SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2019**

2. SEC Identification Number **PW-225** 3. BIR Tax Identification No. **000-477-902**

4. Exact name of issuer as specified in its charter **GLOBALPORT 900, INC.**

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

6. (SEC Use Only)
Industry Classification Code:

7. **Unit 2701 One Corporate Centre, Meralco Ave. cor. Julia Vargas Ave. Ortigas Center, Pasig City**
Address of principal office
1605
Postal Code

8. **(632) 86378851**
Issuer's telephone number, including area code

9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code, or Section 4 and 8 of the Revised Securities Act.

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Shares	2,334,798,500

11. Are any or all of these securities listed on the Philippine Stock Exchange
Yes [X] No [ ]

12. Check whether the registrant:

a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code and paragraph (2)(a) Rule17, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes [X] No [ ]

b) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

13. Aggregate market value of voting stock held by non-affiliates.

The aggregate market value of Globalport 900, Inc. voting stocks held by non-affiliates is P 1,702,211,810 at a market price of ₱7.30 per share on 16 May 2014.

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development.

(i) GLOBALPORT 900, INC. (The "Company" or "G900")

The Company was incorporated and registered with the Securities and Exchange Commission (SEC) on May 1, 1933 as Metropolitan Insurance Company. The Company is a public company whose shares are listed in Philippine Stock Exchange (PSE) since June 9, 1948. On December 7, 2011, the SEC approved the change in corporate name of the Parent to Globalport 900, Inc. and the amendments to its primary purpose after the acquisition of its Ultra Parent Company, Sultan 900, Inc from Ventcap, Inc. in 2011 . Its primary purpose, as amended, is to own, invest, manage, operate, maintain and develop port facilities, including other maritime activities supportive of port operations and shipping, and to establish or acquire subsidiaries and affiliates within or outside the Philippines for the same purposes herein set forth including those incidentals thereto.

Sultan 900 Capital, Inc. is a domestic holding company with investments in ports and shipping industries and other infrastructure developments in the Philippines, it owns about 90% of the Company while the remaining shares are held by the public.

The G900 has a 96.32% equity interest in Harbour Centre Port Holdings, Inc. (HCPHI), a domestic corporation registered with the SEC on September 12, 2007 as a holding company whose interests are in ports and logistics operations and management.

(ii) Subsidiaries

The direct subsidiaries of the Company as of December 31, 2019 are listed below:

- **Harbour Centre Port Holdings Inc. ("HCPHI")**, is a stock corporation incorporated in the Philippines and registered with the SEC on 12 September 2007. It is engaged primarily in port business operations. It is primarily to, purchase, subscribe for or otherwise, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or dispose of real and/or personal properties of every kind and description, including shares of stock, whether listed in the stock exchange or not, voting trust certificates, certificates of participation, share warrants, option warrants and other securities and to pay therefore, in whole or in part, cash, property, or stocks, bonds or securities issued by them or another corporation.

- **Platinum Dredging Inc. ("PDI")** is a stock corporation incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on August 15, 2007, primarily to engage in general construction and general building, such as dredging and reclamation works as general contractor for port harbour and road, highway pavement, railway, airport horizontal structure and bridges, dam reservoir and tunnelling, water supply , irrigation and flood control, building and industrial plant, sewerage and sewage treatment/disposal plant, water treatment plant and system, park, playground, recreation works and foundation work and other structure.

  PDI was declared insolvent and dissolved through the liquidation order issued by the court in 2019. This led to the derecognition of the Company's investment in PDI and accordingly, the consolidated financial statements of the Group as at December 31, 2019 do not include PDI.

Business of Issuer. As a consequence of the change in the corporate name and primary purpose of the Company and as of 31 December 2019, it has explored possibilities of investing in companies and or projects engaged in the ports and shipping industry and in other infrastructure projects.

The Company and its subsidiaries continue to look for other business ventures in port operations and management, port development and in infrastructure projects.

Production. As it is primarily engaged in port management and operations, the Company is mainly a services-oriented company on port related operations, which provides service as its main product, such as but not limited to port management and cargo handling.

Products/Sales/Competition. The plans for production and/or sales are being prepared and programmed. Moreover, the Company has minimal competition, as there only a few major players in the industry in ports and shipping.

Transactions with and/or dependence on related parties. The information required is disclosed in the notes of the Company's Audited Financial Statements.

Patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements. The Company does not possess any patents, trademarks, copyrights, franchises, concessions, and royalty agreements.

Governmental regulations. The Company currently complies with the governmental regulations and is seeking approval from government agencies. The effect of existing governmental regulations is mainly the corresponding costs of compliance to the Company, which can be taken up as expense or capital asset under generally accepted accounting principles.

Research and Development. As of the date of this report, the Company continuously studies the possibilities of expansion of its investments in other ports and in infrastructures and its related businesses within the country.

Employees. The Company has no employees as of reporting date but intended to hire its required manpower requirement as the operations of the business improves.

Major Risk/s. While the Company is still in the process of evaluating viable port management/operation opportunities, the management has started to scan the events and trends in the ports industry in order to identify and assess risks that may affect the Company in the future. It also tries to access possible internal risks and weaknesses in its future operations and develop the necessary management strategies to combat these risks or minimize its possible effect to the Company. The major risks the company anticipates are as follows:

a. **Economic and Political Considerations.** The Company will be influenced by the general political and economic situation of the Philippines. Any political and/or economic instability in the future may have a negative effect on the ports and shipping industry.

b. **Development Risk.** Future investment in port management, operation and infrastructure shall be based on the results of a pre-feasibility study to be conducted by the Company. The study shall use estimates of expected or anticipated projected economic returns based on assumptions such as volume of each potential port acquisition, anticipated capital expenditures and cash operating costs.

   Actual cash operating costs, production and economic returns may differ significantly from the Company's projections due to numerous uncertainties inherent to any development and construction of projects. To address this particular risk, the Company will hire consultants in the industry to do a due diligence and feasibility study.

c. **Liquidity and Capital Resource Requirements.** Any future project shall entail capital expenditures and funding requirement which shall be sourced prior to any acquisition. The Company shall undertake measures to raise funds through internally generated funds, debt and/or from private placements.

Item 2. Properties

The Company's properties and equipment include those of the subsidiaries to the extent of its equity therein amounting to ₱23,160 and ₱35,794 as of 31 December 2019 and 31 December 2018, respectively. See Note 12 of the Audited Consolidated Financial Statements for more details.

Item 3. Legal Proceedings

There are no pending legal proceedings involving the Company.

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

Except for the matters taken during the annual stockholders' meeting held on 29 September 2017, no matter was submitted to a vote of security holders during the period covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information. Prior to the acquisition by Sultan 900 of 90% of the total issued and outstanding capital stock of the Company, the shares of the Company have not been actively trading since 31 December 1995, and its last trading was on 27 November 1998 where the trading price was One Hundred Three Pesos (₱103.00) per share. Sultan 900 bought Five Hundred Sixteen Thousand Two Hundred Seventeen (516,217) shares from Venicap, Inc. at the price of Three Hundred Thirty-Nine Pesos (₱339.00) per share. After the acquisition in 2011, the shares were again actively traded in 2012 and until May 2014.

The closing price of the Company's common shares on 16 May 16 2014, the last trading date is Seven and 30/100 Pesos (P7.30).

The Company's public float is Ten Percent (10%) as of 31 December 2019.

Holders. The Company's capital stock consists of unclassified common shares. As of 31 December 2019, Ninety-Four and 15/100 Percent (94.15%) is owned by Filipinos while Five and 84/100 Percent (5.85%) is owned by foreign nationalities.

There are sixty-one (61) stockholders as of 31 December 2019 and the common shares outstanding is Two Billion Three Hundred Twenty-Four Million Seven Hundred Ninety-Eight Thousand Five Hundred (2,334,798,500) (net of Two Hundred One Thousand Five Hundred (201,500) treasury shares) while the listed shares are Fifty-Four Million Two Hundred Twelve Thousand Two Hundred (54,212,200).

