied the Motion for Reconsideration.

Thereafter, the plaintiff People of the Philippines filed a Petition for Certiorari with the Court of Appeals for the reversal of the dismissal Orders issued on October 4, 2013 and August 18, 2014. Please see Case 2 below for status on the Petition for Certiorari.

Case 2: People of the Philippines vs. Hon. George E. Omelio, in his capacity as Presiding Judge of the Davao City Regional Trial Court, Branch 14, Hon. Loida S. Posadas-Kahugan, in her capacity as Acting Presiding Judge of the Davao City RTC, Branch 14, Dennis Ang Uy, John Does and/or Jane Does, CA-G.R.SP No. 06500-MIN, Court of Appeals, Cagayan de Oro City, 23rd Division

On October 27, 2014, the petitioner People of the Philippines filed a Petition for Certiorari seeking the reversal of the Orders dated October 4, 2013 and August 18, 2014 issued by the trial court dismissing the criminal cases filed against Dennis Uy (under Case 1) for having been issued with grave abuse of discretion amounting to lack or excess of jurisdiction, such that the issued orders were capricious, whimsical, or arbitrary.

Mr. Uy's counsel filed his Comment / Opposition to the said Petition for Certiorari, and the parties subsequently filed their respective Memoranda.

On October 12, 2016, the Court of Appeals issued a resolution denying the Petition for Certiorari filed by the People of the Philippines. The Court of Appeals ruled that "there is no showing that the error was capricious, whimsical or arbitrary. Further, the voluminous records evidence that the RTC's challenged Orders took careful account of the respective claims and defenses of the parties, as well as the evidence submitted. Such studious and studied consideration negates whimsicality and arbitrariness."

Thus, on November 7, 2016, the People of the Philippines filed a Motion for Reconsideration of the Decision dated October 12, 2016. To date, the Court of Appeals has not acted on the Motion for Reconsideration dated November 7, 2016 and thus the case remains pending.

Case 3: Dennis A. Uy vs. Hon. Secretary of the Department of Justice Leila M. De Lima and the Bureau of Customs, CA-G.R.SP No.131702, Court of Appeals, Manila, Special Former Special Tenth Division

In connection to the resolutions of the DOJ to file criminal cases against Dennis Uy (which were filed under Case 1), Mr. Uy sought remedy to question the resolutions of the DOJ which found probable cause against him for the alleged violations of the TCCP.

Dennis A. Uy filed a Petition for Certiorari with the Court of Appeals on September 4, 2013 for the reversal of these resolutions.

On July 25, 2014, the Court of Appeals issued its Decision granting the Petition for Certiorari of Mr. Uy and declaring the Resolutions of the DOJ dated April 24, 2013 and August 13, 2013 nullified and set aside and directing that the Information filed against Dennis Uy withdrawn and/or dismissed for lack of probable cause.

Thereafter, a Motion for Reconsideration of the Court of Appeals Decision was filed by the DOJ and the Bureau of Customs. On July 23, 2015, the Court of Appeals issued its Resolution denying the Motion for Reconsideration of the DOJ and the Bureau of Customs.

Subsequently, the DOJ filed a Motion for Extension to File Petition for Review on Certiorari with Supreme Court (See Case 4).

Case 4: Secretary of the Department of Justice Leila M. De Lima and Bureau of Customs vs. Dennis A. Uy, G.R.No.219295-219296, Supreme Court, 2nd Division

On October 8, 2015, respondent Dennis A. Uy received a copy of the Petition for Review on Certiorari dated September 8, 2015 filed by petitioners SOJ and Bureau of Customs seeking to set aside the Court of Appeals' Decisions dated July 25, 2014 and July 23, 2015 (Under Case 4). The Supreme Court required the parties to file their respective Memoranda, which the parties complied with. On December 12, 2016, the Supreme Court issued its Notice of Resolution dated November 16, 2016 noting the parties' Memoranda.

As of the date, the Supreme Court has not yet issued any decision.

ATOK-BIG WEDGE CO., INC.

March 15, 2019

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS"

The management of **Atok-Big Wedge Co., Inc. and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2018, 2017 and 2016, 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 consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Group'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.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


ROBERTO WONGPIN
Chairman & CEO


ERIC O. RECTO
Vice Chairman & President


CRISTINA B. ZAPANTA
Senior Vice President for Finance

SUBSCRIBED AND SWORN to before me this 21 5 2019 at Makati City,
affiants exhibiting to me their respective identification documents, and personally known to
me, follows:

NAME	COMPETENT EVIDENCE OF IDENTITY	DATE OF ISSUE	PLACE OF ISSUE
Roberto V. Ongpin	Passport No: P0300707A	09/17/2016	DFA Manila
Eric O. Recto	Passport No: EC3544131	02/27/2015	DFA Manila
Cristina B. Zapanta	Passport No: P3451062A	06/22/2017	DFA NCR East

Doc. No. 376
Page No. 79
Book No. 61
Series of 2019

BENIGNO S. BACSA, JR.
Appointment No. M-25
Notary Public for Makati City
Until December 31, 2019
5th Floor, The City Club at Alphaland Makati Place
7232 Ayala Ave. Ext. cor. Malugay St. Makati City
Roll of Attorneys No. 68034
IBP No. 066622/01.10.2019/ Cagayan
PTR No. 7348332/01.10.2019/ Makati City
Admitted to the Bar in 2017 / TIN No. 408-296-439
Telephone No. (02) 337-2031

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P W 4 2 7 - A

COMPANY NAME

A T O K - B I G W E D G E C O . , I N C . A N D S U B S I D I
A R I E S

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

A l p h a l a n d M a k a t i P l a c e , 7 2 3 2 A y a l a A
v e n u e c o r n e r M a l u g a y S t r e e t , M a k a t i
C i t y

Form Type

A A C F S

Department requiring the report

C R M D

Secondary License Type, if Applicable

N / A

COMPANY INFORMATION

Company's Email Address

-

Company's Telephone Number/s

(632) 304-6282

Mobile Number

-

No. of Stockholders

4,187

Annual Meeting (Month / Day)

Last Friday of May

Fiscal Year (Month / Day)

12 / 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Ms. Cristina B. Zapanta

Email Address

cbzapanta@alphaland.com.ph

Telephone Number/s

(632) 337-2031

Mobile Number

0908-8762265

CONTACT PERSON'S ADDRESS

Alphaland Makati Place, 7232 Ayala Avenue corner Malugay Street, 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.

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Atok-Big Wedge Co., Inc. and Subsidiaries
Alphaland Makati Place
7232 Ayala Avenue corner Malugay Street
Makati City

Opinion

We have audited the accompanying consolidated financial statements of Atok-Big Wedge Co., Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years ended December 31, 2018, 2017 and 2016, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for each of 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Notes 1 and 8 to consolidated financial statements concerning the delay in one of the planned drilling programs of Forum Energy Ltd., an associate of a subsidiary. The ultimate outcome of the uncertainty related to this delay cannot be presently determined.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Valuation of Investment in an Associate

The Group is required to review the carrying amount of its investment in an associate at each reporting date whenever there is any indication of impairment loss. The impairment review is significant to our audit since the carrying amount of the investment in an associate of ₱617.6 million is material to the consolidated financial statements because it represents 92% of the consolidated total assets. Further, the impairment assessment of the investment involves management's judgment and estimate on the commencement and feasibility of the Associate's exploration projects, which are affected by future market, economic conditions, and the outcome of territorial deliberations in the West Philippine Sea.

Our audit procedures include, among others, the review of the assumptions used by the Group in the impairment assessment, in particular those involving the forecasted cash flows from the related service contract, commencement of exploration and the discount rate used. We also focused on the adequacy of the Group's disclosures pertaining to the status of the Associate's significant exploration projects and the financial information of the Associate as disclosed in Notes 1 and 8 to consolidated financial statements.

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 and Annual Report for the year ended December 31, 2018, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report 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 consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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 the audit.

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 consolidated 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 Emmanuel V. Clarino.

REYES TACANDONG & Co.

EMMANUEL V. CLARINO

Partner

CPA Certificate No. 27455

Tax Identification No. 102-084-004-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1021-AR-2 Group A

Valid until March 27, 2020

BIR Accreditation No. 08-005144-005-2017

Valid until January 13, 2020

PTR No. 7334331

Issued January 3, 2019, Makati City

March 15, 2019

Makati City, Metro Manila

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2018	2017
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱14,787,228	₱40,764,801
Receivables	5	6,186,796	4,523,710
Short-term investments	6	22,000,000	–
Other current assets	7	9,515,025	9,337,237
Total Current Assets		52,489,049	54,625,748
Noncurrent Assets			
Investment in an associate	8	617,576,358	579,241,175
Equity investment designated at fair value through other comprehensive income (FVOCI)	9	2,105,244	1,999,950
Advances to mining right holders	1	1,525,000	1,525,000
Property and equipment	11	27,954	45,574
Total Noncurrent Assets		621,234,556	582,811,699
		₱673,723,605	₱637,437,447
LIABILITIES AND EQUITY			
Current Liabilities			
Payables and other current liabilities	12	₱2,720,860	₱2,411,632
Equity			
Capital stock	14	1,060,000,000	1,060,000,000
Deficit		(545,124,892)	(529,797,202)
Accumulated other comprehensive income		156,127,637	104,823,017
Total Equity		671,002,745	635,025,815
		₱673,723,605	₱637,437,447

See accompanying Notes to Consolidated Financial Statements.

