



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**


The management of **GOLDCHESTER HOLDINGS CORP.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

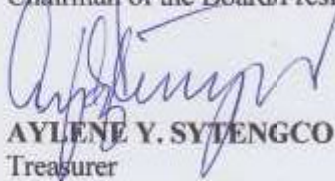
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has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

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

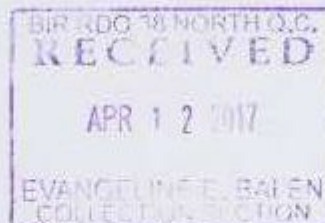
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Florencio Y. Rojas, Jr. CPA, the independent auditor, appointed by the stockholders, has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
**NECISTO U. SYTENGCO**  
Chairman of the Board/President

  
**AYLENE Y. SYTENGCO**  
Treasurer

Signed this 2<sup>nd</sup> day of March 2017.



**Florencio Y. Rojas, Jr.**  
*Certified Public Accountant*  
# 45 Oval St. Mabuhay Subd., Sta. Lucia, Pasig City

**SUPPLEMENTAL WRITTEN STATEMENT TO ACCOMPANY**  
**REPORT OF INDEPENDENT AUDITOR**

**The Board of Directors and Stockholders**  
**GOLDCHESTER HOLDINGS CORP.**  
#37 Judge Juan Luna St., San Francisco Del Monte, Quezon City

We have audited the financial statements of **GOLDCHESTER HOLDINGS CORP.** for the year ended December 31, 2016, on which we have rendered the attached report dated March 08, 2017.

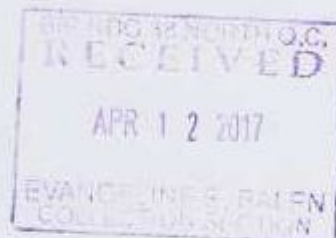
In compliance with SRC Rule 68, we are stating that the said Company has **seven (7)** Stockholders owning one hundred (100) or more shares.

**Florencio Y. Rojas, Jr.**  
CPA Cert. No. 0091082  
PTR No. 3016635  
Issued January 06, 2017  
Mandaluyong City

TIN 160-746-232  
BIR AN 07-000306-002-2014  
Issued on December 4, 2014  
Effective until December 4, 2017

BOA/PRC Reg. No. 1907  
Issued on January 26, 2015  
Effective until December 31, 2017

March 08, 2017



**Florencio Y. Rojas, Jr.**  
*Certified Public Accountant*  
# 45 Oval St. Mabuhay Subd., Sta. Lucia, Pasig City

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**INDEPENDENT AUDITORS' REPORT**

**The Board of Directors and Stockholders**  
**GOLDCHESTER HOLDINGS CORP.**  
#37 Judge Juan Luna St., San Francisco Del Monte, Quezon City

**Report on the Audit of the Financial Statements**

**Opinion**

I have audited the amended financial statements of **GOLDCHESTER HOLDINGS CORP.** which comprise the statements of financial position as at December 31, 2016 and 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying amended financial statements present fairly, in all material respects, the financial position of **GOLDCHESTER HOLDINGS CORP.** as at December 31, 2016 and 2015, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard (PFRS).

**Basis for Opinion**

I conducted my audits in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Corporation in accordance with the Code of Ethics for Professional Accountants in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

RECEIVED  
NOV 2 2017  
EVANGELINE E. BERNARD  
COLLECTOR  
SECTION

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**Florencio Y. Rojas, Jr.**  
*Certified Public Accountant*  
# 45 Oval St. Mabuhay Subd., Sta. Lucia, Pasig City

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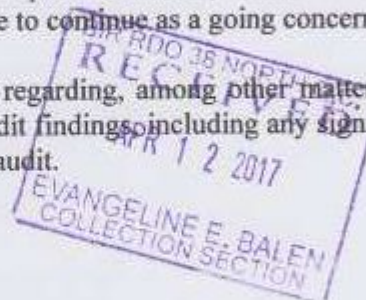
**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. 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 Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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 I identify during our audit.



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***Florencio Y. Rojas, Jr.***  
***Certified Public Accountant***  
**# 45 Oval St. Mabuhay Subd., Sta. Lucia, Pasig City**

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**Report on the Supplementary Information Required Under Revenue Regulations  
15-2010**

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in **Note 21** to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Florencio Y. Rojas, Jr.**  
CPA Cert. No. 0091082  
PTR No. 3016635  
Issued January 06, 2017  
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Effective until December 31, 2017