The top twenty Stockholders as of 31 December 2019 are as follows:

Shareholder's Name	Nationality	No. of Shares	Percentage
Sultan 900 Capital, Inc	FIL	2,101,617,900	90%
Aspac Logistics & Trading Pty Ltd	BVI/Foreign	126,000,000	5%
Sherwin Mendiola	Fil	35,700,000	1%
Emilio Tiu	Fil	34,755,000	1%
Chris Ryan Cruz	Fil	20,580,000	1%
Fausto Tiu	Fil	13,755,000	1%
PCD Nominee Corporation	Fil	1,876,700	0%
Antonio T. Deblois	Fil	211,800	0%
Juanita E. De Cacho	Fil	49,400	0%
Nieves C. Santos Reyes	Fil	43,300	0%
Paz G. Vda De Cacho	Fil	36,300	0%
Jose Luis Abad	Fil	34,700	0%
Juanita / Isabela Garcia	Fil	22,900	0%
Roman R. Oblena Jr	Fil	22,900	0%
Josefina Coromina	Fil	17,500	0%
Leon Ma. Guerrero	Fil	17,500	0%
Federico Elizalde	Fil	7,300	0%
Lorenzo M. Tañada	Fil	6,400	0%
PCD Nominee Corporation	Foreign	4,900	0%
Pacifico De Ocampo	Fil	4,500	0%

Dividends. The Company has not declared any cash or stock dividend of its common equity for the past three (3) years. Other than the requirement of unrestricted retained earnings, there are no restrictions that would limit the Company's ability to pay dividends on common equity or that which would be unlikely for it to do in the future.

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

Plan of Operation. The Group actively participates in different ports and infrastructure projects to attain financial sustainability and strengthen its financial position.

Analysis of Financial Condition and Results of Operations

The following table shows the consolidated financial highlights of the Company for the current year ended 31 December 2019 with comparative figures of the previous years and as of end of year for 2018 and 2017.

	December 31, 2017	December 31, 2018	December 31, 2019
Income Statement Data			
Total Revenue	–	–	–
Gross Profit	–	–	–
Earnings Before Interest and Tax (EBIT)	24,410,177	(119,240,074)	(14,116,404)
Net Income (Loss)	11,610,350	(119,240,074)	(14,116,404)
Depreciation	–	2,105	12,634
Taxes	12,799,827	–	–
Interest expense	–	–	–
Balance Sheet Data			
Total Current Assets	241,750,261	40,716,871	7,525,123
Advances to Related Parties	–	195,000,000	195,000,000

Property and Equipment - net	–	35,794	23,160
Total Assets	241,750,261	235,752,665	234,501,450
Current Liabilities	137,136,487	250,378,965	80,518,484
Total Liabilities	137,136,487	250,378,965	80,518,484
Stockholders' Equity	104,613,774	(14,626,300)	153,982,966
Total Liabilities & Stockholders' Equity	241,750,261	235,752,665	234,501,450
Current Ratio	1.763	0.163	0.093
Solvency Ratio	0.567	1.064	0.343
Debt to Equity Ratio	1.311	(17.118)	0.523
Interest rate coverage ratio	=	=	=
Gross Profit Margin	0.00%	0.00%	0.00%
Net Profit Margin	0.00%	0.00%	0.00%

Based on the above table the following are key performance indicators of the Company for 2019, 2018, and 2017:

(a) ***Working Capital Ratio or Current Ratio*** – This will measure how liquid the Company is and its ability to meet its current obligations. It is computed by dividing total current assets with the total current liabilities.

(b) ***Debt Management Ratio or Solvency Ratio*** – This is computed by dividing the total liabilities by the total assets.

(c) ***Debt Equity Ratio*** – This will explain the relationship between how the assets were financed by the Company's creditors and its stockholders. This is computed by dividing the total liabilities over the stockholders' equity.

(d) ***Interest Rate Coverage Ratio*** – A ratio used to determine how easily a company can pay interest on outstanding debt. The interest rate coverage ratio is calculated by dividing the Company's earnings before interest and taxes (EBIT) of one period by the Company's interest expenses of the same period.

(e) ***Gross Profit Margin*** – Gross profit margin (gross margin) is the ratio of gross profit (gross sales less cost of sales) to sales revenue. It is the percentage by which gross profit exceeds production costs. Gross margins reveal how much a company earns taking into consideration the costs that it incurs for producing its products or services.

(f) ***Net Profit Margin*** – Net profit margin (or profit margin, net margin) is a ratio of profitability calculated as after-tax net income (net profits) divided by sales (revenue). Net profit margin is displayed as a percentage. It shows the amount of each sale left over after all expenses have been paid.

Changes in Financial Condition and Operating Results

The Company and its subsidiaries have no commercial operations as at 31 December 2019.

Platinum Dredging Inc., (PDI), one of the subsidiaries, incurred capital deficiency due to accumulated losses from the past years. The management decided to cease its operations starting April 2017 and filed for voluntary liquidation. Consequently, the court declared PDI as insolvent through liquidation order received on September 27, 2019.

Material Events and Uncertainties. For both years, the Company has nothing to report on the following, other than the disclosures mentioned in the notes to the financial statements and the matters discussed above.

Item 7. Financial Statements

The 2019 Audited Financial Statements of the Company and its subsidiaries are incorporated herein by reference. The schedules listed in the accompanying index to supplementary schedules are filed as part of this SEC Form 17-A.

The schedules showing the financial soundness indicators in two comparative periods are found in the Item 6 of this report.

Item 8. Information on Independent Accountant and other Related Matters.

Information on Independent Accountant. The Company appointed Alas Oplas & Co., CPAs (AOC) on 07 December 2020 to continue, as the Company's independent external auditor for the years 2018, and 2019 and until replacements have been duly appointed and Deo Veritas Optimum, Inc. to assist the external auditor for internal accounting purposes of the Company.

External Audit Fees (for the last two (2) years):

a) Audit and Audit-Related Fees	**2019**	**2018**
1) For the audit of the Company's annual financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for those fiscal years	₱540,000	₱540,000
2) For other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements.	–	–
b) Tax Fees		
For services for tax accounting compliance, advice, planning and any other form of tax services.	–	–
c) All other Fees		
For products and services rendered by the external auditor, other than the services reported under items (a) & (b) above.	–	–

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. There were no changes in and disagreements with accountants on accounting and financial disclosure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Directors and Executive Officers. The names of the incumbent directors and officers of the Company and their respective ages, position held, citizenship and periods of service as of 31 December 2019, are as follows:

Name	Age	Positions and Offices	Citizenship	Period Served
Edwin Joseph G Galvez	52	Member, Chairman of the Board of Directors ("BOD")	Filipino	29 Sept 2017 – present
Marvee M. Espejo	46	Member, BOD, President	Filipino	29 Sept 2017 – present

Agnes H. Maranan	59	Member, BOD, Corporate Secretary	Filipino	29 Sept 2017 – present
Frederick M. Arejola	38	Member, BOD, Treasurer	Filipino	29 Sept 2017 – present
E. Hans S. Santos	56	Member, BOD, Compliance Office	Filipino	29 Sept 2017 – present
Leonardo M. Galang	37	Member, BOD	Filipino	29 Sept 2017 – present
Dorothy S. Cajayon (Independent Director)	70	Member, BOD	Filipino	29 Sept 2017 – present

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until each respective successor have been elected and qualified. The term of the office of the directors is one (1) year. All of the above stated incumbent members of the Board of Directors as of 31 December 2019 were elected during the Annual Stockholders' meeting on 29 September 2017.

Officers are appointed or elected annually by the Board of Directors during its organizational meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors for the next year or until a successor shall have been elected, appointed or shall have qualified. The incumbent Officers were elected during the Organizational meeting held on 29 September 2017.

The business experiences for the last five (5) years and other directorships in other reporting companies of the aforementioned directors and officers, as of 31 December 2019, are as follows:

EDWIN JOSEPH G. GALVEZ (Fifty (52) years old, Filipino) has more than Thirty (30) years of experience in the field of finance and banking operations, more than Twenty (20) years in management, corporate and project finance, investment banking, and treasury functions in the ports and shipping, construction, real estate, waste management, and in power and energy industries. He is the Chairman and President of Sultan 900, and a member of the Board of Directors of Harbour Centre Port Holdings and ZC Integrated Port Services, Inc. He served as a member of the Board of Directors and was the Chief Finance Officer of HCPTI, a member of the Board of Directors of Manila North Harbour Port, Inc. ("MNHPI"), Pacifica, Inc., and worked in various financial institutions like Security Bank, Far East Bank & Trust Co. and Philbank. He is a candidate of Asian Institute of Management in Business Management and finished BSC – Business Management from the De La Salle University, Manila.

MARVEE M. ESPEJO (Forty-Six (46) years old, Filipino) is currently the President of Mikro-Tech Capital Inc., President of Z.C. Integrated Port Services Inc. (ZCIPSI). Prior to joining the foregoing companies, Mr. Espejo served as the Vice President and Treasurer of Pacifica Inc, President of One Source Port Support Services, Inc., the Information and Communications Technology Director of HCPTI, Finance Manager of Investment Analyst at Enviroventures, Inc., Finance Manager at Sunglow Land, Inc., Financial Analyst at Rubicon Holdings Corporation and Marketing Analyst and Personal Assistant at the AFP-Retirement and Separation Benefits System. He finished his academic units for his MBA from De La Salle University Manila and his Bachelor of Arts in Management Major in Human Resource from the same university.