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2018	2017	2016
GENERAL AND ADMINISTRATIVE EXPENSES	15	₱5,548,469	₱7,836,824	₱18,690,458
OTHER INCOME (EXPENSES)				
Share in net results of operations of an associate	8	(12,864,143)	(13,735,209)	(18,758,273)
Service fees		2,474,560	1,472,890	1,479,480
Interest income	4	940,150	1,051,021	2,784,483
Others		1,523	1,816	30,141
		(9,447,910)	(11,209,482)	(14,464,169)
LOSS BEFORE INCOME TAX		(14,996,379)	(19,046,306)	(33,154,627)
PROVISION FOR CURRENT INCOME TAX	18	331,311	162,094	209,955
NET LOSS		(15,327,690)	(19,208,400)	(33,364,582)
OTHER COMPREHENSIVE INCOME				
<i>Item that will be reclassified subsequently to profit or loss -</i>				
Foreign exchange differences on translation of the financial statements of Tidemark Holdings Limited (Tidemark)	8	51,199,326	1,889,325	46,933,425
<i>Item that will not be reclassified subsequently to profit or loss -</i>				
Unrealized gain on valuation of equity instrument designated at FVOCI	9	105,294	—	—
		51,304,620	1,889,325	46,933,425
TOTAL COMPREHENSIVE INCOME (LOSS)		₱35,976,930	(₱17,319,075)	₱13,568,843
BASIC AND DILUTED LOSS PER SHARE	16	(₱0.0060)	(₱0.0075)	(₱0.0131)

See accompanying Notes to Consolidated Financial Statements.

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	2018	2017	2016
CAPITAL STOCK - ₱1 par value	14	₱1,060,000,000	₱1,060,000,000	₱1,060,000,000
DEFICIT				
Balance at beginning of year		(529,797,202)	(510,588,802)	(477,224,220)
Net loss		(15,327,690)	(19,208,400)	(33,364,582)
Balance at end of year		(545,124,892)	(529,797,202)	(510,588,802)
ACCUMULATED OTHER COMPREHENSIVE INCOME				
Cumulative Translation Adjustment	8			
Balance at beginning of year		104,823,017	102,933,692	56,000,267
Foreign exchange differences on translation of the financial statements of Tidemark		51,199,326	1,889,325	46,933,425
Balance at end of year		156,022,343	104,823,017	102,933,692
Cumulative Valuation Gain on Equity Investment Designated at FVOCI	9			
Balance at beginning of year		—	—	—
Unrealized gain on valuation of equity investment designated at FVOCI		105,294	—	—
Balance at end of year		105,294	—	—
		156,127,637	104,823,017	102,933,692
		₱671,002,745	₱635,025,815	₱652,344,890

See accompanying Notes to Consolidated Financial Statements.

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		(P14,996,379)	(P19,046,306)	(P33,154,627)
Adjustments for:				
Share in net results of operations of an associate	8	12,864,143	13,735,209	18,758,273
Interest income	4	(940,150)	(1,051,021)	(2,784,483)
Depreciation and amortization	11	17,620	40,589	442,826
Unrealized foreign exchange gain		–	(1,706)	(28,704)
Loss on sale of property and equipment		–	–	7,102
Operating loss before working capital changes		(3,054,766)	(6,323,235)	(16,759,613)
Decrease (increase) in:				
Receivables		(1,418,665)	1,181,229	(693,809)
Short-term investments		(22,000,000)	–	–
Other current assets		(156,401)	(365,360)	(614,266)
Increase (decrease) in payables and other current liabilities		386,487	316,562	(12,068,147)
Net cash used for operations		(26,243,345)	(5,190,804)	(30,135,835)
Interest received		535,814	1,018,160	2,823,157
Income tax paid		(352,698)	(180,331)	(125,404)
Net cash used in operating activities		(26,060,229)	(4,352,975)	(27,438,082)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Investment in an associate	8	–	(100,761,008)	–
Advances to mining right holders		–	–	(77,514)
Property and equipment		–	–	(37,812)
Proceeds from disposal of property and equipment		–	39,447	608,929
Net cash provided by (used in) investing activities		–	(100,721,561)	493,603
NET DECREASE IN CASH AND CASH EQUIVALENTS		(26,060,229)	(105,074,536)	(26,944,479)
EFFECT OF UNREALIZED FOREIGN EXCHANGE GAIN ON CASH AND CASH EQUIVALENTS		82,656	1,706	28,704
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		40,764,801	145,837,631	172,753,406
CASH AND CASH EQUIVALENTS AT END OF YEAR		P14,787,228	P40,764,801	P145,837,631
COMPONENTS OF CASH AND CASH EQUIVALENTS				
Cash on hand and in banks	4	P1,254,194	P3,405,747	P3,155,576
Short-term placements		13,533,034	37,359,054	142,682,055
		P14,787,228	P40,764,801	P145,837,631

See accompanying Notes to Consolidated Financial Statements.

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018 AND 2017
AND FOR EACH OF THE THREE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

1. Corporate Matters

Corporate Information

Atok-Big Wedge Co., Inc. (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 3, 1931. The Parent Company's corporate life was extended to another 50 years from September 25, 1981. The Parent Company's primary purpose is to engage in the business of exploration and development of mining, oil, gas and other natural resources.

The Parent Company listed its shares in the Philippine Stock Exchange (PSE) on January 8, 1948. As at December 31, 2018 and 2017, 953,963,474 of the Parent Company's shares are listed in the PSE.

The Parent Company's subsidiaries are as follows:

Subsidiary	Place of Incorporation	Nature of Business	Percentage of Ownership	
			2018	2017
Tidemark Holdings Limited (Tidemark)	Hong Kong	Holding	100%	100%
AB Stock Transfers Corporation (ABSTC)	Philippines	Stock Transfer Agency	100%	100%

The Parent Company and its subsidiaries are collectively referred herein as "the Group."

As at December 31, 2018 and 2017, the Group, through Tidemark, has 20.00% interest in Forum Energy Ltd. (FEL). On March 22, 2017, the Board of Directors (BOD) approved the subscription to additional 6,666,667 new shares of FEL (through Tidemark) at USD0.30 a share or a total of USD2.0 million. Together with the subscription simultaneously made by other major shareholder of FEL, the new subscription resulted to the decrease of the Parent Company's ownership in FEL from 27.14% in 2016 to 20.00% in 2017. The additional subscription was ratified by the stockholders on May 10, 2017.

FEL has interests in various service contracts as follows:

Service Contract	Interest
Service contract 72 (Reed Bank)	70%
Service contract 40 (North Cebu)	100%
Service contract 14A (Nido)	8.47%
Service contract 14B (Matinloc)	12.41%
Service contract 14B-1 (North Matinloc)	19.46%
Service contract 14C-1 (Galoc)	2.28%
Other service contracts	5% - 9%

As at December 31, 2018 and 2017, the Parent Company is 69.75% owned by Boerstar Corporation, a holding company incorporated in the Philippines. The ultimate parent of the Group is Compact Holdings, Inc., a Philippine entity engaged in holding and investing activities.

The Parent Company's registered address and principal place of business is Alphaland Makati Place, 7232 Ayala Avenue corner Malugay Street, Makati City.

Status of the Significant Projects of FEL (Associate Entity)

Service Contract 72 (Reed Bank). FEL's principal asset is a 70% interest in Service Contract (SC) 72 which covers an area of 8,800 square kilometers in the West Philippine Sea. SC 72 is currently under Sub-Phase 2 of its exploration. However, the Philippine government is unable to grant FEL permission to deploy vessels for drill site survey due to the territorial deliberations in the West Philippine Sea. On February 26, 2015, the Department of Energy (DOE) granted *Force Majeure* to SC 72 work commitments effective December 15, 2014. In view of this, all exploration activities in the block are suspended until the DOE notifies FEL to commence drilling.

On July 12, 2016, the Permanent Court of Arbitration in The Hague released a ruling on the maritime case filed by the Republic of the Philippines against the People's Republic of China. In particular, the Tribunal ruled that Reed Bank, where SC 72 lies, is within the Philippines' Exclusive Economic Zone as defined under the United Nations Convention on the Law of the Seas. In November 2017, the Association of Southeast Asian Nations and China has arrived at a negotiation to commence talks on drafting an effective Code of Conduct in the disputed seas.

In November 2018, the Philippines and China entered into a Memorandum of Understanding (MOU) on Cooperation on Oil and Gas Development. Both countries have allotted a one-year period to discuss the recently signed MOU before instituting any firm agreement on a possible joint oil and gas exploration.

The DOE has approved the Work Program and Budget for 2019 submitted by FEL consisting of a firm program of seismic reprocessing to be followed by seismic interpretation. In addition, a contingent program that includes the conduct of a geotechnical survey over the proposed well locations and the acquisition of bathymetry data and 3D seismic data over the North Bank Prospect was submitted.

In 2018, FEL started reprocessing the 3D seismic data it acquired in 2011. This is to improve the seismic quality using newly-developed processing techniques such as broadband processing. The reprocessing work is expected to be completed in June 2019.

The work program shall be implemented upon the lifting of the *Force Majeure*. FEL will have 20 months upon lifting of the *Force Majeure* to complete the Sub-Phase 2 work commitment comprising the drilling of two wells.

On December 21, 2018, FEL, through its subsidiary, Forum (GSEC 101) Limited, has sent a letter of request to the DOE to lift the *Force Majeure* imposed on SC 72. The request is still pending positive response from the DOE as at reporting date. The ultimate outcome of the uncertainty on the conduct of drilling operations cannot be presently determined.