March 08, 2017



**GOLDCHESTER HOLDINGS CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2016 and 2015**



	Notes	2016	2015
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	2,3,5,23	P 24,169,866	P 1,329,227
Other Receivables	2,3,6,23	287,722,696	246,233,312
Other Current Assets	2,3,7	52,640,901	15,395,427
<b>Total Current Assets</b>		<b>P 364,533,463</b>	<b>P 262,957,966</b>
<b>NON-CURRENT ASSETS</b>			
Investment Property	2,3,8	P 1,425,441,568	P 1,425,441,568
Other Assets	2,3,9	144,142,027	161,480,285
<b>Total Non-Current Assets</b>		<b>P 1,569,583,595</b>	<b>P 1,586,921,853</b>
<b>TOTAL ASSETS</b>		<b>P 1,934,117,058</b>	<b>P 1,849,879,819</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Other Payables	2,3,10,23	P 8,513,889	P 4,392
Other Current Liability	2,3,11	2,143	526
<b>Total Current Liabilities</b>		<b>P 8,516,032</b>	<b>P 4,918</b>
<b>NON-CURRENT LIABILITY</b>			
Loans Payable	2,3,12	P 1,922,990,141	P 1,800,000,000
<b>Total Non-Current Liability</b>		<b>P 1,922,990,141</b>	<b>P 1,800,000,000</b>
<b>Total Liabilities</b>		<b>P 1,931,506,173</b>	<b>P 1,800,004,918</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	2,13	P 85,000,000	P 85,000,000
Deficit	2,14	(82,389,115)	(35,125,099)
<b>Total Shareholders' Equity</b>		<b>P 2,610,885</b>	<b>P 49,874,901</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>P 1,934,117,058</b>	<b>P 1,849,879,819</b>

*See Accompanying Notes to Financial Statements*



**GOLDCHESTER HOLDINGS CORP.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Years Ended December 31, 2016 and 2015**

	Notes	2016	2015
REVENUE	2,18,24	P 6,140,564 P	11,338,740
COST OF SERVICES	2,19,24	(2,275,372)	(375,766)
GROSS PROFIT		P 3,865,192 P	10,962,974
OPERATING EXPENSES	2,20,24	(3,756,139)	(10,271,093)
OTHER INCOME/(EXPENSE)	2,21,24	(67,644,430)	(52,231,594)
INCOME/(LOSS) BEFORE TAX		P (67,535,377) P	(51,539,713)
INCOME TAX BENEFIT	2,22	20,271,361	16,414,614
INCOME/(LOSS) AFTER TAX		P (47,264,016) P	(35,125,099)

*See Accompanying Notes to Financial Statements*



**GOLDCHESTER HOLDINGS CORP.**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the Years Ended December 31, 2016 and 2015

		Share Capital		Deficit		Total Shareholders' Equity
Balance at January 1, 2016	P	85,000,000	P	(35,125,099)	P	49,874,901
Loss for the Period				(47,264,016)		(47,264,016)
<b>Balance at December 31, 2016</b>	<b>P</b>	<b>85,000,000</b>	<b>P</b>	<b>(82,389,115)</b>	<b>P</b>	<b>2,610,885</b>
Balance at January 1, 2015	P	85,000,000	P	-	P	85,000,000
Loss for the Period				(35,125,099)		(35,125,099)
<b>Balance at December 31, 2015</b>	<b>P</b>	<b>85,000,000</b>	<b>P</b>	<b>(35,125,099)</b>	<b>P</b>	<b>49,874,901</b>

*See Accompanying Notes to Financial Statements*



**GOLDCHESTER HOLDINGS CORP.**

**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2016 and 2015

	Notes	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss After Tax		P (47,264,016) P	(35,125,099)
Adjustments for Non-Cash Deductible:			
Deferred Tax Asset		(20,271,361)	(16,414,614)
<b>Loss Before Working Capital Changes</b>		P (67,535,377) P	(51,539,713)
<b>Decrease (Increase) in:</b>			
Other Receivables	2,3,6,23	(41,489,384)	(246,233,312)
Other Current Assets	2,3,7	(37,245,474)	(15,395,427)
Other Assets	2,3,9	37,609,618	(145,065,671)
<b>Increase (Decrease) in:</b>			
Other Payables	2,3,10,23	8,509,497	4,392
Other Current Liability	2,3,11	1,617	526
<b>Net Cash Generated from (Used in) Operating Activities</b>		P (100,149,503) P	(458,229,205)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of Investment Property	2,3,8	P - P	(1,425,441,568)
<b>Net Cash Used in Investing Activities</b>		P - P	(1,425,441,568)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Loans		P 652,990,141 P	1,800,000,000
Payment of Loans		(530,000,000)	-
Contributed Capital	2,13	-	85,000,000
<b>Net Cash Generated from (Used in) Financing Activities</b>		P 122,990,141 P	1,885,000,000
<b>NET INCREASE IN CASH FOR THE PERIOD</b>		P 22,840,639 P	1,329,227
<b>CASH AT THE BEGINNING OF THE PERIOD</b>		1,329,227	-
<b>CASH AT END OF THE PERIOD</b>		P 24,169,866 P	1,329,227

See Accompanying Notes to Financial Statements



## **GOLDCHESTER HOLDINGS CORP.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **NOTE 1 CORPORATE INFORMATION**

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Goldchester Holdings Corp. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on March 2, 2015 with SEC Registration CS201503862.