AGNES H. MARANAN (Fifty-Seven (59) years old, Filipino) is a Senior and Name Partner at Rivera Santos & Maranan Law Offices. She obtained her Bachelor of Laws from the University of the Philippines – Diliman and her Bachelor of Arts in Psychology graduating *cum laude* from the same university. She was admitted to the bar in 1990 and is a registered patent attorney since 1995. She is a lecturer for the Mandatory Continuing Legal Education (MCLE) Series, Corporate Secretary of BancNet, Inc., Legal Counsel & Corporate Secretary of the Asia South Pacific Association for Basic and Adult Education, Legal Counsel/Corporate Secretary for various entertainment corporation such as Flagship, Inc., and Realty Entertainment to name a few. She likewise was a Professor and Lecturer in the field of law for the University of the Philippines and worked in various legal organizations and institutions.

FREDERICK M. AREJOLA, (Thirty-Six (38) years old, Filipino), is presently the Head for Ground Operations of the Philippines Air Asia and the PBA Board Governor and a Director for Sultan 900 Capital, Inc. He served as the PBA Vice Chairman and PBA Treasurer, Assistant Vice President for Corporate Promotions and Special Activities, Account Manager, Sales and Marketing Department of HCPTI, Basketball Coach at the De La Salle Santiago Zobel School. He also played as Point Guard for the LBC Batangas Blades at the PBL.

E. HANS S. SANTOS (Fifty-Four (56) years old, Filipino) is the Managing/Senior Partner at the Rivera Santos & Maranan Law Offices specializing in litigation and taxation law. He obtained his Bachelor Laws and A.B. Economics from the Ateneo de Manila University. Prior to this, he was an Associate Lawyer at the Bautista Picazo Buyco Tan & Fider Law Office and was also a Legal researcher for the Q.C. Regional Trial Court. He is a member of the Order of Demolay and the Aquila Legis Fraternity and was a member of the Ateneo Law School Debating Team and the International Jessup Moot Court Competition Team.

LEONARDO M. GALANG (Thirty-Five (37) years old, Filipino) is the Executive Vice President of GlobalCity Mandaue Corporation and Board of Director of Z.C. Integrated Port Services, Inc. He worked as Research and Business Development Officer at HCPTI and as Sports Marketing Liaison for the Globalport Batang Pier PBA Basketball Team. He finished his Bachelor of Business Majors in Marketing and Management from the Griffith University – Gold Coast in Australia and his Business Administration – Marketing (Diploma) from Thames International Business School.

DOROTHY M.S. CAJAYON (Sixty-Eight (70) years old, Filipino) graduated Bachelor of Arts Major in Political Science from Silliman University and Bachelor of Laws from Ateneo de Manila University. She passed the Bar Examination in 1975. She is a partner at Cajayon and Montemayor Law Office and a Board Member of the Foundation for the Development of Children, Inc., was a Zamboanga City Electric Cooperative, Rotary Club of Zamboanga City Central, and Zamboanga City La Bella Lions Club. She served as the first and only lady government prosecutor in Zamboanga City from 1987-2001, Project Officer of the Human Settlements Commission, Project Officer of the Development Academy of the Philippines.

Family Relationships. Directors Edwin Joseph G. Galvez and Leonardo M. Galang are related within the sixth degree of consanguinity.

Involvement of Directors and Officers in Certain Legal Proceedings. To the best knowledge and information of the Company, none of its incumbent directors and officers/nominee has been involved during the past five (5) years up to the time this Information Statement is submitted to the Securities and Exchange Commission and the Philippine Stock Exchange, in any legal proceedings, which are material to the evaluation of the ability or integrity of any director, executive officer or nominee of the Company. They are not directly or indirectly involved in such legal proceedings to wit:

a) There is no bankruptcy petition filed by or against any business which any of the incumbent directors/officers was a general partner or executive officer at any time within five (5) years or more;

b) The incumbent directors/officers had no conviction by final judgment for any offense, in criminal proceedings, domestic or foreign nor is any of them the subject of a pending criminal proceedings, not even for a minor offense.

c) Not one of the incumbent directors/officers has been the subject of any order, judgment or decree not subsequently reversed suspended or vacated of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting his/her involvement in any type of business, securities, commodities or banking activities;

d) The incumbent directors are not found by a domestic or foreign court of competent jurisdiction, the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market of self-regulatory organization, to have violated a securities or commodities law or regulation and said judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation.

Total short-term benefits provided to the Company and its subsidiaries' (the "Group") key management personnel amounted to nil in 2019.

The Group does not have any standard arrangement pursuant to which officers are compensated, directly or indirectly, for services provided as such, including any additional amounts payable for committee participation or special assignments for the last completed calendar year.

Name of Employee	Position	2019	2018	2017
–	N/A	–	–	–
Total		–	–	–
Bonus and other compensation		–	–	–
Directors		–	–	–
All Officers & Directors as a Group		–	–	–

Below is the summary of the total compensation for the Group:

Name of Company	Position	2019	2018	2017
Globalport 900, Inc	N/A	–	–	–
Harbour Centre Port Holdings, Inc.	N/A	–	–	–
Total		–	–	–
Bonus and other compensation		–	–	–
Directors		–	–	–
All Officers & Directors as a Group		–	–	–

Item 11. Security Ownership of Certain Beneficial Owners and Management.

Security Ownership, Certain Record and Beneficial Owners. As of 31 December 2019, the persons known to the Company to be directly or indirectly the record or beneficial owner of more than 5% of the registrant's voting securities are as follows:

Title of Class	**Name, Address of Record Owner and Relationship with issuer**	**Name of Beneficial Owner & Relationship with Record Owner**	**Citizenship**	**Amount & Nature of Shares held at ₱1.00 par value per share**	**Ownership**
Common Shares	Sultan 900 Capital, Inc., R-100 Vitas Tondo, Manila (Stockholder)	N/A	Filipino	2,101,617,900	90%
Common Shares	Aspac Logistics & Trdg. Pty Ltd, PO Box 2234 IFS Chambers, Rd Town, BVI (Stockholder)	N/A	Foreign	126,000,000	5%
Notes: (1)	Sultan 900 Capital Inc, is a holding company with investments in various companies.				

Security Ownership of Management. The following are the number of shares comprising the Company's capital stock (all of which are voting shares) owned of record by the directors, Chief Executive Officer, and key officers of the Company as of 31 December 2019.

(1) Title of Class	(2) Name of Beneficial Owner	(3) Amount and nature of Beneficial Ownership at ₱1.00 par value per share	(4) Citizenship	(5) Percent of Class
Common Shares	Edwin Joseph G. Galvez	100	Filipino	0.00%
	Marvee M. Espejo	100	Filipino	0.00%
	Agnes H. Marañan	100	Filipino	0.00%
	Leonardo M. Galang	100	Filipino	0.00%
	E Hans S. Santos	100	Filipino	0.00%
	Anthony Rolando R. Golez, Jr.	100	Filipino	0.00%
	Frederick M. Arejola	100	Filipino	0.00%
	Jose Marie E. Fabella	100	Filipino	0.00%
	Dorothy S. Cajayon	100	Filipino	0.00%
Directors and Executive Officers as a Group Common Shares		900	Filipino	0.00%

Voting Trust Holders of 5% or More. There are no holders of voting trust agreements of 5% or more.

Changes in Control. The Company did not have change in control since its acquisition of Sultan 900 Capital, Inc. from Ventcap, Inc. in 2011.

Item 12. Certain Relationships and Related Transactions

See Note 7 (Related Party Transaction) of the Notes to the financial statements.

Parent of the Company. Sultan 900 Capital Inc. owning 90% of the Company is considered the Company's parent company.

Transaction with Promoters. There are no transactions with promoters within the past five (5) years.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

In compliance with SEC Memorandum Circular No. 6 Series of 2009, the Company has filed with the SEC and PSE its Manual on Corporate Governance on 30 July 2014. The Company, on 02 August 2017, submitted its updated Manual on Corporate Governance to the SEC and PSE.

The Company has been monitoring its compliance in its updated Manual on Corporate Governance, as well as in the corporate governance practices and policies recommended by relevant regulatory bodies.

The Company will continue to keep abreast with, and implement all rules and regulations on corporate governance.

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits - Exhibits here refers only to the Audited Financial Statements of the Company and its Subsidiaries and Reports on SEC form17-C. There is no management contract or compensatory plan or arrangement required to be filed as exhibit to this form.