Service Contract 40 (North Cebu). The Libertad Field in Bogo City, had been shut-in since August 2015. It was deemed that FEL would not be able to resume operations due to fluctuating pressure, thus FEL decided to decommission the field and to plug and abandon the L95-1 production well permanently. In 2017, FEL was able to successfully plug and abandon the L95-1 well.

Service Contracts 14A (Nido), 14B (Matinloc) and 14B-1 (North Matinloc). Total production from the Nido and Matinloc fields in 2018 was 94,790 barrels, or an average of 260 barrels of oil per day ('bopd'). The Nido Field accounted for 54.59% of the total, while Matinloc Field accounted for the remaining 45.41%. Total production in 2017 was 127,555 barrels, or an average of 345 bopd.

The permanent plugging and abandonment (P&A) of the Libro-1 and Tara South-1 wells was completed in early June 2018. The remaining nine wells at the Nido, Matinloc, and North Matinloc Fields have already reached their end of life, having been in production since the late 70s to early 80s. The P&A operation for these wells will start in April 2019.

Service Contract 14C-1 (Galoc). The Galoc Field produced a total of 1.2 million barrels of oil in 2018 or 3,198 bopd, as compared to 1.5 million barrels or 4,003 bopd in 2017. Cumulative production starting October 2008 up to reporting date is 21.35 million barrels of oil.

Other Service Contracts. FEL has participating interests in other service contracts including SC6A (Octon), SC6B (Bonita Block) and SC14C-2 (West Linapacan), among others, which are currently under exploration phase.

Potential Acquisition of Certain Mining Rights

The Parent Company entered into various MOUs for the potential acquisition of certain mining rights. Total advances to the mining right holders amounted to ₱1.5 million as at December 31, 2018 and 2017. In view of the prevailing regulatory environment, the Parent Company is continuously evaluating the feasibility of this potential acquisition.

Stock Option Plan

In 2015, the BOD approved the Stock Option Plan (SOP) which provides among others the allocation of no more than 5% of the authorized capital for the SOP; each grant is for three years and will vest 1/3 for each of the succeeding years; and the strike price shall not be less than 80% of the market value at the time of grant. This was ratified by the stockholders on May 31, 2016.

As at December 31, 2018, the Parent Company is still completing the requirements for the SEC's approval of the exemption from its registration requirements and the PSE's approval of the listing of the shares under the SOP. To date, no grants have been made under the SOP.

Approval and Authorization for Issuance of Consolidated Financial Statements

The consolidated financial statements as at December 31, 2018 and 2017 and for each of the three years ended December 31, 2018, 2017 and 2016 were approved and authorized for issue by the Executive Committee of the BOD on March 15, 2019.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Measurement Bases

The consolidated financial statements are presented in Philippine Peso (Peso), the Parent Company's functional and presentation currency. All values are rounded to the nearest Peso, except otherwise indicated.

The consolidated financial statements of the Group have been prepared on the historical cost basis of accounting, except for equity investment designated at fair value through other comprehensive income (FVOCI). Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

Level 1 – Quoted (unadjusted) market prices in active 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 consolidated financial statements on a recurring basis, the Group 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 Group 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 value is included in Note 19.

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 Group adopted effective for annual periods beginning on or after January 1, 2018:

- PFRS 9, *Financial Instruments* – This standard replaces PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and 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 their classification by reference to the business model within which these are held and its contractual cash flow characteristics.

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

The Group has applied the requirements of PFRS 9 retrospectively. The Group's retrospective application of PFRS 9, however, did not result to restatement of account balances in comparative periods or any adjustment in the opening retained earnings of the earliest period presented in the consolidated financial statements. Consequently, the Group opted not to present a third consolidated statement of financial position.

The Group has performed an assessment and determined the following impact of PFRS 9 on its financial instruments:

Classification and Measurement. Based on the analysis of its business model as at January 1, 2018 and the contractual cash flow characteristics of its financial assets, the Group has made the following reclassifications:

- Cash and cash equivalents, receivables and other financial assets 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.
- The Group's investment in shares of a non-listed company that was classified as available-for-sale financial assets and measured at cost under PAS 39 are now classified and measured as equity investment designated at FVOCI. As permitted by PFRS 9, the Group made an irrevocable designation to present in other comprehensive income the changes in fair value as it intends to hold the investment for the foreseeable future. There were no impairment losses recognized in profit or loss for this investment in prior periods.

As allowed under the transitory provision of PFRS 9, an entity that previously accounted at cost an investment in an equity instrument that does not have a quoted price in an active market for an identical instrument; it shall measure that instrument at fair value at the date of initial application. Any difference between the previous carrying amount and the fair value shall be recognized in the opening retained earnings of the reporting period that includes the date of initial application. On the date initial application, the fair value of the investment approximates its carrying amount. Hence, no restatement was made in the opening balances.

The Group 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 Group's financial instruments.

Impairment. The new impairment requirements do not result to additional provision for impairment losses with respect to its receivables because these are mainly exposures from the Group's related parties that have sufficient liquid assets to settle their obligation.

While cash and cash equivalents and short-term investments are subject to the impairment requirements of PFRS 9, the resulting impairment loss is not significant primarily because the deposits and placements are with reputable counterparty banks that possess good credit ratings.

Hedging. The Group does not have transactions wherein hedge accounting will apply.

There is no significant impact on the basic and diluted earnings per share as a result of the Group's adoption of PFRS 9.

- PFRS 15, *Revenue from Contracts with Customers* – The new standard replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, and their 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.). An amendment to PFRS 15 was issued to clarify the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendment also provides some transition relief for modified contracts and completed contracts.

The Group has adopted PFRS 15 using the full retrospective method to a portfolio of contracts with similar characteristics. Revenue from contracts with customers mainly arises from the stock transfer services by ABSTC. These contracts generally undertake to provide single performance obligation at a fixed price which is mainly the rendering of services. Thus, the allocation of transaction price is not applicable. The Group recognizes revenue as the services are rendered to the customers. Accordingly, the adoption of PFRS 15 has no impact on the timing of the Group's revenue recognition.

- Amendments to PFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions* – The amendments clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payment transactions, the accounting for share-based payment transactions with a net settlement feature for withholding tax obligations, and the effect of a modification to the terms and condition of a share-based payment that changes the classification of the transaction from cash-settled to equity settled.

- Amendments to PAS 28, *Investments in Associates and Joint Ventures - Measuring an Associate or Joint Venture at Fair Value* – The amendments are part of the Annual Improvements to PFRS 2014-2016 Cycle and clarify that the election to measure at FVPL an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, mutual fund, unit trust or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration* – The interpretation provides guidance clarifying that the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency is the one at the date of initial recognition of the nonmonetary prepayment asset or deferred income liability.

The adoption of the foregoing new and amended PFRS did not have any material effect on the consolidated financial statements. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

Several other amendments apply for the first time in 2018, but are not relevant on the consolidated financial statements of the Group.

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 consolidated financial statements are summarized below.

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

- PFRS 16, *Leases* – This standard will replace 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' consolidated 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.

For the Group's operating lease commitments as at December 31, 2018, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under PFRS 16. Thus, the Group will have to recognize a right-of-use asset and a corresponding liability in respect of all these leases - unless these qualify for low value or short-term leases upon the application of PFRS 16 – which might have a significant impact on the amounts recognized in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of that effect until the Group completes the review.

- Amendments to PFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation* – The amendments allow entities to measure particular prepayable financial assets with negative compensation at amortized cost or at FVOCI, instead of at FVPL, if a specified condition is met. It also clarifies the requirements in PFRS 9 for adjusting the amortized cost of a financial liability when a modification or exchange does not result in its derecognition (as opposed to adjusting the effective interest rate).

- Amendments to PAS 28, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures* – The amendments clarify that long-term interests in an associate or joint venture that, in substance, form part of the entity's net investment but to which the equity method is not applied, are accounted for using PFRS 9.

Deferred effectivity –

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group, except for PFRS 16, as discussed in the foregoing. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

Subsidiaries - Subsidiaries are entities controlled by the Parent Company. The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. The Parent Company has control when it is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; or
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Functional and Presentation Currency - The consolidated financial statements are presented in Peso, which is the Parent Company's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency. When there is a change in those underlying transactions, events and conditions, the entity accounts for such change in accordance with the Group's policy on change in functional currency. At the reporting date, the assets and liabilities of Tidemark, a subsidiary whose functional currency is in United States (US) Dollar are translated into the presentation currency of the Parent Company using the foreign exchange closing rate at the reporting date, components of equity using historical exchange rate, and their consolidated statement of comprehensive income are translated at the foreign exchange weighted average daily exchange rates for the year. The exchange differences arising from translation are taken directly to a separate component of equity under the "Cumulative Translation Adjustment" account. Upon disposal of the foreign entity, the cumulative translation adjustment shall be recognized in the consolidated statement of comprehensive income.

Business Combinations and Goodwill - Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are recognized as expense.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured. Subsequent settlement is accounted for within equity. In instance where the contingent consideration does not fall within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. If the initial accounting for business combination can be determined only provisionally by the end of the period by which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts the combination using provisional values. Adjustments to these provisional values as a result of completing the initial accounting shall be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date and goodwill or any gain

recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Transactions Eliminated on Consolidation - All intra-group balances, transactions, income and expenses and unrealized gains and losses are eliminated in full.

Accounting Policies of Subsidiaries - The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as that of the Parent Company.

Financial Assets and Liabilities

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

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated FVPL, includes transaction cost. The Group has applied the practical expedient to measure at transaction price its accounts receivable from stock transfer services that do not contain a significant financing component.