The Company is engaged to purchase, subscribe for, or otherwise acquire and own hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description including but not limited to land, buildings, condominium units, shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities, contracts or obligations of any corporation or corporations, association or associations, domestic or foreign, and to pay therefore, in whole or in part, in cash or by exchanging therefore stocks, bonds, or other evidences of indebtedness or securities of any other corporation and while the owner or holder of any such real or personal property, stocks, bonds, debentures, notes, evidences of indebtedness or other securities, contracts, or obligations, to receive, collect and dispose of the interest, dividends and income arising from such property and to possess and exercise in respect thereof, all the rights, powers and privileges of ownership, including all voting power on any stocks so owned, provided, however, that nothing herein shall be construed to authorize the Corporation to engage in the business of an investment company or an investment house and without acting as broker/dealer of securities.

The registered office address of the Company is located at #37 Judge Juan Luna St., San Francisco Del Monte, Quezon City with Tax Identification No. 008-969-950-000.

The accompanying financial statements for the year ended December 31, 2016 and 2015, were authorized for issue by the Board of Directors on March 2, 2016. The Board of Directors are empowered to make revisions on financial statements even after the date of issue.

#### **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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##### **Basis of Presentation**

The financial statements of the Company have been prepared on a fair value measurement. The financial statements are presented in Philippine Pesos, which is the Company's functional currency. All amounts are rounded to the nearest Philippine Peso, except when otherwise indicated.

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

##### **Adoption of New Accounting Standards**

The Company is a non-publicly accountable entity and is allowed not to apply in its general purpose financial statements the new Philippine Financial Reporting Standards (PFRSs) that became effective in 2005. This is in accordance with the adoption of the Securities and Exchange Commission (SEC) of PAS 101-Financial Reporting Standards as approved by the ASC. This standard provides a temporary relief in the application of the new PFRSs that became effective in 2005 to all qualified entities.

The Company opted to adopt the following Philippine Accounting Standard (PAS), which became effective on January 1, 2005:

These new standards prescribed new accounting measurement and disclosure practices applicable to the Company. The major effects of these new standards on the Company's accounting policies and on the amounts disclosed in the financial statements are summarized as follows.

The following accounting standards, amendments and interpretations to existing standards that have been published by the International Accounting Standards Board (IASB) and adopted by the FRSC which became effective for accounting periods beginning on or after January 1, 2006 were adopted by the Company:

PAS 1 (Revised 2003)	- Presentation of Financial Statements
PAS 7	- Cash Flow Statements
PAS 8 (Revised 2003)	- Accounting Policies, Changes in Accounting Estimates, and Errors
PAS 10 (Revised 2003)	- Events After the Balance Sheet Date
PAS 12	- Income Taxes
PAS 17	- Leases
PAS 18	- Revenue
PAS 23	- Borrowing Cost
PAS 24	- Related Party Disclosures
PAS 32 (Revised 2003)	- Financial Instruments: Disclosures and Presentation
PAS 36 (Revised 2004)	- Impairment of Assets
PAS 39	- Financial Instruments: Recognition and Measurement
PAS 40	- Investment Property
PFRS 1	- First-time Adoption of Philippine Financial Reporting Standards
PFRS 7	- Financial Instruments Disclosures
PFRS 9	- Financial Instruments
PFRS 13	- Fair Value Measurement

These new standards, amendments and interpretations prescribe new accounting measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with the transitional provisions of the standards, otherwise the adoption of the new standards is accounted for as change in accounting policy under PAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors". The effects of these new standard, amendments and interpretations on the Company's accounting policies and on the amounts disclosed in the financial statements are summarized as follows:

PAS 1 (Revised 2003), "Presentation of Financial Statements," provides a framework within which an entity assesses how to present fairly the effects of transactions and other events. It provides the criteria for classifying liabilities as current or non-current, prohibits the presentation of items of income and expense as extraordinary items, specifies disclosures about the judgments made by management in applying accounting policies, the key sources of estimation uncertainty at the balance sheet date that have significant risks.

PAS 7, "Cash Flow Statements", requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement which classifies cash flows during the period from operating, investing and financing activities.

PAS 8 (Revised 2003), "Accounting Policies, Changes in Accounting Estimates and Errors," eliminates the concept of fundamental error and the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior period errors. The standard defines material omissions and misstatements and describes how to apply the concept of materiality when applying accounting policies and correcting errors.

PAS 10 (Revised 2003), "Events After the Balance Sheet Date," clarifies that dividends declared after balance sheet date are not to be recognized as a liability at the balance sheet date.

PAS 12, "Income taxes," the objective of the standard is to prescribe the accounting treatment for income taxes.

PAS 17 (Revised 2003) "Leases", provides limited revision to clarify the classification of a lease of land and buildings and prohibits expensing of initial direct costs in the financial statements of lessors.

PAS 18, "Revenue", provides additional guidelines as to the timely recognition of revenue, which is measured at the fair value of the consideration received or receivable.

PAS 23, "Borrowing Costs," this Standard prescribes the accounting treatment for borrowing costs. This Standard generally requires the immediate expensing of borrowing costs. However, the standard permits, an allowed alternative treatment, the capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

PAS 24 (Revised 2003), "Related Party Disclosures," provides additional guidance and clarity in the scope of the Standard, the definitions and the disclosures for related parties. It requires disclosure of the compensation of key management personnel.