(b) Reports on SEC Form 17-C - Reports on SEC form 17-C during the last six months of 2019 follows:

Date	Particulars
January 3, 2019	Derecognition of Harbour Centre Port Terminal, Inc. (HCPTI) from the books of Harbour Centre Port Holdings, Inc. (HCPHI)
September 27, 2019	Derecognition of investment in Platinum Dredging Inc. The Company derecognized its Investment in Platinum Dredging Inc., upon receipt of the liquidation order issued by the court dated September 27, 2019.
November 22, 2019	Additional Subscription of Sultan 900, Capital Inc. to the Company On November 22, 2019, Sultan 900 Capital, Inc. subscribed for an additional 10,000,000 common shares from the unissued portion of authorized capital stock for Php1,000,000,000.00.
December 2, 2019	Sultan 900 Capital Inc.'s Settlement of its unpaid subscription: Sultan 900 Capital,Inc. partial settlement of its unpaid subscription in the amount of P110,000,000.00

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SCHEDULE B – Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than Affiliates)

Name of Related Party (1)	Balance at Beginning of Period	Balance at End of Period (2)
Ultimate Parent Company	232,836,529	195,000,000

Notes:

1. See Note 7 of the Notes to Consolidated Financial Statements.
2. The Group made cash advances to its parent for investment purposes in 2012. The Parent Company and Sultan 900 Capital, Inc. (the Ultimate Parent), agreed to offset the recharges of marketing expenses by the latter to the Group. As of December 31, 2019 and 2018, the total advances to Sultan 900 Capital, Inc. amounted to nil and P37,836,529, respectively.
3. The P195M represents the receivable of HCPHI from Sultan 900 as concurred in an Intercompany Agreement to carry on its business development activities and investment diversification strategy. This receivable is non-interest bearing and will be repayable within five (5) years from the date of agreement and Sultan 900 has the option to repay all or any portion of the amount prior to its term. As of the reporting date, the Ultimate Parent returned the full amount to HCPHI for its participation on ports bidding projects.

SCHEDULE F- Indebtedness to Related Parties

Name of Related Party (1)	Balance at Beginning of Period	Balance at End of Period (2)
Ultimate Parent Company	110,000,000	–
Stockholders	78,012,313	73,930,569
Total	188,012,313	73,930,569

Notes:

1. See Note 7 of the Notes to Consolidated Financial Statements
2. The advances from Ultimate Parent (Sultan 900) was cash used primarily to finance Group's initiative to participate in bid activities and acquire several domestic ports and applied on its unpaid subscriptions during the year.
3. The advances from stockholders will be settled in cash although no guarantees have been given since these are unsecured, non-interest bearing and payable on demand.

SCHEDULE J – Capital Stock

Please refer to Note 12 of the Notes to Consolidated Financial Statements for updated disclosure/information on the capital stock of the issuer.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on DEC 07 2021, 2021.

Issuer: **GLOBALPORT 900, INC.**

EDWIN JOSEPH G. GALVEZ
Chairman of the Board

FREDERICK M. AREJOLA
Treasurer

AGNES H. MARANAN
Corporate Secretary

DEC 07 2021 PASIG CITY

SUBSCRIBED AND SWORN to before this _____ day of _____________, affiant(s). Exhibiting to me their valid identifications, as follows:

NAMES	IDENTIFICATION INFORMATION
Edwin Joseph G. Galvez	SSS ID with No. 03-9369562-7
Frederick M. Arejola	Driver's License No. N02-98-363765 valid until 01-15-2024
Agnes H. Maranan	UMID CRN-0111-7398389-1

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Page No. 41
Book No. CLXXXVI
Series of 2021

DOMINGO B. TEJERO
NOTARY PUBLIC-Pasig City
Appl. No. 24--Valid until DEC. 31, 2021
Unit 103-GF, MN Square Building
678 Shaw Blvd., Kapitolyo, Pasig City
PTR No. 5242658 Pasig City 1-4-21
IBP OR No. 141020 for 2021 Rizal 1-4-21
Roll No. 28063 Tel. No. 635-47-02
MCLE VI-Compliance No. VI-0004652, 12-7-17
TIN: 135-064-700

COVER SHEET
for
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

P W 0 0 0 0 0 2 5

COMPANY NAME

GLOBALPORT 900, INC.
AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)

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

UNIT 2701 ONE CORPORATE CENTRE
JULIA VARGAS AVE., ORTIGAS
CENTER PASIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
egalvez@globalport.com.ph	8637-8851	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
61	Any day in June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Edwin Joseph G. Galvez	egalvez@globalport.com.pl	(+632) 637 8851	9178625232

Unit 2701 One Corporate Centre Julia Vargas, Ortigas Center, Pasig City, 1605 Metro Manila Philippines

Note 1: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thrity (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. Futher, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for this deficiencies.

GLOBALPORT 900, INC. AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)
PASIG CITY - PHILIPPINES

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

and

INDEPENDENT AUDITOR'S REPORT

CONTENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **GLOBALPORT 900, INC. AND SUBSIDIARIES**, is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.

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

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

Alas Oplas & Co., CPAs, the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

Edwin Joseph G. Galvez
Chairman of the Board

Maryee M. Espejo
President

Frederick M. Arejola
Chief Financial Officer

Signed this ___ day of JUN 2 5 2021

SUBSCRIBED AND SWORN to me before at TAGUIG CITY this JUN 2 5 2021 day of ________, affiants exhibited to me their TIN with Nos. 175-320-328, 137-169-338 and 232 156-122.

Doc. No. 9;
Page No. 3;
Book No. II;
Series of 2021

JORDAN G. ZAFRA-BERNARDO
Notary Public for Taguig City
Appt. No. 113 extended unitl 30 June 2021
19/F W Fifth Ave. Building, 5th Ave. BGC, Taguig City
Roll No.63431; MCLE No. VI-0017000
PTR# A-5068522 01-07-2021 Taguig City
IBP# 141565 01-05-21 RSM

Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs
Makati Head Office
10/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7759-5090 / 92
Email: aocheadoffice@alasoplascpas.com
www.alasoplascpas.com

Independent Member of
BKR International

INDEPENDENT AUDITOR'S REPORT
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
GLOBALPORT 900, INC. AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)
Unit 2701, One Corporate Centre, Meralco Avenue corner
Julia Vargas Avenue, Ortigas Center, Pasig City

We have audited the accompanying consolidated financial statements of **GLOBALPORT 900, INC. AND SUBSIDIARIES** *(Formerly MIC Holdings, Inc.)* as of and for the year ended December 31, 2019, on which we have rendered our report dated June 25, 2021.

In compliance with SRC Rule 68, we are stating that the said Group has a total of sixty-one (61) stockholders owning one hundred (100) or more shares each.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from September 4, 2019 to October 30, 2022
SEC A.N. (Firm) 0321-FR-1, issued on February 7, 2019; effective until February 6, 2022
TIN 002-013-406-000
BIR A.N. 08-001026-000-2021, issued on January 11, 2021; effective until January 10, 2024

By:

GADIOSA R. MARTINEZ
Partner
CPA License No. 0107497
SEC A.N. (Individual) No. 1766-A, issued on August 27, 2019; effective until August 26, 2022
TIN 223-383-235
BIR A.N. 08-006636-001-2020, issued on February 24, 2020; effective until February 23, 2023
PTR No. 8533766, issued on January 4, 2021, Makati City

June 25, 2021
Makati City, Philippines

Alas Oplas & Co., CPAs
Makati Head Office
10/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7759-5090 / 92
Email: aocheadoffice@alasoplascpas.com
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Independent Member of
BKR International

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
GLOBALPORT 900, INC. AND SUBSIDIARIES
Unit 2701 One Corporate Centre, Julia Vargas Ave., cor. Meralco Ave.,
Ortigas Center, Pasig City

Opinion

We have audited the accompanying consolidated financial statements of **GLOBALPORT 900, INC. AND SUBSIDIARIES** *(Formerly MIC Holdings, Inc.)*, (the Group) which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

Without qualifying our opinion, we draw your attention on the Group's trading suspension as disclosed in Note 21 to the consolidated financial statements. On May 9, 2014, the trading of the Group's securities was suspended by the Philippine Stock Exchange (PSE) until further notice. As at reporting date, the trading of the Group's securities is still suspended.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statement of the current period. These matters were addressed in the context of our audit of the consolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a consolidated opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures, including the procedures performed, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverability of Advances to Related Party

a) As at December 31, 2019 and 2018, G900 has outstanding advances to related party (Sultan 900) amounting to ₱31,769,899 and ₱37,836,530, respectively. This is significant to our audit because of the materiality of the amount and the assessment of recoverability requires high level of management judgment and estimation of future cash repayments.

b) HCPHI, one of the subsidiaries has receivable from Sultan 900 amounting to ₱195,000,000. The amount represents the proceeds from the transfer of ownership of HCPHI's investments to Manila North Harbour Port, Inc. (MNHPI) to another company not related to the Group in year 2017. The amount was directly received by the Group's Ultimate Parent, as part of HCPHI's investment diversification strategy and to carry on business development activities as concurred by both parties in an Intercompany Agreement. This was fully collected by HCPHI on June 7, 2021. In our view, this matter is significant to our audit because the amount of the receivable is material to the consolidated financial statements representing 83% of Group's total consolidated assets.