"Day 1" Difference. Where the transaction 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 Group 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 Group 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 Group determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Group 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. The classification of a financial asset largely depends on the Group's business model and its contractual cash flow characteristics. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2018 and 2017, the Group does not have financial assets and liabilities at FVPL and debt instruments measured at FVOCI.

Financial Assets at Amortized Cost. Financial assets 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.

The Group's cash and cash equivalents, receivables (excluding advances to officers and employees), short-term investments, and rental and security deposits (presented under "Other current assets") are classified under this category.

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

Equity Investment Designated at FVOCI. On initial recognition, an equity instrument that is not held for trading may be irrevocably designated as a financial asset to be measured at FVOCI.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment.

Changes in the fair value of this instrument is recognized in other comprehensive income and presented in the equity section of the consolidated statement of financial position. The cumulative gains or losses will not be reclassified to profit or loss on disposal of the equity investment; instead, these will be transferred to retained earnings.

This category includes the Parent Company's investment in unquoted shares of stock.

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 Group 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. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

The Group's payables and other current liabilities (excluding statutory payables) are classified under this category.

Reclassification

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

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

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

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

Equity investment that has been designated to be classified and measured at FVOCI may not be reclassified to a different category.

Impairment of Financial Assets at Amortized Cost

The Group records an allowance for impairment losses on its financial assets measured at amortized cost based on ECL.

ECL is the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group measures loss allowances at an amount equivalent to the 12-month ECL for receivables on which credit risk has not increased significantly since initial recognition and for debt instruments that are determined to have low credit risk at the reporting date.

12-month ECL is the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. ECL for credit-impaired financial assets is based on the difference between the gross carrying amount and present value of estimated future cash flows.

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

Accounts Receivable. The Group has applied the simplified approach in measuring the ECL on accounts receivable from stock transfer services. Simplified approach requires that ECL should always be based on the lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Group has established 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 and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments Measured at Amortized Cost. For these financial instruments, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial 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 Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Offsetting of Financial Assets and Liabilities

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

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Other Current Assets

Other current assets consist of excess of input value added tax (VAT) over output VAT, rental and security deposits, prepayments and creditable withholding taxes (CWT).

VAT. Revenue, expenses and assets, except receivables and payables, are recognized net of the amount of VAT. The net amount of VAT recoverable from the taxation authorities is recognized under "Other current assets" account in the consolidated statement of financial position.

Rental and Security Deposits. This account represents amounts paid by the Group as an advance rental and deposits for electric and other utilities charges in relation to the Group's lease agreement. These deposits are refundable to the Group upon termination of the agreement.

Prepayments. Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time. Prepayments that are expected to be incurred no more than 12 months after the reporting date are classified as current assets. Otherwise these are classified as noncurrent assets.

CWT. CWT represents the amount withheld by the Group'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.

Investment in an Associate

The Group's investment in an associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control of those policies.

Under the equity method, investment in an associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the share of the results of operations of the associates. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate.

The share in net loss of the associate is shown as "Share in the net results of operations of an associate" account in the consolidated statement of comprehensive income.

The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over an associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Advances to Mining Right Holders

Advances to mining right holders are amounts paid in advance for the potential acquisition of certain mining rights. These are carried at the amount of cash paid and are reclassified to the corresponding asset account when the mining rights for which the advances were made are ultimately acquired.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value.

The initial cost of property and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss 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 property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

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

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the property and equipment:

Asset Type	Number of Years
Exploration equipment	3
Leasehold improvements	5 or lease term, whichever is shorter
Transportation equipment	5
Office equipment	3
Furniture and fixtures	4

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

Fully depreciated items are retained as property and equipment until these are no longer in use.

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

Deferred Mining Exploration Cost

Deferred mining exploration cost is carried at cost less accumulated impairment losses.

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

Exploration and evaluation activity includes:

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

Deferred mining exploration cost is no longer classified as such when the technical feasibility and commercial viability of extracting the mineral reserve are demonstrable. Deferred mining exploration cost is assessed for impairment, and any impairment loss is recognized, before reclassification to mineral reserves.

Impairment of Nonfinancial Assets

The nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount exceeds its estimated recoverable amounts, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less costs of disposal or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of comprehensive income.

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

Derecognition of Nonfinancial Assets

A nonfinancial asset is derecognized upon disposal or when it is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of a nonfinancial asset is included in profit or loss in the period in which it is derecognized.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Unpaid subscriptions are recognized as a reduction of subscribed capital shares.

Deficit. Deficit represents the cumulative balance of net loss.

Accumulated Other Comprehensive Income. All resulting remeasurement differences arising from translation of financial statements of Tidemark and fair valuation of equity investment designated at FVOCI are recognized in other comprehensive income and accumulated in equity.

Revenue Recognition

The Group's revenue from contracts with customers primarily consists of stock transfer services. Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, which is the point in time when the control of the services is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Revenue from contract with customers is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has generally concluded that it is the principal in its revenue arrangements.

Service Fees. Fees from stock transfer services are recognized when the control of the services is transferred, which is the point in time when the related services are provided to the customers. The related contract balances is the accounts receivable which represents the Group's right to an amount of consideration that is unconditional i.e., only the passage of time is required before payment of the consideration is due.

The following specific recognition criteria must be met before other revenue items are recognized:

Interest income. Interest income is recognized as the interest accrues taking into account the effective yield on the assets.

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

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are recognized in profit or loss upon receipt of goods, utilization of services or when the expenses are incurred.

Basic and Diluted Loss per Share

The Group presents basic and diluted loss per share. Basic loss per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Group and held as treasury shares. Diluted loss per share is calculated in the same manner, adjusted for the effects of all the dilutive potential common shares.

Leases

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

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- c. there is a change in the determination of whether fulfillment is dependent on a specified asset;
or
- d. there is a substantial change to the asset.

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

Group 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 as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Short-term Employee Benefits

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

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Income Taxes

Current Tax. Current tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the reporting date.

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

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

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

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 (and tax laws) in effect at the reporting date.

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

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

Foreign Currency Transactions

The Group determines its own functional currency and items included in the consolidated financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate at the reporting date. All differences are taken to the consolidated statement of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Related Parties

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form. A related party transaction is a transfer of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Segment Reporting

Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

Provisions and Contingencies

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

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

Events After the Reporting Date

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Group 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 on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

The following are the significant judgments, accounting estimates and assumptions made by the Group.

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

Determination of Reportable Operating Segments. Determination of operating segments is based on the information about components of the Group that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Parent Company's chief operating decision maker, which is defined to be the Parent Company's BOD, in order to allocate resources to the segment and assess its performance. The Group reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) the assets of the segment are 10% or more of the combined assets of all operating segments.

The Group determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic segment.

As at December 31, 2018, 2017 and 2016, the Group's operating segments consist of its mining, exploration and development, and stock transfer agency activities.

Classification of Leases - Group as a Lessee. The Group has operating lease agreement for its office spaces. The Group has determined that the risks and rewards of ownership related to the leased property are retained by the lessor. Accordingly, the agreement is accounted for as an operating lease.

Rental expense recognized by the Group amounted to ₱163,073, ₱269,541 and ₱2.0 million in 2018, 2017 and 2016, respectively (see Note 17).

Assessing ECL on Financial Assets at Amortized Cost. The Group estimates ECL of accounts receivable using provision matrix. The provision rates are based on days past due for groupings of receivables with similar credit risk characteristics and loss patterns. The provision matrix is based on the Group's historical default rates and is adjusted for forward-looking estimates, as appropriate. The Group has no observed default experience from accounts receivable. Consequently, the resulting lifetime ECL on accounts receivable is considered not significant.

Significant portion of the Group's other receivables as well as the refundable and security deposits are from its related parties. These financial assets are non-interest bearing and payable on demand. These exposures are considered to be in default when there is evidence that the related party is in significant financial difficulty such that it will have insufficient liquid assets to repay its obligation upon demand. This is assessed based on a number of factors including key liquidity and solvency ratios. Relying on the 90 days past due rebuttable presumption is not considered an appropriate backstop indicator given the lack of contractual payment obligations due throughout the life of the loan. After taking into consideration the related parties' ability to pay depending on the sufficiency of liquid assets and available forward-looking information, the risk of default of the related parties are assessed to be minimal.

For cash and cash equivalents and short-term investments, the Group applies low credit risk simplification. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The resulting ECL for these financial assets is considered insignificant because the counterparty banks have no history of default and have good credit ratings.

Financial assets at amortized cost are considered as credit-impaired when contractual payments are 90 days past due and the counterparty is unlikely to settle its obligation to the Group, as evidenced by the following, among others:

- Significant financial difficulty or insolvency;
- Breach of financial covenants;
- Probability that the counterparty will enter bankruptcy or other financial reorganization.

No provision for impairment losses was recognized on the Group's financial assets in 2018, 2017 and 2016. As at December 31, 2018 and 2017, allowance for impairment loss on credit-impaired receivables amounted to ₱41,550 (see Note 5).

The carrying amounts of the Group's financial assets at amortized cost that were subjected to impairment testing are disclosed in Note 19.

Capitalization of Exploration and Evaluation Expenditures. The capitalization of exploration and evaluation expenditures requires judgment in determining whether there are future economic benefits from future exploitation or sale of reserves. The capitalization requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

As at December 31, 2018 and 2017, deferred mining exploration costs amounting to ₱2.6 million were fully impaired upon management's assessment that the related projects were unsuccessful (see Note 10).