PAS 32 (Revised 2003), "Financial Instruments: Disclosures and Presentation", which prescribes the requirements for the presentation of financial instruments and identifies the information that should be disclosed about them. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. The standard requires disclosure of information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments.

This standard also requires disclosure of information about the nature and extent of an entity's use of financial instruments, the business purposes they serve, the risks associated with them, and management policies for controlling those risks.

PAS 36 (Revised 2004), "Impairment of Assets", prescribes the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described to be impaired and the standard requires the entity to recognize an impairment loss. The standard also specifies when an entity should reverse an impairment loss previously recognized. The revised standard clarifies the elements that should be reflected in the calculation of an asset's value in use. PAS 36 prescribes the frequency of impairment testing for intangible assets.

PAS 39, "Financial Instruments: Recognition and Measurement", which prescribes the principles for recognizing, measuring, and disclosing information about financial assets and financial liabilities. PAS 39 supplements the disclosure provision of PAS 32, Financial Instruments: Disclosures and Presentation.

PAS 40, "Investment Property", applies to the accounting for property (land and/or buildings) held to earn rentals or for capital appreciation (or both). Investment properties are initially measured at cost, and with some exceptions, may subsequently measured using cost model or fair value model, with changes in the fair value under the fair value model being recognized in profit or loss.

PFRS 1, "First-time Adoption of Philippine Financial Reporting Standards", applies to an entity that presents its first IFRS financial statements and sets out ground rules that an entity needs to follow when it adopts IFRS for the first time as the basis for preparing its general-purpose financial statements. In other words, it applies to all those entities that present for the first time their financial statements under IFRS. The Standards refers to such entities as "First-Time Adopters of IFRS".

PFRS 7, "Applies to all risks arising from all financial instruments. The extent of the disclosure required depends on the extent of the entity's use of financial instrument and of its exposure to risk. This IFRS requires disclosure of the significance of financial instrument for an entity's financial position and performance. These disclosures incorporate many of the requirements previously in IAS 32. Qualitative & quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk & market risk. The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The qualitative disclosures provide information about the extent to which the entity is

exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the entity's use of financial instruments and the exposure to risk they create.

PFRS 9, "Financial Instruments: Recognition and Measurement" effective January 1, 2013 requires on the classification and measurement of financial assets. It uses single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing many different rules on PAS 39. The approach in the new standard is based on how an entity manages its financial instruments (its business model) and the cash flow characteristics of the financial assets. The New standard also requires a single impairment method to be used, replacing the many different impairment methods in PAS 39.

PFRS 13, "Fair value measurement" effective January 1, 2013, aims to improve consistency and reduce complexity by providing a precise definition of fair value and single source of fair value measurement and disclosure requirements for use across PFRS. The requirements, which are largely aligned between PFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied when its use is already required or permitted by other standards within PFRS or US GAAP.

PAS 37, "Provisions, Contingent Liabilities and Contingent Assets", ensures that appropriate recognition criteria and measurement basis are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to financial statements to enable users to understand their nature, timing and amount.

PAS 39, "Financial Instruments: Recognition and Measurement", which prescribes the principles for recognizing, measuring, and disclosing information about financial assets and financial liabilities. PAS 39 supplements the disclosure provision of PAS 32, Financial Instruments: Disclosures and Presentation.

The adoption of the above standards, amendments and interpretations, upon which the Company has opted to adopt, did not have any significant effect on the Company's financial statements. These, however, require additional disclosures on the Company's financial statements.

In 2016, it is the opinion of Management that assets and liabilities were recognized at fair value; hence, these were considered deemed cost.

The significant accounting policies and practices of the Company are set forth to facilitate the understanding of the financial statements.

#### **Financial Assets**

Financial assets include cash on hand and in banks and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

#### **Cash**

Cash includes cash in banks. Cash in banks are deposits held at call with banks. The company reconciles the books and bank balances regularly as part of its cash monitoring and internal control measures.

#### **Other Receivables**

Other receivables are recorded initially at transaction cost and subsequently measured at cost less impairment, if any. Other receivables include advances to shareholders and affiliates.

#### **Input tax**

Input tax represents value added tax (VAT) paid to suppliers that can be claimed as credit against the Company's VAT liabilities.

**Refundable deposits**

Refundable deposits are measured at amortized cost less any impairment loss, if any.

**Financial Liabilities**

Financial liabilities includes other payables, non-interest bearing borrowings and advances from affiliates.

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

**Other Payables**

Other payables are measured initially at their nominal values and subsequently recognized at amortized costs less settlement payments.

**Loans Payable**

Loans payable are measured at their nominal values and subsequently recognized at amortized costs less settlement payments, if any.

**Financial Assets and Liabilities**

Financial assets and liabilities are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of the financial assets and liabilities are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss.

The Company recognized a financial asset or a financial liability in the balance sheets when it becomes a party to the contractual provisions of the instrument. In the case of regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument of a component that is a financial liability, are reported as expense or income. Distribution to holders of financial instruments classified as equity are charged directly to shareholders equity, net of any related income tax benefits. Financial instruments are offset when there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are further classified into the following categories:

**a. Financial asset at fair value through profit or loss**

Financial asset at fair value through profit or loss includes financial assets, held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognized in profit loss.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis; or (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the assets contain an embedded derivative that would need to be separately recorded.