   The Management disclosure about the transaction and recoverability of the above receivables from related party is included in Note 7 of the consolidated financial statement.

Audit Response

a) Our audit procedures focused on the evaluation of management's assessment on the recoverability of the advances to related party. We obtained the memorandum of agreement between the two Companies (G900 and Sultan 900) covering the repayment agreement which is through offsetting of marketing expenses charged by Sultan 900 to the Group. We also obtained confirmation from the stockholder for the acknowledgement of the liability to the company.

b) Our audit procedures included examining documents related to this transaction and obtaining audit evidence such as Intercompany Agreement and corporate secretary certificates with regards to the manner of transferring of investment account and accounting of proceeds received. We also obtain confirmation from the Ultimate Parent to confirm existence and recoverability of the amount. In addition, we assessed the sufficiency of disclosures in the financial statements related to these matters.

Derecognition of Subsidiary

The Group had 100% equity interest in Platinum Dredging Inc. (PDI). In 2017, Platinum Dredging Inc., (PDI) incurred capital deficiency due to accumulated losses from the past years and the management decided to cease its operations starting April 2017 and filed for voluntary liquidation. In September 2019, PDI was declared insolvent and dissolved through the liquidation order issued by the court. This led to the derecognition of Parent Company's investment in PDI and decision to derecognize PDI's net assets previously recognized in the consolidated financial statements.

Harbour Centre Port Holdings Inc. (HCPHI), one of the subsidiaries had direct ownership of 68.11% in Harbour Centre Port Terminal Inc. (HCPTI). HCPHI was involved in a legal proceedings relating to its ownership of HCPTI since 2013. The parties involved in the ownership dispute has come into settlement agreement as finalized by court order. The settlement agreement irrevocably waives, relinquishes and renounces any and all interest over any and all shares of stock, assets and business in all the companies which has common ownership by the parties involved, this includes HCPTI. The outcome of this legal dispute was finalized by the court on October 24, 2018, which led to HCPHI's management decision to derecognize its investment in HCPTI and to derecognize its interest over HCPTI's assets, liabilities and interest over entities in consolidated level.

Audit Response
We have made an assessment of the impact and the accounting treatment made by the Management on the derecognition of the subsidiaries in the consolidated financial statements. There were no other transactions between HCPHI and HCPTI aside from the investment account of the latter. This investment account was impaired since 2014, hence no gain or loss is to be recognized as a result of this derecognition as of December 31, 2017. While the Group's derecognition of PDI resulted to reduction of accumulated losses amounting to ₱72,725,670 in the consolidated financial statements. We have obtained adequate audit evidence to corroborate the judgments made by the Management with respect to derecognition of its subsidiaries. We obtained a copy of settlement agreement approved by the court and the board resolution for the management decision on derecognition of the subsidiaries.

Project Development Expense
As at December 31, 2019, the Group has incurred total project development expense amounting to ₱2,444,978. This is significant to our audit because of the materiality of the amount and the assessment of validity of expenses requires high level of management judgment. The Management disclosure about the transaction is included in Note 16 of the consolidated financial statement.

Audit Response
Our audit procedures focused on the evaluation of management's assessment on the validity of expenses. We obtained the invitation letters for the major bid activities that Group actively joined and participated during the year and which is sent by the project administrators covering the bidding process and requirements.

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, 2019 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of auditor's 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 audit 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 audits, or otherwise appears to be materially misstated. As of reporting date, such other information is not yet available.

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

Management is responsible for the preparation of the consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal controls 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.

Auditor's 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 auditor's 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 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 consolidated financial statements.

As part of an audit in accordance with PSAs, 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 auditor's 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 auditor's 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.

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

The Supplementary Information Required under the Securities Regulation Code Rule 68

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedule listed in the index to the Consolidated Financial Statements and supplementary schedules is presented for the purpose of compliance with the requirement under Securities Regulation Code Rule 68, and is not part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards.

Such supplementary information is the responsibility of the Management. The supplementary information has been subjected to the auditing procedure applied in the audit of the basic consolidated financial statements. In our opinion the information is fairly stated in all material respect in relation to the basic consolidated financial statements taken as a whole.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from September 4, 2019 to October 30, 2022
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TIN 002-013-406-000
BIR A.N. 08-001026-000-2021, issued on January 11, 2021; effective until January 10, 2024

By:

GADIOSA R. MARTINEZ
Partner
CPA License No. 0107497
SEC A.N. (Individual) No. 1766-A, issued on August 27, 2019; effective until August 26, 2022
TIN 223-383-235
BIR A.N. 08-006636-001-2020, issued on February 24, 2020; effective until February 23, 2023
PTR No. 8533766, issued on January 4, 2021, Makati City

June 25, 2021
Makati City, Philippines

GLOBALPORT 900, INC. AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018
In Philippine Peso

	Notes	2019	2018
ASSETS			
Current Assets			
Cash	10	**537,963**	1,282,685
Advances to related parties	7	–	37,836,530
Prepayments and other current assets	11	**6,987,160**	1,597,656
Total Current Assets		**7,525,123**	40,716,871
Non-Current Assets			
Office equipment – net	12	**23,160**	35,794
Advances to related parties	7	**195,000,000**	195,000,000
Investments in stocks	13	**6,249,900**	–
Other non-current assets	11	**25,703,267**	–
Total Non-Current Assets		**226,976,327**	195,035,794
TOTAL ASSETS		**234,501,450**	235,752,665
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	**6,587,915**	50,801,267
Advances from related parties	7	**73,930,569**	188,012,313
Income tax payable		–	11,565,385
Total Liabilities		**80,518,484**	250,378,965
Equity			
Share capital	15	**2,266,250,900**	2,156,250,900
Additional paid-in-capital	15	**268,309**	268,309
Treasury shares	15	**(595,111)**	(595,111)
Deficit		**(2,116,698,776)**	(2,175,386,202)
Equity (Capital Deficiency) Attributable to Controlling Interest		**149,225,322**	(19,462,104)
Non-controlling interests	3	**4,757,644**	4,835,804
Total Equity (Capital Deficiency)		**153,982,966**	(14,626,300)
TOTAL LIABILITIES AND EQUITY		**234,501,450**	235,752,665

See Notes to Consolidated Financial Statements.

GLOBALPORT 900, INC. AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
In Philippine Peso

	Notes	**2019**	2018	2017
General and administrative expenses	16	**(14,116,855)**	(119,242,883)	(22,745,244)
Other income	10,17	**451**	2,809	47,155,421
Profit (loss) for the year		**(14,116,404)**	(119,240,074)	24,410,177
Income tax expense		–	–	(12,799,827)
Net profit (loss) for the year		**(14,116,404)**	(119,240,074)	11,610,350
Other comprehensive income		–	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**(14,116,404)**	(119,240,074)	11,610,350
Comprehensive income (loss) attributable to:				
Controlling interest		**(14,038,244)**	(118,901,989)	11,931,006
Non-controlling interests	3	**(78,160)**	(338,085)	(320,656)
BASIC/DILUTED INCOME (LOSS) PER SHARE	24	**(0.006)**	(0.051)	0.005

See Notes to Consolidated Financial Statements.

GLOBALPORT 900, INC. AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
In Philippine Peso

	Attributable to controlling interest						
	Share capital – Note 15	Additional paid-in capital	Treasury shares – Note 15	Deficit	Total	Non-controlling interests – Note 3	Total
Balance at December 31, 2016	2,156,250,000	268,309	(595,111)	(2,068,415,219)	87,507,979	5,494,545	93,002,524
Issuance of shares	900	–	–	–	900	–	900
Total comprehensive income	–	–	–	11,931,006	11,931,006	(320,656)	11,610,350
Balance at December 31, 2017	2,156,250,900	268,309	(595,111)	(2,056,484,213)	99,439,885	5,173,889	104,613,774
Total comprehensive loss	–	–	–	(118,901,989)	(118,901,989)	(338,085)	(119,240,074)
Balance at December 31, 2018	**2,156,250,900**	**268,309**	**(595,111)**	**(2,175,386,202)**	**(19,462,104)**	**4,835,804**	**(14,626,300)**
Conversion of advances into capital stock – Note 7	**110,000,000**	–	–	–	**110,000,000**	–	**110,000,000**
Derecognition of subsidiary – Note 3	–	–	–	**72,725,670**	**72,725,670**	–	**72,725,670**
Total comprehensive loss	–	–	–	**(14,038,244)**	**(14,038,244)**	**(78,160)**	**(14,116,404)**
Balance at December 31, 2019	**2,266,250,900**	**268,309**	**(595,111)**	**(2,116,698,776)**	**149,225,322**	**4,757,644**	**153,982,966**

See Notes to Consolidated Financial Statements.