Estimation of Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation and amortization expense for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of the Group's property and equipment for the years ended December 31, 2018, 2017 and 2016.

Depreciation and amortization amounted to ₱17,620, ₱40,589 and ₱442,826 for the years ended December 31, 2018, 2017 and 2016, respectively. Property and equipment, net of accumulated depreciation and amortization amounted to ₱27,954 and ₱45,574 as at December 31, 2018 and 2017, respectively (see Note 11).

Assessment for Recoverability of Input VAT. The carrying amount of input VAT is adjusted to an extent that it is probable that sufficient taxable revenue subject to output VAT will be available to allow all or part of the input VAT to be utilized. Any allowance for unrecoverable portion of input VAT is maintained at a level considered adequate to provide for potentially unrecoverable portion. The level of allowance is based on past application experience and other factors that may affect realizability.

No impairment loss was recognized on input VAT in 2018, 2017 and 2016. Input VAT amounted to ₱8.0 million and ₱7.7 million as at December 31, 2018 and 2017, respectively (see Note 7).

Assessment for Impairment on Investment in an Associate. The Group assesses the impairment on investment in an associate whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Factors that the Group considers in deciding when to perform impairment review of investment in an associate include the following, among others:

- A significant financial difficulty of the associate.
- A significant change in the technological, legal or economic environment in which the business operates.
- A significant decline in market value of the investment.
- A current-period loss combined with a history of losses or a projection of continuing losses associated with the investment.

The recoverability of the Group's investment in an associate is dependent on the results of operations of FEL. As discussed in Note 1, FEL encountered a delay in one of its drilling programs. In 2018, 2017 and 2016, management has assessed that no impairment loss should be recognized because the expected recoverable amount exceeds the carrying amount of the investment in an associate.

The carrying amount of investment in an associate amounted to ₱617.6 million and ₱579.2 million as at December 31, 2018 and 2017, respectively (see Note 8).

Recognition of Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date are reviewed 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 assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The Group did not recognized deferred tax assets on deductible temporary differences totaling ₱30.9 million and ₱47.1 million as at December 31, 2018 and 2017, respectively (see Note 18). Management has assessed that it is not probable that future taxable profit will be available in the near future against which the deferred tax assets on these temporary differences can be utilized.

4. Cash and Cash Equivalents

This account consists of:

	2018	2017
Cash on hand and in banks	₱1,254,194	₱3,405,747
Short-term placements	13,533,034	37,359,054
	₱14,787,228	₱40,764,801

Cash in banks earn interest at the respective bank deposit rates and are immediately available for use in the current operations.

Short-term placements are made for varying periods of up to three months and earn interest ranging from 2.25% to 3.75% and 2.12% to 2.25% in 2018 and 2017, respectively.

Interest income recognized in the consolidated statements of comprehensive income consists of:

	Note	2018	2017	2016
Cash in banks and short-term placements		₱273,990	₱1,051,021	₱2,784,483
Short-term investments	6	666,160	—	—
		₱940,150	₱1,051,021	₱2,784,483

5. Receivables

This account consists of:

	Note	2018	2017
Receivables from:			
Related parties	13	₱4,663,569	₱3,544,467
Third party		190,450	190,450
Accounts receivable		536,103	411,761
Accrued interest		454,385	50,049
Advances to officers and employees		374,142	348,200
Others		9,697	20,333
		6,228,346	4,565,260
Less allowance for impairment losses		(41,550)	(41,550)
		₱6,186,796	₱4,523,710

Accounts receivable pertain to stock transfer services billed by ABSTC to its external clients. These are unsecured, noninterest-bearing and normally collected in cash within 30 days from the date of billing.

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

6. Short-term Investments

This account pertains to the Parent Company's time deposits placed in a local bank, with a term of one year amounting to ₱22.0 million as at December 31, 2018 with an annual interest ranging from 2.88% to 4.00%.

Interest income earned from short-term investments amounted to ₱666,160 in 2018 (see Note 4).

7. Other Current Assets

This account consists of:

	Note	2018	2017
Input VAT		₱7,980,498	₱7,703,380
Rental and security deposits	17	1,349,090	1,441,579
Prepayments		129,471	156,848
CWT		21,513	126
Others		34,453	35,304
		₱9,515,025	₱9,337,237

Prepayments consist of medical and dental insurance provided to employees which will expire within one year.

8. Investment in an Associate

Investment in an associate pertains to Tidemark's 20.00% ownership of FEL as at December 31, 2018 and 2017 (see Note 1).

Movements of this investment are as follows:

	2018	2017
Cost		
Balance at beginning of year	₱867,920,876	₱767,159,868
Additional investment	–	100,761,008
Balance at end of year	867,920,876	867,920,876
Accumulated Share in Net Results of Operation		
Balance at beginning of year	(393,502,718)	(379,767,509)
Share in net results of operations	(12,864,143)	(13,735,209)
Balance at end of year	(406,366,861)	(393,502,718)
Cumulative Translation Adjustment		
Balance at beginning of year	104,823,017	102,933,692
Foreign exchange differences	51,199,326	1,889,325
Balance at end of year	156,022,343	104,823,017
Carrying Amount	₱617,576,358	₱579,241,175

As discussed in Note 1, FEL encountered a delay in one of its drilling programs. It has submitted all the requirements for the issuance of required permits for the drilling program, however, the permit has not yet been issued by the relevant government body because of territorial deliberations between the Philippines and China.

In November 2018, the Philippines and China entered into a MOU on Cooperation on Oil and Gas Development. Both countries have allotted a one-year period to discuss the recently signed MOU before instituting any firm agreement on a possible joint oil and gas exploration.

The ultimate outcome of the uncertainty on the conduct of drilling operation cannot be presently determined. Managements' assessment of the status is also discussed in Note 1.

Management determined that there is no impairment loss to be recognized in 2018, 2017 and 2016 based on the most recent cash flow projections from FEL's service contracts.

The projections are mainly based on cash flows expected to be generated by SC 72 as approved by the management and are determined from feasibility studies and expectations on market development. Cash inflows consider the existing contracts and management's estimate of the average price per barrel of oil and revenue growth range. The cash flow projections were discounted using a rate that reflects current market assessments of time value of money and the risk specific to FEL. The status of other service contracts is also discussed in Note 1.

Following are the summarized financial information of FEL as at and for the years ended December 31, 2018, 2017 and 2016 (in millions):

	2018	2017	2016
Current assets	₱102.1	₱167.9	₱143.0
Noncurrent assets	1,763.2	1,668.5	1,661.1
Current liabilities	498.1	465.4	3.6
Noncurrent liabilities	8.5	21.3	1,096.4
Equity	1,358.7	1,349.7	704.1
Net loss	(64.3)	(63.2)	(69.1)

9. Equity Investment Designated at Financial Asset at FVOCI

This account pertains to the Parent Company's investment in unquoted shares of stock with an acquisition cost of ₱2.0 million.

Quoted market prices are not readily available. Fair value of the investment amounting to ₱2.1 million as at December 31, 2018 is determined based on discounted cash flow (DCF) model (see Note 19). Unrealized gain on valuation of equity investment amounted to ₱105,294 in 2018.

10. Deferred Mining Exploration Cost

The realizability of deferred mining exploration cost is dependent upon the success of future exploration and development activities in proving the mining property's viability to produce minerals in commercial quantities. As at December 31, 2018 and 2017, deferred mining costs amounting to ₱2.6 million were fully impaired upon management's assessment that the related projects were unsuccessful.

11. Property and Equipment

The balances and movements in this account are as follows:

	2018					
	Exploration Equipment	Leasehold Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Total
Cost						
Balances at beginning and end of year	₱56,235	₱4,422,518	₱1,665,548	₱1,270,731	₱1,374,483	₱8,789,515
Accumulated Depreciation and Amortization						
Balances at beginning of year	41,236	4,416,257	1,665,548	1,268,946	1,351,954	8,743,941
Depreciation and amortization	563	6,261	—	1,785	9,011	17,620
Balances at end of year	41,799	4,422,518	1,665,548	1,270,731	1,360,965	8,761,561
Carrying Amount	₱14,436	₱—	₱—	₱—	₱13,518	₱27,954

	2017					
	Exploration Equipment	Leasehold Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Total
Cost						
Balances at beginning of year	₱56,235	₱4,422,518	₱1,665,548	₱1,333,886	₱1,382,532	₱8,860,719
Disposals/retirement	—	—	—	(63,155)	(8,049)	(71,204)
Balances at end of year	56,235	4,422,518	₱1,665,548	1,270,731	1,374,483	8,789,515
Accumulated Depreciation and Amortization						
Balances at beginning of year	39,798	4,409,424	1,665,548	1,269,347	1,350,992	8,735,109
Depreciation and amortization	1,438	6,833	—	23,307	9,011	40,589
Disposals/retirement	—	—	—	(23,708)	(8,049)	(31,757)
Balances at end of year	41,236	4,416,257	1,665,548	1,268,946	1,351,954	8,743,941
Carrying Amount	₱14,999	₱6,261	₱—	₱1,785	₱22,529	₱45,574

In 2017, the Group retired its fully depreciated furniture and fixtures with cost of ₱8,049. The Group also sold its office equipment for ₱39,447 which is equivalent to its carrying amount.