As of December 31, 2016, the Company has no financial asset at fair value through profit or loss.

**b. Loans and receivables**

Loans and receivables are no derivative financial assets with fixed or determinable payments that

are not quoted in an active market. Such assets are carried at cost or amortized cost using the effective interest method. Gains and losses are recognized in the statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Company has no derivative financial assets.

c. Held-to-maturity investments

Quoted no derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortized cost. This cost is computed as the amount is initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any differences between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction cost and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in the statements of income when investments are derecognized or impaired, as well as through the amortization process.

**Impairment of Financial Assets**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For loans and receivables, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the statement of operations. Receivables, together with the associated allowance accounts, are written-off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to the "Other income" account.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Company. Historical loss experience is adjusted on the basis of current observable

data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

**Assets Carried at Amortized Cost.** If there is objective evidence that an impairment loss on loans and receivable carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial assets shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the statements of income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If it is determined that no objective evidence of impairment exists for an individual asset with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is on continues to be recognized are not included n a collective assessment or impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statements of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

**Assets Carried at Cost.** If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instruments has been occurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

#### **Derecognition of Financial Assets and Financial Liabilities**

##### **Financial assets**

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

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
- the Company has transferred its rights to receive cash flows from the 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.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing

involvement is the amount of the transferred asset that the Company may repurchased, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **Financial Liabilities**

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

#### **Impairment of Non-Financial Assets**

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and when the carrying value of an asset exceeds its estimated recoverable amount, the asset or cash generating unit to which the asset belongs is written down to its recoverable amount. The recoverable amount of an asset is the greater of its net selling price and value in use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For impairment loss on specific assets or investments, the recoverable amount represents the net selling price.

An assessment is made at the balance sheet date to determine whether there is any indication that an asset may be impaired, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists and when the carrying value of an asset exceeds its estimated recoverable amount, the asset or cash generating unit to which the asset belongs is written down to its recoverable amount.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against operations in the year in which it arises. A previously recognized impairment loss is reversed only if there has been a change in estimate used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any accumulated depreciation and amortization for property and equipment) had no impairment loss been recognized for the asset in prior years. A reversal for impairment loss, if any, is credited to current operations.

#### **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimated of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities, if any, are disclosed, unless the possibility of an outflow of

resources embodying economic benefits is remote. Contingent assets are disclosed only when an inflow of economic benefits is probable.

#### **Share Capital**

Share capital is determined using the nominal value of shares that have been issued and fully paid.

The costs of acquiring Company's own shares are shown as a deduction from equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

#### **Deficit**

Deficit includes current and prior period results as disclosed in the statement of income.

#### **Revenue and cost recognition**

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

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business.

Cost and administrative expenses are recognized in the statement of income. Finance costs are reported on an accrual basis.

#### **Income Taxes**

The tax currently payable for the year is Regular Corporate Income Tax (RCIT). Taxable profit differs from net profit as reported in the statements of operations, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The reconciliation of the Company's liability, if any, for current tax is calculated using 30% tax rate.

Deferred tax, if recognized, is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences while deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

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

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

#### **Related Parties**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

The key management personnel of the Company and post-employment benefit plans for the benefit of Company's employees are also considered to be related parties.

**Borrowing Costs**

Borrowing costs are expensed as incurred.

**Subsequent Events**

The Company identifies subsequent events as events that occurred after the balance sheet date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's financial position at the balance sheet date are reflected in the financial statements.

Events that are not adjusting events are disclosed in the notes to the financial statements when material.

**NOTE 3 MANAGEMENT'S SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES*****Judgments***

The preparation of the Company's financial statements in conformity with Financial Reporting Framework (in reference to the Generally Accepted Accounting Principles of the Philippines) requires management to make estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes. The estimates and assumptions used in the Company's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates, judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

***Estimates***

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following represents a summary of the significant estimates and judgments and related impact and associated risks in the Company's financial statements.

**Allowance for Doubtful Accounts**

The Company assesses whether objective evidence of impairment exist for receivables and due from related parties that are individually significant and collectively for receivables that are not individually significant. Allowance for doubtful accounts is maintained at a level considered adequate to provide for potentially uncollectible receivables.

No allowance for doubtful accounts has been provided because of insignificant amount, and collection is probable.

**Impairment of Non-financial Assets**

The Company assesses the value of property, plant and equipment which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property, plant

and equipment and other long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment charges.

#### **Deferred Tax Assets**

The Company reviews the carrying amount at each balance sheet date and reduces deferred tax assets 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. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

#### **Revenue recognition**

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

### **NOTE 4 Financial Risk Management Objectives and Policies**

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#### **Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

#### **Management of Financial Risk**

##### Governance Framework

The Company has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity and operational risk. It also supports the effective implementation of policies.

The policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

##### Capital Management Framework

The Company's risk management function has developed and implemented certain minimum stress and scenario tests for identifying the risks to which the Company are exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic balance sheet and revenue account, are reported to the Company's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

##### Regulatory Framework

The operations of the Company is also subject to the regulatory requirements of SEC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions.

##### Financial Risk

The Company is also exposed to financial risk through its financial assets and financial liabilities. The most important components of this financial risks are credit risk, liquidity risk and market risk.

### Credit risk

The Company's credit risk is primarily attributable to its Other receivables. The Company has adopted stringent procedure in extending credit terms to customers and in monitoring its credit risk.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company manages the level of credit risk it accepts through comprehensive credit risk policy setting out assessment and determination of what constitutes credit risk for the Company; setting up exposure limits by each counterparty or group of counterparties, geographical and industry segments; guidelines on obtaining collateral and guarantees; reporting of credit risk exposures and breaches to the monitoring authority; monitoring compliance with credit risk policy and review of credit risk policy for pertinence and changing environment.

	<b>Gross Maximum Exposure 2016</b>
Cash	24,169,866

The aging analysis of financial assets as of December 31, 2016 that were past due but not impaired are as follows:

	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		31-60 days	61-90 days	More than 90 days		
Cash	P 24,169,866	P -	P -	P -	-	P 24,169,866
Other Receivables	287,722,696					287,722,696
Total	P 311,892,562	P -	P -	P -	-	P 311,892,562

### Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

The Company manages liquidity through a liquidity risk policy which determines what constitutes liquidity risk for the Company; specifies minimum proportion of funds to meet emergency calls; setting up contingency funding plans; specify the sources of funding and the vents that would trigger the plan; concentration of funding sources; reporting of liquidity risk exposures and breaches to the monitoring authority; monitoring compliance with liquidity risk policy and review of liquidity risk policy for pertinence and changing environment.

The table below summarizes the maturity profile of the Company's financial liabilities at December 31, 2016 based on contractual undiscounted payments.

	Due not later than 1 mo.	Due later than 1 mo. but not later than 3 mos.	Due later than 3 mos. but not later than 6 mos.	Due later than 6 mos. but not later than 1 yr.	Due later than 1 yr.	Total
Other Payables					P 8,513,889	P 8,513,889
Loans Payable					1,922,990,141	1,922,990,141
<b>Total</b>					<b>P 1,931,504,030</b>	<b>P 1,931,504,030</b>

The fair values of trade payables have not been individually disclosed as, due to the short duration management considers the carrying amounts recognized in the statements of financial position to be reasonable approximation of the fair values.

#### Market Risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risks), market interest rates (interest rate risk) and market prices (price risk).

#### Fair Value Interest Rate Risk

The fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate investments and receivables in particular are exposed to such risk.

The Company's market risk policy requires the management of interest rate risk by maintaining appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

#### NOTE 5 CASH

The account at December 31 consists of:

	Notes	2016	2015
Cash In Bank	2,3,23	P 24,169,866 P	1,329,227

Cash in bank earns interest at the respective banks' prevailing deposit interest rates.

#### NOTE 6 OTHER RECEIVABLES

The account at December 31 consists of:

	Notes	2016	2015
Accounts Receivables-Others		P 246,222,696 P	246,233,312
Advances to Affiliates		41,500,000	-
<b>Total Other Receivables</b>	<b>2,3,23</b>	<b>P 287,722,696 P</b>	<b>246,233,312</b>

Accounts Receivable - Others are additional funds for the operation of the company. This account refers to receivable from other related parties.

Advances to Affiliates pertains to receivable from affiliates which are still collectible and no amounts were found impaired. These are stated at amortized cost less provision for any impairment.

#### NOTE 7 OTHER CURRENT ASSETS

The account at December 31 consists of:

	Notes	2016	2015
Input Vat		P 51,752,515 P	14,814,070
Prepaid Tax	21	873,965	566,937
Bill Deposit		14,420	14,420
<b>Total Other Current Assets</b>	<b>2,3</b>	<b>P 52,640,901 P</b>	<b>15,395,427</b>

Input VAT are claims from the purchase of services by the company that will be carried-over for the next succeeding years.

Prepaid Tax pertains to creditable withholding tax for the year.

Bill Deposit refers to an amount required from all customers of all distribution utilities as a guarantee for payment of electric bills.

#### NOTE 8 INVESTMENT PROPERTY

The account at December 31 consists of:

	Notes	2016	2015
Investment Property	2,3	P 1,425,441,568 P	1,425,441,568

The company invested in purchasing 31,423.50 sq.m lot together with all improvements thereon located @ 1172 Barangay A. Samson, EDSA, Quezon City.

Investment Property is carried at cost less any impairment in value. No impairment loss recognized during the year.

#### NOTE 9 OTHER ASSETS

The account at December 31 consists of:

	Notes	2016	2015
Deferred Input Tax	P	107,456,052 P	145,065,671
Deferred Tax Assets		36,685,975	16,414,614
<b>Total Other Assets</b>	<b>P</b>	<b>144,142,027 P</b>	<b>161,480,285</b>

Deferred Tax Asset Deferred Tax Asset (DTA) were accumulated net operating loss carry over that will expire in three (3) succeeding years following the year it was incurred. Deferred Tax Asset was not recognized for the previous year.