GLOBALPORT 900, INC. AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
In Philippine Peso

	Notes	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before income tax		**(14,116,404)**	(119,240,074)	24,410,177
Adjustments for:				
Advertising and promotion	7,16	**6,066,631**	6,066,631	6,066,631
Impairment loss	16	**942,371**	–	–
Depreciation	12	**12,634**	2,105	–
Extinguished liability	17	–	–	(47,155,042)
Interest income	10,17	**(451)**	(2,809)	(379)
Operating loss before working capital changes		**(7,095,219)**	(113,174,147)	(16,678,613)
Decrease (increase) in operating assets:				
Trade and other receivables		–	–	584,000
Prepayments and other current assets	11	**(265,243)**	–	(339,540)
Increase (decrease) in operating liability:				
Trade and other payables	14	**16,946,933**	(2,113,853)	5,256,982
Cash used in operations		**9,586,471**	(115,288,000)	(11,177,171)
Interest received	10,17	**451**	2,809	379
Net cash generated from (used in) operating activities		**9,586,922**	(115,285,191)	(11,176,792)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	12	–	(37,899)	–
Acquisition of shares of stocks	13	**(6,249,900)**	–	–
Net cash used in investing activities		**(6,249,900)**	(37,899)	–
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash advances from related parties	7	–	122,263,197	12,385,069
Payments made to related parties	7	**(4,081,744)**	(6,906,866)	(1,452,590)
Proceeds from issuance of capital	15	–	–	900
Net cash generated from(used in) financing activities		**(4,081,744)**	115,356,331	10,933,379
NET INCREASE (DECREASE) IN CASH		**(744,722)**	33,241	(243,413)
CASH AT BEGINNING OF YEAR	10	**1,282,685**	1,249,444	1,492,857
CASH AT END OF YEAR	10	**537,963**	1,282,685	1,249,444

See Notes to Consolidated Financial Statements.

1. CORPORATE INFORMATION

Group Profile

GLOBALPORT 900, INC. (herein referred to as "the Parent Company") was incorporated and registered with the Securities and Exchange Commission (SEC) on May 1, 1933 as Metropolitan Insurance Company. The Parent Company is a public company whose shares are listed in Philippine Stock Exchange (PSE) since June 9, 1948. On December 7, 2011, the SEC approved the change in corporate name of the Parent to Globalport 900, Inc. and the amendments to its primary purpose. Its primary purpose, as amended, is to own, invest, manage, operate, maintain and develop port facilities, including other maritime activities supportive of port operations and shipping, and to establish or acquire subsidiaries and affiliates within or outside the Philippines for the same purposes herein set forth including those incidentals thereto.

Sultan 900 Capital, Inc. a domestic holding company with investments in ports and shipping industries and other infrastructure developments in the Philippines, owns about 90% of the Parent Company while the remaining shares are held by the public.

The Parent Company has a 96.32% equity interest in Harbour Centre Port Holdings, Inc. (HCPHI), a domestic corporation registered with the SEC on September 12, 2007 as a holding company whose interests are in ports and logistics operations and management.

The Parent Company and its subsidiary (HCPHI) are herein collectively referred to as the "Group".

The Parent Company's registered office address is located at Unit 2701 One Corporate Centre, Julia Vargas St. cor. Meralco Ave., Ortigas Center, Pasig City.

Approval of Consolidated Financial Statements

The accompanying consolidated financial statements as at and for the years ended December 31, 2019 and 2018 were reviewed by and authorized for issuance by the Board of Directors on June 25, 2021.

Status of Operation

As of December 31, 2019, the Group has a deficit of ₱2,116,698,776 primarily due to the recognition of impairment losses and subsequent derecognition of the investments during the year and in prior years. In 2019, the Group incurred a loss of ₱14,116,404. The Group have addressed these uncertainties as disclosed in the succeeding paragraphs. Hence, the management believes that the Group still has the ability to continue as a going concern.

The Ultra Parent has advanced financially to the Parent Company in years 2018 and 2019 of which an amount of ₱110,000,000 was applied as payment on its unpaid subscription as disclosed in Note 7 and 15.

On November 22, 2019, Sultan 900 (Ultimate Parent Company) subscribed for an additional 10,000,000 common shares from the unissued portion of authorized capital stock for ₱1,000,000,000 payable within one year from the date of subscription as disclosed in Note 15.

Furthermore, the Group continues to participate into ports and different infrastructure projects to attain financial sustainability and strengthen the Group's financial position. (see Note 20).

With the aforementioned activities, the Management believes that the operation and financial position will improve in the coming years. The Management is of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made on the financial statements to adjust the value of Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and reclassify non-current assets as current asset.

The trading of the Parent Company's securities was suspended by the PSE until further notice due to the Parent Company's failure to comply with the structured reportorial requirements of the Stock Exchange. As at reporting date, the trading of the Parent Company's securities is still suspended as the Company is processing the submission of the documentary requirements.

As at December 31, 2019, the Parent Company's market capitalization registered in the Philippine Stock Exchange is ₱15,739,160,620.

2. BASIS FOR THE PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Statement of Compliance

The accompanying consolidated financial statements of the Group have been prepared in accordance with the Philippine Financial Reporting Standards (PFRSs). PFRSs include all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

Basis of Preparation

The consolidated financial statements are prepared on a going concern basis under the historical cost convention, except where a PFRSs requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

Presentation and Functional Currency

Items included in the consolidated financial statements of the Group are measured using Philippine Peso, the currency of the primary economic environment in which the Parent operates (the "functional currency"). All presented financial information has been rounded to the nearest peso, except when otherwise indicated.

Use of Judgments and Estimates

The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the Philippines which require management to make judgments, estimates and assumptions that affect the amounts reported in the Group's consolidated financial statements and accompanying notes. The estimates and assumptions are reviewed on an on-going basis.

Judgments are made by management in the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

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.

Going Concern Assumption

The Group is not aware of any significant uncertainties that may cast doubts upon the Group's ability to continue as a going concern. The Parent Company has plans to expand its investment in other various businesses with end goal of being able to manage and/or operate subject to the approval of the Board.

Current versus Non-current Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification. An asset as current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for a least twelve months after reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Fair Value Measurement

The Group measures some of its financial instruments at fair value at each balance sheet date.

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 measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 markets 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 at fair value 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.

The Parent Company's management determines the policies and procedures for recurring fair value measurement, such as unquoted financial assets.

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.

3. BASIS OF CONSOLIDATION

The Group's consolidated financial statements comprise the separate financial statements of the Parent and its subsidiaries as of December 31, 2019 and 2018.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. 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.

Profit and loss and each component of Other Comprehensive Income (OCI) are attributable to the equity holders of the Parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The reporting dates of the Parent and the subsidiary are identical and the latter's accounting policies conform to those used by the Parent like transactions and events in similar circumstances.

Non-controlling interests represent the portion of comprehensive loss and net assets not held by the Parent and are presented separately in the consolidated statement of comprehensive loss and within equity in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent.

The consolidated financial statements include the accounts of the Parent and its subsidiary:

Name of Subsidiaries	**Place of incorporation**	**Principal activities**	**Ownership interest**
Harbour Centre Port Holdings Inc. (HCPHI)	Quezon City	Holding Group	96.32%
Platinum Dredging Inc. (PDI)	Manila	General construction	*

*During the year, PDI was declared insolvent and dissolved through the liquidation order issued by the court and was eventually derecognized by the Parent Company.

Harbour Centre Port Holdings Inc. (HCPHI) is considered a subsidiary because the Parent has a dominant voting interest and it would take a number of vote holders to outvote the Parent, therefore it has control over the Subsidiaries.

In Philippine Peso

Harbour Centre Port Holdings Inc. (HCPHI)
HCPHI is a stock corporation incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 12, 2007, primarily to purchase, subscribe for or otherwise, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or dispose or real and/or personal properties of every kind and description, including shares of stock, whether listed in the stock exchange or not, voting trust certificates, certificates of participation, share warrants, option warrants and other securities and to pay therefore, in whole or in part, cash, property, or stocks, bonds or securities issued by them or another corporation.

HCPHI had 68.11% ownership interest in Harbour Centre Port Terminal Inc. (HCPTI), a corporation duly organized and existing in the Philippines engaged primarily in the business of operating port facilities, including other maritime activities supporting port operations and shipping. HCPTI owned 15.17% of Manila North Harbour Port, Inc. (MNHPI), a joint venture engaged primarily to own, invest, manage, develop, maintain and operate the Manila North Harbour and other port properties.