12. Payables and Other Current Liabilities

This account consists of:

	Note	2018	2017
Payable to:			
Related parties	13	₱1,026,762	₱1,043,548
Third party		—	447,548
Accruals:			
Salaries and employee benefits		430,307	—
Professional fees		325,349	200,000
Utilities and other office expenses		103,216	118,431
Advances from officers and employees		368,924	368,924
Statutory payables		223,459	41,586
Retention payable		95,000	95,000
Others		147,843	96,595
		₱2,720,860	₱2,411,632

Payable to related parties, third party and advances from officers and employees are noninterest-bearing, due and demandable, and are payable in cash.

Accrued expenses, statutory and other payables are normally settled within the following month.

13. Related Party Transactions

The Group, in its regular conduct of business, has transactions with its related parties. The outstanding balances and amount of transactions with related parties are as follows:

		Nature of Transaction	Amount of Transactions		Outstanding Balance	
			2018	2017	2018	2017
Receivable from related parties						
<i>Entities under common management:</i>						
Alphaland Corporation (ALPHA)	Allocated costs	P--	P--	P2,794,966	P2,794,966	
	Service fee	183,300	180,000	33,600	16,800	
Alphaland Heavy Equipment Corporation	Allocated costs	--	--	579,305	579,305	
The City Club at Alphaland Makati Place, Inc.	Service fee	183,700	180,000	33,600	67,200	
Alphaland Balesin Island Club, Inc.	Service fee	1,173,320	180,000	1,188,802	50,400	
	Reimbursements	--	--	32,500	32,500	
Alphaland Aviation Inc.	Reimbursements	--	--	796	796	
Acentic Philippines Inc.	Allocated costs	--	39,747	--	2,500	
				P4,663,569	P3,544,467	
Rental and security deposits						
<i>Entity under common management -</i>						
Alphaland Southgate Tower, Inc. (ASTI)	Deposits in relation to lease agreement	P--	P--	P1,349,090	P1,441,579	
Payable to related parties						
<i>Entities under common management:</i>						
	Lease of office space and utilities	P245,206	P11,605	P839,180	P593,974	
ASTI						
ALPHA	Reimbursements	--	--	187,182	187,182	
Alphaland Makati Place, Inc. (AMPI)	Lease of office space	163,073	266,524	400	262,392	
				P1,026,762	P1,043,548	

Receivable from and payable to related parties are unsecured, noninterest-bearing, due and demandable, and settlements are in cash. Receivable from related parties arising from service fees are subject to normal credit terms. In 2018 and 2017, the Group has not made any provision for impairment losses relating to the amounts owed by related parties.

The Parent Company had a Cost Sharing Agreement (the Agreement) with PhilWeb Corporation (Philweb) for its share in rental and salaries of shared corporate services and its key management personnel. This agreement was terminated in October 2017.

Details of shared costs charged to the Group are as follows (see Note 15):

	2017	2016
Salaries and allowances	P1,935,720	P3,234,369
Rental	611,708	1,380,569
	P2,547,428	P4,614,938

In 2017, PhilWeb ceased to be a related party of the Group.

Following are the intergroup balances presented under receivables account in the Parent Company's separate financial statements which were eliminated in the preparation of the consolidated financial statements:

		Amount of Transactions		Outstanding Balance	
	Nature of Transaction	2018	2017	2018	2017
Dividend receivable					
ABSTC	Dividend declaration	P–	P2,000,000	P–	P2,000,000
Receivable from related parties					
ABSTC	Allocated rent, salaries, utilities and reimbursements	P435,840	P757,621	P302,123	195,406
Tidemark	Working capital advances	53,198	–	277,099	223,901
				P579,222	P419,307

Intergroup balances which were eliminated in the consolidated financial statements are unsecured, noninterest-bearing, due and demandable, and normally settled in cash.

Compensation of Key Management Personnel

The compensation of the key management personnel is included as part of the Agreement with PhilWeb under the allocated salaries and allowances. Subsequent to October 2017, the compensation of key management personnel is being handled by ASTI, an entity under common management, at no cost to the Group.

14. Capital Stock

The composition of the Parent Company's capital stock consisting of all common shares as at December 31, 2018 and 2017 is as follows:

	Shares	Amount
Authorized - P1 par value	10,000,000,000	P10,000,000,000
Issued and fully paid	953,963,474	P953,963,474
Subscribed	1,591,036,526	1,591,036,526
Outstanding	2,545,000,000	2,545,000,000
Less subscription receivable	-	1,485,000,000
	2,545,000,000	P1,060,000,000

15. General and Administrative Expenses

This account consists of:

Note	2018	2017	2016
Salaries and wages	P2,022,127	P2,108,115	P4,814,255
PSE listing fee	1,430,945	990,214	1,123,769
Professional fees	1,278,128	1,210,341	831,507
Supplies	221,761	174,644	369,391
Rent	163,073	269,541	2,049,849
Medical and hospitalization	85,668	31,456	563,139

(Forward)

	Note	2018	2017	2016
Taxes and licenses		₱83,460	₱139,208	₱55,833
Representation		49,201	21,447	643,841
Mining exploration cost		44,069	1,699	976,428
Utilities, dues and subscriptions		35,787	98,707	705,502
Depreciation and amortization	11	17,620	40,589	442,826
Communications		16,764	16,491	464,104
Transportation and travel		791	6,779	194,942
Allocated expenses	13	—	2,547,428	4,614,938
Others		99,075	180,165	840,134
		₱5,548,469	₱7,836,824	₱18,690,458

16. Basic and Diluted Loss Per Share

Basic and diluted loss per share is computed as follows:

	2018	2017	2016
Net loss (a)	(₱15,327,690)	(₱19,208,400)	(₱33,364,582)
Weighted average number of outstanding shares (b)	2,545,000,000	2,545,000,000	2,545,000,000
Basic and diluted loss per share (a/b)	(₱0.0060)	(₱0.0075)	(₱0.0131)

The Group has no dilutive potential common shares outstanding, therefore basic loss per share is the same as diluted loss per share.

17. Operating Leases

The Parent Company is a party to a noncancellable lease agreement with ASTI covering its office and parking spaces for a period of five years from January 1, 2010, renewable upon mutual consent of both parties. Under the terms of the covering lease agreements, the Parent Company is required to pay rental and security deposits. These deposits will become refundable to the Parent Company at the end of the lease contract. The lease agreement was terminated on September 30, 2016. Consequently, the Parent Company classified these deposits as part of "Other current assets" account. As at December 31, 2018 and 2017, rental and security deposits amounted to ₱1.3 million and ₱1.4 million, respectively (see Note 13).

In October 2016, the Parent Company entered into a lease agreement with AMPI for its office space. The term of the lease shall commence on October 10, 2016 until terminated by any party upon sixty (60) days advance written notice to the other party. In March 2017, the lease agreement with AMPI was amended by both parties to stipulate a different office space. The lease agreement was assigned to ABSTC through a lease assignment agreement that has been executed in October 2017.

Rent expense recognized by the Group amounted to ₱163,073, ₱269,541 and ₱2.0 million in 2018, 2017 and 2016, respectively (see Note 15).

18. Income Taxes

The provision for current income tax amounting to ₱331,311, ₱162,094 and ₱209,955 in 2018, 2017 and 2016, respectively, represents RCIT for ABSTC. The Parent Company had no provision for current income tax in 2018, 2017 and 2016 due to its tax loss position.

The deferred tax assets on the following deductible temporary differences were not recognized because management has assessed that it is not probable that sufficient taxable profit will be available in the near future against which the benefits of the deferred tax assets on these temporary differences can be utilized.

	Note	2018	2017
NOLCO		₱28,222,830	₱44,435,570
Accumulated impairment losses on:			
Deferred mining exploration cost	10	2,613,940	2,613,940
Receivables	5	41,550	41,550
Excess MCIT over RCIT		–	29
		₱30,878,320	₱47,091,089

The Parent Company has NOLCO which can be carried forward and claimed as deduction from future taxable income as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Valid Until
2018	₱–	₱4,104,455	₱–	₱4,104,455	2021
2017	6,862,105	–	–	6,862,105	2020
2016	17,256,270	–	–	17,256,270	2019
2015	20,317,195	–	20,317,195	–	2018
	₱44,435,570	₱4,104,455	₱20,317,195	₱28,222,830	

The Parent Company's excess MCIT over RCIT amounting to ₱29 has expired in 2018.

The reconciliation between the benefit from income tax at statutory income tax rate and provision for income tax at effective tax rate is as follows:

	2018	2017	2016
Benefit from income tax computed at statutory income tax rate	(₱4,498,914)	(₱5,713,892)	(₱9,946,388)
Expired NOLCO	6,095,159	7,103,603	–
Changes in unrecognized deferred tax assets	(4,863,851)	(5,046,706)	4,592,195
Expired MCIT	29	1,735	584,686
Add (deduct) tax effects of:			
Share in net results of operation of an associate	3,859,243	4,120,563	5,627,482
Interest income already subjected to final tax	(282,045)	(315,306)	(835,345)
Nondeductible expenses	21,690	12,097	187,325
Provision for income tax at effective tax rate	₱331,311	₱162,094	₱209,955

19. Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash and cash equivalents, receivables (excluding advances to officers and employees), short-term investments, rental and security deposits (presented under "Other current assets" account), equity investment designated at FVOCI, and payables and other current liabilities (excluding statutory payables).

The main purpose of the Group's dealings in financial instruments is to fund its operations and capital expenditures.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and detriment forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The BOD reviews and institutes policies for managing each of the risks and these are summarized below.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and other market prices will adversely affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is subject to minimal transaction and translation exposures resulting from currency exchange fluctuations in relation to its financial instruments. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currency denominated assets and liabilities.