Deferred Input Tax pertains to the acquisition of Investment Property. This will be amortized over 60 months from the date of purchase. There are only forty months remaining until it is fully amortized.

Schedule for Deferred Tax Asset:

Year Incurred	Expiry Year	NOLCO	Used/ Expired DTA	Unexpired DTA
2015	2018	P 54,715,381 P	-	P 16,414,614
2016	2019	67,571,203	-	20,271,361
<b>Total</b>		<b>P 122,286,584 P</b>	<b>-</b>	<b>P 36,685,975</b>

#### NOTE 10 OTHER PAYABLES

The account at December 31 consists of:

	Notes	2016	2015
Accounts Payable - Others	P	8,274,960 P	4,392
Accrued Expenses		238,929	-
<b>Total Other Payables</b>	<b>2,3,23 P</b>	<b>8,513,889 P</b>	<b>4,392</b>

Accrued Expense pertains to accrual of security services for November 16-December 31, 2016.

Accounts payable - Others refers to various deposits from lessee.

**NOTE 11 OTHER CURRENT LIABILITY**

The account at December 31 consists of:

	Notes	2016	2015
<b>Expanded Withholding Tax</b>	P	2,143	P 526

*Expanded Withholding Tax refers to amount withheld from third party source providers and shall be remitted to BIR the following month.*

**NOTE 12 LOANS PAYABLE**

The account at December 31 consists of:

	2016	2015
<b>Loans Payable</b>	P 1,922,990,141	P 1,800,000,000

*Loans payable pertains to interest-bearing loan with PN-803030123109 at 4.75% per annum.*

**NOTE 13 SHARE CAPITAL**

The details of this account at December 31 follows:

Authorized Share Capital			
2,550,000 Ordinary Shares at P 100 Par Value			<u>P 255,000,000</u>
		2016	2015
<b>Subscribed Share Capital</b>	P	85,000,000	P 85,000,000
<b>Contributed Capital</b>	P	85,000,000	P 85,000,000

**NOTE 14 DEFICIT**

The details of this account at December 31 follows:

		2016	2015
<b>Balance at January 1</b>	P	(35,125,099)	P -
<b>Loss For The Period</b>		(47,264,016)	(35,125,099)
<b>Balance at December 31</b>	P	(82,389,115)	P (35,125,099)

#### NOTE 15 RELATED PARTY TRANSACTIONS

The Company's related parties included its related parties under common ownership. The transactions with the related parties are discussed below.

Transactions with related parties include the following:

	2016		2015	
	Amount of Transactions	Outstanding Balances	Amount of Transactions	Outstanding Balances
Advances Granted	P 41,500,000	P 41,500,000	P	P -

##### 15.1 - Due from Related Party Under Common Ownership

As of December 31, 2016 based on management's assessment, the outstanding balance of advances to related party which is presented as part of Other Receivables is not impaired; hence, no impairment loss was recognized.

The movement of these advances, which is presented as part of Other Receivables account in the statements of financial position as of December 31, 2016 is as follows:

	NOTES	2016	2015
Balance at January 1		P -	P -
Advances Granted		41,500,000	-
Payment Received		-	-
Balance at December 31	2,6,23	P 41,500,000	P -

##### 15.2 - Key Management Personnel Compensation

There is no management personnel compensation recognized since the Company's accounting and administrative functions are being handled by a related party under common ownership at no cost to the Company.

#### NOTE 16 REVENUE

The account at December 31 consist of:

	2016	2015
Rental Income	P 6,140,564	P 11,338,740

#### NOTE 17 COST OF SERVICES

The account at December 31 consist of:

	2016	2015
Security Services	P 1,829,706	P 114,645
Bonds and Insurance	383,898	258,128
Communication, Light and Water	61,768	1,593
Repairs and Maintenance	-	1,400
Total Cost of Services	P 2,275,372	P 375,768

**NOTE 18 OPERATING EXPENSES**

The account at December 31 consists of:

	Notes	2016	2015
Taxes and Licenses	23	P 3,689,019	P 9,942,310
Professional Fee		40,000	315,893
Representation		8,900	-
Office Supplies		1,350	1,429
Transportation and Travel		415	-
Miscellaneous		16,455	11,461
<b>Total Operating Expenses</b>		<b>P 3,756,139</b>	<b>P 10,271,093</b>

The Professional fee is a General Professional Partnership and is not subjected for withholding tax.

**NOTE 19 OTHER INCOME/(EXPENSE)**

The account at December 31 consists of:

	Notes	2016	2015
Interest Expense		P (67,705,411)	P (57,636,986)
Other Income		60,981	5,405,392
<b>Total Net Other Expense</b>		<b>P (67,644,430)</b>	<b>P (52,231,594)</b>

Other income refers to interest income on deposits, net of final tax.