In 2018, HCPHI derecognized its 68.11% ownership interest in Harbour Centre Port Terminal Inc. (HCPTI), following the court's order dated October 24, 2018. Consequently, HCPTI was not included in the consolidated financial statements.

The separate financial statements of Harbour Centre Port Holdings Inc. (HCPHI) for the year ended December 31, 2019 and 2018 were audited by other independent auditors (other than Alas, Oplas & Co. CPAs) whose report dated June 11, 2020 and expressed an unqualified opinion on those financial statements.

Material Non-controlling Interest
Financial information of subsidiary that have material non-controlling interests is provided below:

Proportion of Equity Interest Held by Non-controlling Interests

Company	Place of incorporation	2019	2018
Harbour Centre Port Holdings Inc. (HCPHI)	Quezon City	**3.68%**	3.68%

Accumulated Losses of Material Non-controlling Interests

	2019	2018
Harbour Centre Port Holdings, Inc. (HCPHI)	**(57,677,077)**	(57,326,112)

Net Loss Attributable to Material Non-controlling Interests

	Years Ended December 31		
	2019	2018	2017
Harbour Centre Port Holdings, Inc. (HCPHI)	**(78,160)**	(338,085)	(320,656)

The summarized financial information of HCPHI are provided in the succeeding section. This information is based on amounts before intercompany eliminations and after fair value adjustments.

Summarized Statements of Financial Position

	2019	2018
Cash	**258,956**	451,256
Receivable from related party	**195,000,000**	195,000,000
Investment in stocks	**6,249,900**	–
Prepayments and other current assets	**1,022,371**	925,571
Current liabilities	**70,674,653**	63,688,694

In Philippine Peso

Summarized Statements of Comprehensive Loss

	Years Ended December 31		
	2019	2018	2017
General and administrative expenses	**(1,181,560)**	(9,537,097)	(8,713,491)
Loss before income tax	**(1,181,560)**	(9,537,097)	(8,713,491)
Provision for income tax	–	–	–
Net loss	**(1,181,560)**	(9,537,097)	(8,713,491)
Other comprehensive income	–	–	–
Total comprehensive loss	**(1,181,560)**	(9,537,097)	(8,713,491)

Summarized Statements of Cash Flows

	Years Ended December 31		
	2019	2018	2017
Operating	**(1,290,843)**	(9,477,097)	(9,052,977)
Investing	**(6,249,900)**	–	–
Financing	**7,348,443**	9,563,197	9,052,977
	(192,300)	86,100	–

Platinum Dredging Inc. (PDI)
PDI is a stock corporation incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on August 15, 2007, primarily to engage in general construction and general building, such as dredging and reclamation works as general contractor for port harbour and road, highway pavement, railway, airport horizontal structure and bridges, dam reservoir and tunnelling, water supply , irrigation and flood control, building and industrial plant, sewerage and sewage treatment/disposal plant, water treatment plant and system, park, playground, recreation works and foundation work and other structure.

In 2019, PDI was declared insolvent and dissolved through the liquidation order issued by the court. This led to the derecognition of the Parent Company's investment in PDI. The result of derecognition amounted to ₱72,725,670:

	Amount
Total Assets	–
Total Liabilities	**72,725,670**
Net assets (liabilities) derecognized	**(72,725,670)**

Accordingly, the consolidated financial statements of the Group as at December 31, 2019 do not include PDI.

The financial statements of Platinum Dredging Inc. (PDI) for the year ended December 31, 2019 and 2018 were audited by other independent auditors (other than Alas, Oplas & Co. CPAs) whose report dated June 11, 2020 and expressed an unqualified opinion on those financial statements.

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Philippine Financial Reporting Standards Council (FRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Group. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

New and Revised PFRSs Applied with No Material Effect on the Consolidated Financial Statements

The following new and revised PFRSs have also been adopted in these consolidated financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New Accounting Standards Effective on January 1, 2019

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following standards, amendments to previously issued PFRSs, PAS and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC), which were effective on January 1, 2019.

Adoption of these new standard and amendments to PFRS, PAS and Philippine Interpretation did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- PFRS 16, "Leases"

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under PAS 17, Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases or leases with a lease term of 12 months or less. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees is also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from PAS 17: "Leases". Lessors will continue to classify all leases as either operating or finance leases using similar principles as in PAS 17. Therefore, PFRS 16 did not have an impact for leases where the Group is a lessor.

  These amendments had no impact on the consolidated financial statements of the Group.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, Income Taxes, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

This interpretation is not relevant to the Group because there is no uncertainty involved in the tax treatments made by management in connection with the calculation of current and deferred taxes as of December 31, 2019 and 2018.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

  These amendments had no impact on the consolidated financial statements of the Group.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, Investments in Associates and Joint Ventures.

  The amendments should be applied retrospectively and are effective from January 1, 2019. Since the Group does not have associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

  These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in its associates.

- Amendments to PAS 19, *Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to re-measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to re-measure that net defined benefit liability (asset).

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

- Annual Improvements 2015-2017 Cycle

I. PFRS 3, *Business Combination*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including re-measuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer re-measures its entire previously held interest in the joint operation.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

II. PFRS 11, *Joint Arrangements*

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not re-measured.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

III. PAS 12, *Income Taxes*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events.

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

IV. PAS 23: "Borrowing Costs"

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

New Accounting Standards and Interpretations Issued but Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective Beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, Definition of Material

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

Effective Beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short duration contracts

  The Group does not expect any effect on its consolidated financial statements upon adoption.

Deferred Effective Date

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Group does not expect any effect on its consolidated financial statements upon adoption.

5. SIGNIFICANT ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Group in the preparation of its consolidated financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

Financial Instruments

Initial Recognition and Subsequent Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial Assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective 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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial asset under this category includes cash in banks.

Cash
Cash in banks include demand deposits which are unrestricted as to withdrawal.

Cash is valued at face value. Cash in foreign currency is valued at the current exchange rate. If a bank holding the funds of the Group is in bankruptcy or financial difficulty, cash is written down to estimated realizable value if the amount recoverable is estimated to be lower than the face amount.

Financial Assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group has no debt instruments at fair value through OCI as of December 31, 2019 and 2018.

Financial Assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statements of comprehensive loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As of December 31, 2019 and 2018, the Group has no equity instruments to be classified at fair value through OCI.

Financial Assets at Fair Value through Profit or Loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement.

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a 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 Group could be required to repay.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on 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 of the 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. 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.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

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.

As of the year ended, the Group has no financial assets in its consolidated financial statements that is subject for impairment.

Advances to Related Parties

Advances to related parties are the aggregate amounts of receivables for offsetting with the Group's acquired services and for liquidation with the Group's general and administrative expenses of the related parties where one party can exercise control or significant influence over another party; including affiliates, owners or officers and their immediate families, pension trusts, and so forth, at the consolidated financial statement date, which are usually due within one year (or one business cycle).

Advances to related parties are measured at the fair value of the consideration given to a related party. The transaction made is equivalent to an arm's length transaction.

Prepayments and Other Current Assets

Assets that are expected to be converted to cash within 12 months or to be realized, sold or consumed within the Group's normal operating cycle are classified as current assets in the consolidated statements of financial position. Otherwise, it is classified as non-current asset. Other current assets recognized by the Group include input tax.

Property and Equipment

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

The initial cost of property and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to expense in the period 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 original assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on straight-line basis over the estimated useful life of the properties, as follows:

Category	Estimated Useful Life
Furniture and Fixtures	3 years
Machinery and Equipment	5 years
Transportation Equipment	5 years
Office Equipment	5 years

Depreciating an item begins when property and equipment is available for use and to continue depreciating until it is derecognized, even if in that period those items are idle.

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

The cost of repairs and maintenance is charged to expense as incurred, significant renewals and improvements are capitalized. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected as income or expense for the year. Gains or losses on disposals are determined by comparing proceeds with the carrying amount of the assets.

The carrying amount of a part of an item of property and equipment is derecognized if that part has been replaced and included in the cost of the replacement in the carrying amount of the item.

Property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying amounts may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of these assets is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

A previously recognized impairment loss is reversed only if there has been a change in the estimates 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 depreciation and amortization) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations.

An item of property and equipment derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the year the item is derecognized.

Intangible Assets

Intangible assets include software licenses which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition. Capitalized costs are amortized on a straight-line basis over the estimated useful life of three years as these intangible assets are considered finite. Computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software licenses are expensed as incurred.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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.

The Group measures goodwill at the acquisition date as: a) fair value of the consideration transferred; plus, b) the recognized amount of any non-controlling interest in the acquiree; plus, c) if the business combination is achieved in stages the fair value of the existing equity interest in the acquiree; less, d) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Subsequently, goodwill is measured at cost less any accumulated impairment in value. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Cost related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date.