Credit Risk

Credit risk is a risk due to uncertainty in counterparty's ability to meet its obligations. When counterparty defaults, the maximum exposure is equal to the carrying amount of the related financial asset. The Group's credit risk arises principally from cash and cash equivalents and receivables (excluding advances to officers and employees), short-term investments and rental and security deposits.

The Group trades mainly with recognized and creditworthy third parties as well as with related parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Group only deals with financial institutions duly evaluated and approved by the BOD.

The table below shows the credit quality per class of financial assets as at December 31, 2018 and 2017.

	2018					
	Neither Past Due nor Impaired			Past Due but not Impaired	Credit-impaired	Total
	High Grade	Standard Grade	Substandard Grade			
Financial assets at amortized cost:						
Cash and cash equivalents*	₱14,760,502	₱—	₱—	₱—	₱—	₱14,760,502
Receivables**	5,812,654	—	—	—	41,550	5,854,204
Short-term investments	22,000,000	—	—	—	—	22,000,000
Rental and security deposits***	1,349,090	—	—	—	—	1,349,090
	₱43,922,246	₱—	₱—	₱—	₱41,550	₱43,963,796

*Excludes cash on hand amounting to ₱26,726.

** Excluding advances to officers and employees.

*** Presented under "Other current assets" account.

	2017					
	Neither Past Due nor Impaired			Past Due but not Impaired	Credit-impaired	Total
	High Grade	Standard Grade	Substandard Grade			
Financial assets at amortized cost:						
Cash and cash equivalents*	₱40,738,075	₱—	₱—	₱—	₱—	₱40,738,075
Receivables**	4,175,510	—	—	—	41,550	4,217,060
Rental and security deposits***	1,441,579	—	—	—	—	1,441,579
	₱46,355,164	₱—	₱—	₱—	₱41,550	₱46,396,714

*Excludes cash on hand amounting to ₱26,726.

** Excluding advances to officers and employees.

*** Presented under "Other current assets" account.

The credit quality of the financial assets is managed by the Group using internal credit quality ratings. High grade consists of financial assets from counterparties with good financial condition and with relatively low defaults. This also includes transactions with related parties with sufficient liquid assets to settle its obligation upon demand of the Group. Financial assets having risks of default but are still collectible are considered as standard grade accounts. Financial assets that require persistent effort from the Group to collect are considered substandard grade accounts.

Cash in banks, cash equivalents and short-term investments are considered high grade as these pertain to deposits and placements in reputable banks with prime ratings. The Group considers that these financial assets have low credit risk based on the external ratings of the counterparties.

Receivables, and rental and security deposits are mainly exposures to related parties and are considered as high grade because the related parties are operating entities with sufficient liquid assets to repay the receivables upon demand by the Group.

With the exception of accounts receivable from stock and transfer services which are always subject to lifetime ECL, impairment of financial assets at amortized cost has been measured on 12-month ECL basis and reflects the short maturities of the exposures. The resulting ECL is not significant because the financial assets are considered high grade with minimal risk of default.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The Group's payable to related parties and third parties and advances from officers and employees amounting to ₱1.4 million and ₱1.9 million as at December 31, 2018 and 2017, respectively, are due and demandable. The remaining balance of payables and other current liabilities (excluding statutory payables) amounting to ₱1.3 million and ₱551,612 as at December 31, 2018 and 2017, respectively, have a maturity of less than three months.

Fair Value Measurement

The table below presents the financial assets and liabilities of the Group whose carrying amounts approximate fair values primarily due to the short-term nature of the transactions:

	2018	2017
Financial Assets at Amortized Cost		
Cash and cash equivalents	₱14,787,228	₱40,764,801
Receivables*	5,812,654	4,175,510
Short-term investments	22,000,000	—
Rental and security deposits**	1,349,090	1,441,579
	₱43,948,972	₱46,381,890
Financial Liabilities at Amortized Cost		
Payables and other current liabilities***	₱2,497,401	₱2,370,046

* Excluding advances to officers and employees.

** Presented under "Other current assets."

*** Excluding statutory payables.

Equity Investment Designated at FVOCI. Fair value of equity investment designated at FVOCI amounting to ₱2.1 million as at December 31, 2018 is determined using DCF model by applying earnings growth rate of 5.0% and discount rate of 6.7%. This fair value measurement approach is categorized under Level 3 of the fair value hierarchy (significant unobservable inputs). Increase (decrease) in earnings growth rate factor and a lower (higher) discount rate will result to a higher (lower) fair value.

Capital Management Policy

The primary objective of the Group's capital management is to ensure its ability as a going concern and that it maintains healthy capital ratios in order to support its business operations and maximize shareholder value.

The Group considers its equity amounting to ₱671.0 million and ₱635.0 million as at December 31, 2018 and 2017, respectively, as capital employed.

The Group monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt comprises of payable and other current liabilities. Total equity comprises all components of equity.

The debt-to-equity ratios as at December 31 are as follows:

	2018	2017
Total debt	₱2,720,860	₱2,411,632
Total equity	671,002,745	635,025,815
	0.004:1	0.004:1

The Group manages its capital structure and makes adjustments to it when there are changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust its borrowings or raise capital. No changes were made in the objectives, policies or processes in 2018 and 2017.

20. Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing types of services (business segment) or in providing the services within a particular economic environment (geographic segment).

The table below present financial information on business segments as at and for the years ended December 31, 2018, 2017 and 2016:

	2018			
	Mining, Exploration and Development	Stock Transfer Agency	Eliminations	Total
Segment Revenue				
Revenue from external customers	P–	P2,474,560	P–	P2,474,560
Interest income	903,137	37,013	–	940,150
Other income	–	1,523	–	1,523
Income from other segments	–	180,000	(180,000)	–
Share in net results of operations of an associate	(12,864,143)	–	–	(12,864,143)
	(11,961,006)	2,693,096	(180,000)	(9,447,910)
Depreciation and amortization	(6,824)	(10,796)	–	(17,620)
Other general and administrative expense	(4,146,832)	(1,564,017)	180,000	(5,530,849)
Provision for current income tax	–	(331,311)	–	(331,311)
Segment Operating Profit (Loss)	(P16,114,662)	P786,972	P–	(P15,327,690)
Segment Assets	P1,715,055,352	P3,373,845	(P1,044,705,592)	P673,723,605

	2017			
	Mining, Exploration and Development	Stock Transfer Agency	Eliminations	Total
Segment Revenue				
Revenue from external customers	P–	P1,472,890	P–	P1,472,890
Dividend income	2,000,000	–	(2,000,000)	–
Interest income	1,019,603	31,418	–	1,051,021
Other income	1,706	110	–	1,816
Income from other segments	–	180,000	(180,000)	–
Share in net results of operations of an associate	(13,735,209)	–	–	(13,735,209)
	(10,713,900)	1,684,418	(2,180,000)	(11,209,482)
Depreciation and amortization	(28,901)	(11,688)	–	(40,589)
Other general and administrative expense	(6,875,235)	(1,101,000)	180,000	(7,796,235)
Provision for current income tax	–	(162,094)	–	(162,094)
Segment Operating Profit (Loss)	(P17,618,036)	P409,636	(P2,000,000)	(P19,208,400)
Segment Assets	P1,667,127,281	P3,979,776	(P1,033,669,610)	P637,437,447

	2016			
	Mining, Exploration and Development	Stock Transfer Agency	Eliminations	Total
Segment Revenue				
Revenue from external customers	P–	P1,479,480	P–	P1,479,480
Interest income	2,757,642	26,841	–	2,784,483
Other income	28,704	1,437	–	30,141
Income from other segments	–	180,000	(180,000)	–
Share in net results of operations of an associate	(18,758,273)	–	–	(18,758,273)
	(15,971,927)	1,687,758	(180,000)	(14,464,169)
Depreciation and amortization	(435,643)	(7,183)	–	(442,826)
Other general and administrative expense	(17,464,468)	(963,164)	180,000	(18,247,632)
Provision for current income tax	–	(209,955)	–	(209,955)
Segment Operating Profit (Loss)	(P33,872,038)	P507,456	P–	(P33,364,582)
Segment Assets	P1,568,202,537	P4,166,780	(P917,911,246)	P654,458,071

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

The Stockholders and the Board of Directors
Atok-Big Wedge Co., Inc. and Subsidiaries
Alphaland Makati Place,
7232 Ayala Avenue corner Malugay Street
Makati City

We have audited the accompanying consolidated financial statements of Atok-Big Wedge Co., Inc. (the Parent Company) and Subsidiaries as at December 31, 2018 and 2017 and for each of the three years ended December 31, 2018, 2017 and 2016, on which we have rendered our report dated March 15, 2019.

In compliance with Securities Regulation Code Rule 68, as amended, we are stating that the Parent Company has 2,967 stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & Co.



EMMANUEL V. CLARINO

Partner

CPA Certificate No. 27455

Tax Identification No. 102-084-004-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1021-AR-2 Group A

Valid until March 27, 2020

BIR Accreditation No. 08-005144-005-2017

Valid until January 13, 2020

PTR No. 7334331

Issued January 3, 2019, Makati City

March 15, 2019
Makati City, Metro Manila

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
 Atok-Big Wedge Co., Inc. and Subsidiaries
 Alphaland Makati Place
 7232 Ayala Avenue corner Malugay Street
 Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Atok-Big Wedge Co., Inc. and Subsidiaries (the Group) as at December 31, 2018 and 2017 and for each of the three years ended December 31, 2018, 2017 and 2016, and have issued our report thereon dated March 15, 2019. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Financial Ratios
- Adoption of Effective Accounting Standards and Interpretations
- Schedules required by Part II of SRC Rule 68, as Amended
- Parent Company's Reconciliation of Retained Earnings Available for Dividend Declaration
- Map of Group Structure

These schedules are presented for purposes of complying with Securities Regulation Code Rule 68 Part II, as amended, and are not part of the consolidated financial statements. This information have been subjected to the auditing procedures applied in the audit of the consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & Co.