**NOTE 20 INCOME TAXES**

The reconciliation of income tax computed at the statutory tax rate to income tax benefit follows:

	2016	2015
Loss for the Period	P (67,535,377)	P (51,539,713)
Add/(Deduct): Disallowed Expense/ (Income subject to Final Tax):		
Interest Expense	25,155	2,229,724
Interest Income, net of Final Tax	(60,981)	(5,405,392)
Net Taxable Loss	P (67,571,203)	P (54,715,381)
Multiplied By Prevailing Income Tax Rate:	30%	30%
<b>Income Tax Payable/(Benefit)</b>	<b>P (20,271,361)</b>	<b>P (16,414,614)</b>
Minimum Corporate Income Tax (MCIT) 2%	P -	P -
Tax Due, whichever is higher between MCIT vs. RIT	P -	P -
Less: Tax Credits		
Creditable Withholding tax - Previous Year	P 566,937	
Creditable Withholding tax - Previous Quarters	307,028	
Creditable Withholding tax - Fourth Quarter	-	566,937
<b>Still Due and Payable (Carry-over)</b>	<b>P (873,965)</b>	<b>P (566,937)</b>

**NOTE 21 IN COMPLIANCE WITH BIR REVENUE REGULATION NO.15-2010 FOR THE YEAR 2016.**

**a. VAT OUTPUT TAX**

Rental Income	Rental Income	Output Vat
	P 6,140,564 P	736,868

**b. VAT INPUT TAX**

The amount of VAT Input taxes claimed is broken down as follows:

Beginning of the Year		P 14,814,070
Amortization of Deferred Input Tax		37,609,618
Payments of services		
Light & Water	6,639	
Security Services	50,359	
Insurance	8,697	65,695
<b>Balance at the end of the year</b>		<b>P 52,489,383</b>

**c. IMPORT DUTIES AND TAXES**

*There are no landed cost of imports, customs duties and tariff fees paid or accrued during the year.*

**d. EXCISE TAXES**

*There are no excise taxes paid for the year 2016.*

**e. DOCUMENTARY STAMP TAX**

*There are no documentary stamp taxes paid during the year.*

**f. TAXES AND LICENSES**

The amount of taxes and licenses for the year 2016 is as follows:

Real Property Tax	P 3,688,519
BIR Registration	500
<b>Total Taxes and Licenses</b>	<b>3,689,019</b>

**g. WITHHOLDING TAXES**

Expanded Withholding Tax	P 8,393
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**h. DEFICIENCY TAX ASSESSMENT AND TAXES CASES**

*The company does not have any tax deficiency assessment and tax cases as of the end of the year.*

**NOTE 22 IN COMPLIANCE WITH BIR REVENUE REGULATION NO. 19-2011 FOR THE YEAR 2016**

The following schedules and information on taxable income and deduction of the Company follows:

**A. Revenue**

Details of Revenues follow:

	2016	2015
Rental Income	P 6,140,564	P 11,338,740
<b>Total Revenue</b>	<b>P 6,140,564</b>	<b>P 11,338,740</b>

**B. Cost of Services**

Details of Cost of Services follow:

	2016	2015
Security Services	P 1,829,706	P 114,645
Bonds and Insurance	383,898	258,128
Communication, Light and Water	61,768	1,593
Repairs and Maintenance	-	1,400
<b>Total Cost of Services</b>	<b>P 2,275,372</b>	<b>P 375,766</b>

**C. Other Expense**

Details of Other Expense follow:

	2016	2015
Interest Expense	P (67,680,256)	P (57,636,986)
<b>Total Other Expense</b>	<b>P (67,680,256)</b>	<b>P (57,636,986)</b>

**D. Itemized Deductions**

Details of itemized deductions follow:

	Notes	2016	2015
Taxes and Licenses	P	3,689,019	P 9,942,310
Professional Fee		40,000	315,893
Representation		8,900	-
Office Supplies		1,350	1,429
Transportation and Travel		415	-
Miscellaneous		16,455	11,461
<b>Total Itemized Deductions</b>	<b>P</b>	<b>3,756,139</b>	<b>P 10,271,093</b>

**NOTE 23 FINANCIAL INSTRUMENTS**

The Company's financial assets and liabilities are recognized initially at cost which is the fair value of the consideration given (in the case of assets) or received (in the case of liability).

Fair values are determined by reference to market-based evidence, which is the amount for which the financial assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

The following tables set forth the carrying values and estimated fair values of the Company's financial assets and liabilities recognized as of December 31:

	<u>2016</u>		<u>2015</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<b>Financial Assets</b>				
Cash	P 24,169,866	P 24,169,866	P 1,329,227	P 1,329,227
Other Receivables	287,722,696	287,722,696	246,233,312	246,233,312
<b>Total Financial Assets</b>	<b>P 311,892,562</b>	<b>P 311,892,562</b>	<b>P 247,562,539</b>	<b>P 247,562,539</b>
<b>Financial Liabilities</b>				
Other Payables	P 8,513,889	P 8,513,889	P 4,392	P 4,392
Loans Payable	1,922,990,141	1,922,990,141	1,800,000,000	1,800,000,000
<b>Total Financial Liabilities</b>	<b>P 1,931,504,030</b>	<b>P 1,931,504,030</b>	<b>P 1,800,004,392</b>	<b>P 1,800,004,392</b>