EMMANUEL V. CLARINO

Partner

CPA Certificate No. 27455

Tax Identification No. 102-084-004-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1021-AR-2 Group A

Valid until March 27, 2020

BIR Accreditation No. 08-005144-005-2017

Valid until January 13, 2020

PTR No. 7334331

Issued January 3, 2019, Makati City

March 15, 2019
 Makati City, Metro Manila

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES**FINANCIAL RATIOS****DECEMBER 31, 2018, 2017 AND 2016**

Below is a schedule showing financial soundness indicators for the years 2018, 2017 and 2016.

	2018	2017	2016
Current/Liquidity Ratio	19.29:1	22.65:1	75.26:1
Current assets	₱52,489,049	₱54,625,748	₱159,039,881
Current liabilities	2,720,860	2,411,632	2,113,181
Solvency Ratio	(5.63):1	(7.95):1	(15.58):1
Net loss before depreciation and amortization	(₱15,310,070)	(₱19,167,811)	(₱32,921,756)
Total liabilities	2,720,860	2,411,632	2,113,181
Debt-to-equity Ratio	0.004:1	0.004:1	0.003:1
Total liabilities	₱2,720,860	₱2,411,632	₱2,113,181
Total equity	671,002,745	635,025,815	652,344,890
Asset-to-equity Ratio	1.00:1	1.00:1	1.00:1
Total assets	₱673,723,605	₱637,437,447	₱654,458,071
Total equity	671,002,745	635,025,815	652,344,890
Profitability Ratio	(0.02):1	(0.03):1	(0.05):1
Net loss	(₱15,327,690)	(₱19,208,400)	(₱33,364,582)
Total equity	671,002,745	635,025,815	652,344,890

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

**SUPPLEMENTARY SCHEDULE OF ADOPTION OF
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	✓		
PFRS 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: Deletion of Short-term Exemptions for First-time Adopters			✓
	Amendments to PFRS 1: Clarification of the Scope of the Standard			
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	Title	Adopted	Not Adopted	Not Applicable
PFRS 3 (Revised)	Business Combinations	✓		
	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, <i>Financial Instruments</i> with PFRS 4, <i>Insurance Contracts</i>			✓
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: Transition	✓		
	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: Transfers of Financial Assets	✓		
	Amendments to PFRS 7: 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 (Revised): Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1 (Revised): 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	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendments to PAS 12: Deferred Tax - Recovery of Underlying Assets	✓		
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 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 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
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 Nonfinancial 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 39	Financial Instruments: Recognition and Measurement			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Investment Property - Clarifying the Interrelationship between PFRS 3, Business Combination and PAS 40 when Classifying Property as Investment Property or Owner-occupied			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	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 14	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			✓
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-32	Intangible Assets - Web Site Costs			✓

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF
SRC RULE 68 AS AMENDED
DECEMBER 31, 2018

Table of Contents

<i>Schedule</i>	<i>Description</i>	<i>Page</i>
A	Financial Assets	N/A
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	N/A
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	1
D	Intangible Assets - Other Assets	N/A
E	Long-Term Debt	N/A
F	Indebtedness to Related Parties	N/A
G	Guarantees of Securities of Other Issuers	N/A
H	Capital Stock	2

A - The Group's equity investment designated at fair value through other comprehensive income does not exceed five percent (5%) of the total current assets. There are no financial assets measured at fair value through profit or loss and investment securities measured at amortized cost.

B - All receivables arises from the ordinary course of business

D - No intangible assets

E - No long term debts

F - Total indebtedness to related parties does not exceed five percent (5%) of total assets

G - No guarantees of securities of other issuers

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION
OF FINANCIAL STATEMENTS
DECEMBER 31, 2018**

<u>Related Party</u>	Balance at beginning of period	Additions	Deductions		Ending Balance		Balance at end of period
			Collections	Write Off	Current	Noncurrent	
AB Stock Transfers Corporation	₱195,406	₱435,840	₱329,123	₱—	₱302,123	₱—	₱302,123
Tidemark Holdings Limited	223,901	53,198	—	—	277,099	—	277,099
	₱419,307	₱489,038	₱329,123	₱—	₱579,222	₱—	₱579,222

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

SCHEDULE H - CAPITAL STOCK

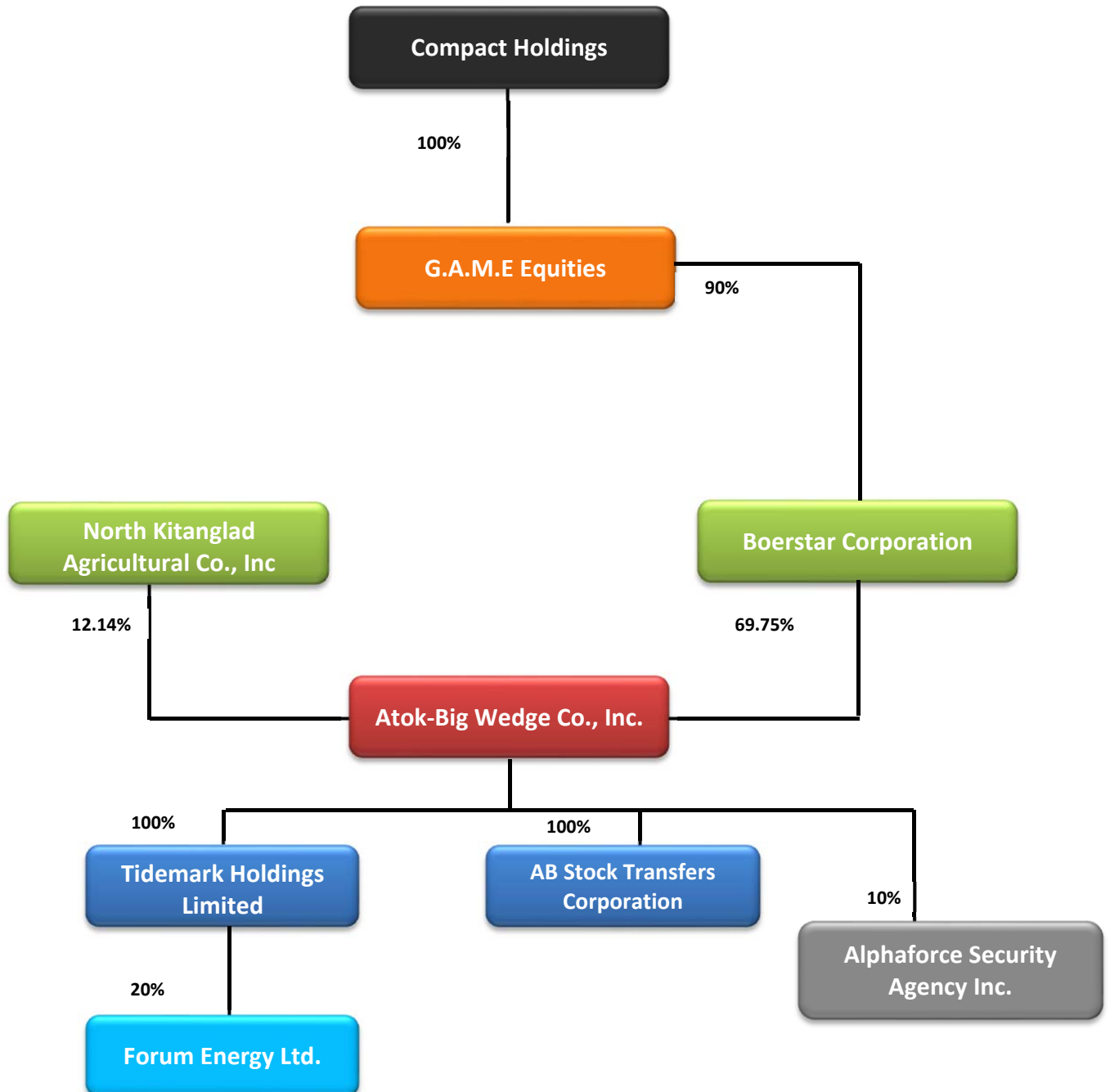
DECEMBER 31, 2018

<u>Title of Issue</u>	Number of shares authorized	Number of shares issued and outstanding as shown under the statement of financial position caption			Number of shares reserved for options, warrants, conversion & other rights	Number of shares held by		
		Paid-up	Subscribed	Total		Related parties	Directors, officers and employees	Public
Common stock - ₱1 par value per share	10,000,000,000	1,060,000,000	1,485,000,000	2,545,000,000	—	2,284,218,804	3,607	260,777,589

ATOK-BIG WEDGE CO., INC. AND SUBSIDIARIES

MAP OF GROUP STRUCTURE

DECEMBER 31, 2018



ATOK-BIG WEDGE CO., INC

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

Deficit as shown in the separate financial statements, at beginning of year	(P360,309,721)
Adjustment for:	
Impairment loss on investment in a subsidiary	223,495,475
Deficit, as adjusted, at beginning of year	(136,814,246)
Net loss closed to deficit	(3,250,519)
Deficit, as adjusted, at end of year	(P140,064,765)