If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Goodwill in a Business Combination

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated a) represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and; b) is not larger than an operating segment determined in accordance with PFRS 8, *Operating Segments.*

Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash-generating units, to which the goodwill is related. Where the recoverable amount of the cash generating unit or group of cash-generating units is less than the carrying amount, an impairment loss is recognized.

Where the goodwill forms part of the cash-generating units of group of cash-generating units 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. An impairment loss with respect to goodwill is not reversed.

Loss of Control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any noncontrolling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an AFS financial asset depending on the level of influence retained.

Impairment of Non-Financial Assets excluding inventories

At each reporting date, the Group assesses whether there is any indication that any non-financial assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of these assets is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell ad 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 which the estimates of future cash flows have not been adjusted.

The Group's corporate assets do not generate separate cash inflows. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

Impairment Losses are Recognized in Profit or Loss

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined (net of any accumulated depreciation 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 a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Financial Liabilities and Equity Instruments

A financial liability is any liability that is:

a. a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
b. a contract that will or may be settled in the entity's own equity instruments and is
   (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
   (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Classification as Financial Liability or Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured.

Transaction costs that related to the issue of the compound instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

Financial Liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the instrument. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities. The Group has no financial liabilities at FVTPL as of December 31, 2019 and 2018.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value inclusive of directly attributable transaction costs.

After initial recognition, interest-bearing other financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization pertain partly payment to the principal and payment for interest. Interest expense is recognized in profit or loss.

Gains and losses are recognized in profit or loss when the liabilities are derecognized.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Included in this category is the Group's trade and other payables and advances from stockholders that meet the above definition (other than liabilities covered by other PFRSs, such as income tax payable), in the consolidated statements of financial position.

Derecognition of Financial Liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

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. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognized when the Group has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where 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.

In those cases, where the possible outflow of economic resource as a result of present obligation is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent Liabilities and Assets

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 Group. Contingent liabilities 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.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Share Capital

Ordinary shares represent the nominal value of shares that have been issued are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The cost of acquiring the Group's own shares are shown as a deduction from equity 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 the equity.

Additional Paid-in Capital

Additional paid-in capital pertains to any premium received by the Group on the issuance of capital stock. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax under reserves.

Deficit

The deficit represents net accumulated losses of the Group since its inception.

Treasury Shares

The cost of acquiring the Group's own shares are shown as deduction from equity as Treasury Shares until the shares are cancelled or reissued. Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or cancelled, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

Retained Earnings

Retained earnings is the sum of all profits generated by a Group since its inception that are not distributed to stockholders as dividends but are either reinvested in the business or kept as a reserve for specific objectives. Retained earnings are reduced by losses and is classified into unappropriated and appropriated.

Unappropriated are accumulated retained earnings of the Group available for dividend distribution, while, the appropriated retained earnings that have been set aside by action of the board of directors for a specific use. An appropriation of retained earnings may be for purposes such as future plant acquisitions or expansion, reserve against expected losses, restriction imposed by a loan covenant and treasury shares.

Dividends

Dividend is a distribution of Group's earnings to the stockholders recognized upon declaration and approval by the stockholders. Amount to be distributed to the stockholders is net of the applicable withholding taxes.

The Group reduces equity for the amount of distributions to its owners (holders of its equity instruments), net of any related income tax benefits.

When it declares distribution of assets other than cash as dividends to its owners, the Group recognizes a liability which is measured at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the dividend payable to reflect changes in the fair value of the assets to be distributed, with any changes recognized in equity as adjustments to the amount of the distribution. When the Group settles the dividend payable, it shall recognize in profit or loss any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured and when the following specific criteria have been met:

Interest Income

Revenue is recognized as interest accrues on a time proportion basis that reflects the effective yield on the assets. Interest income on bank deposits is recorded when earned and presented net of applicable final tax.

Other income

Revenue is recognized when there is an incidental economic benefit, other than from the usual business operations that will flow to the Group and it can be measured reliably.

Cost and Expense Recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distribution to equity participants. Cost and expenses are generally recognized in profit or loss in the following manner:

- On the basis of a direct association between costs incurred and the earning of specific items of income;

- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and association with income can only be broadly or indirectly determined; or
- Immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

General and Administrative expense

General and administrative expenses are incurred in the direction and general administration of day-to -day operation of the Group. These are generally recognized when the services are rendered, or the expenses are incurred.

General and administrative expense comprise of advertising and promotion, transportation, professional fees, taxes and licenses, office supplies, membership and association dues and miscellaneous expenses.

Employee Benefits

Short-term Benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period.

Said benefits are measured at the undiscounted amount expected to be paid in exchange for services rendered. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences and bonuses, non–monetary benefits and other short-term benefits.

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the reporting date. They are included in "Trade and Other Payables" account in the consolidated statements of financial position.

Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37: "Provisions, Contingent Liabilities and Contingent Assets" and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Foreign Currency Transactions and Translation

Transactions in foreign currencies are initially recorded in the functional currency closing rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange prevailing at the reporting date. All differences are taken to the statement of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions. Exchange differences arising on the settlement of monetary items, and on revaluation of monetary items are included in the statements of comprehensive income.

Related Parties and Related Party Transactions

Related Party Relationship
Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management personnel of an entity. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise 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 the legal form.

The key management personnel of the Group, post-employment benefit plans for the benefit of Group's employees, and close members of the family of any individuals owning directly or indirectly a significant voting power of the Group that gives them significant influence in the financial and operating policy decisions of the Group are also considered to be related parties.

Related Party Transaction

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Group when it directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Group. Transactions between related parties are accounted for at arm's length prices or on terms similarly offered to non-related entities in an economically comparable market.

Value-added Tax

Revenues, expenses and assets are recognized, net of the amount of value-added tax (VAT) except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

Current Income Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable nor deductible.

The Group's current income tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates position taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases of such assets and liabilities as at balance sheet date.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are generally recognized for all deductible temporary differences, the carry-forward of unused tax losses and the carry-forward of unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carry-forward tax benefits can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax asset is also recognized for Net Operating Loss Carry Over (NOLCO).

Section 34 (D) (3) define Net Operating Loss Carry Over as the net operating loss of the enterprise for any taxable year immediately preceding the current year, which has not been previously offset as deduction from gross income shall be carried over as a deduction from gross income for the next three (3) consecutive taxable years immediately following the year of loss.

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the End of the Reporting Date

The Group identifies events after the reporting date as events that occurred after the reporting date but before the date of the consolidated financial statements were authorized for issue. Any event that provides additional information about the Group's financial position at the reporting date is reflected in the consolidated financial statements. Non-adjusting events are disclosed in the notes to the consolidated financial statements when material.

6. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, AND JUDGMENTS USED

The preparation of the accompanying Group's financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the Group consolidated financial statements. Actual results could differ from such estimates. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Estimates and judgments 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.

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 revision and future periods if the revision affects both current and future periods.

The critical judgments made in the process of applying the accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when consolidated financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Critical Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency has been determined to be the Philippine peso. The Philippine Peso is the currency of the Primary economic environment in which the Group operates. It is the currency that mainly influences the sales of services and the cost of providing these services.

Classification of Financial Instruments

The Group classifies a financial instrument, or its components parts, on initial recognition, as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Distinction between Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. As of December 31, 2019 and 2018, the Group has determined that no contingencies will materially affect the Group's consolidated financial statement, hence no provisions are recognized.

Determination of control over subsidiaries

In evaluating whether an entity has control over another entity it must first be ascertained whether the entity has the power to participate in the financial and operating policy decisions of the other entity.

Control is presumed to exist when the parent owns directly or indirectly, through subsidiaries, more than half of the voting power of an entity. In some instances, this will be clear-cut. However, in other circumstances, such ownership may not constitute control.

When control is not established through voting power, judgement may need to be applied to determine whether other factors result in control. Other factors to be considered include the ability to govern an entity's financial and operating policies and the existence of power to appoint or remove members of an entity's Board of Directors or equivalent governing body.

The existence of potential voting rights through options or convertible instruments may require further judgement.

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When control is not established through voting power, judgement may need to be applied to determine whether other factors result in control. Other factors to be considered include the ability to govern an entity's financial and operating policies and the existence of power to appoint or remove members of an entity's Board of Directors or equivalent governing body.

The existence of potential voting rights through options or convertible instruments may require further judgement.

Non-consolidation of Entities in which the Group Holds More than 50% ownership

In 2018, HCPHI derecognized its 68.11% ownership interest in Harbour Centre Port Terminal Inc. (HCPTI), following the court's order dated October 24, 2018. Consequently, HCPTI was not included in the consolidated financial statements as of December 31, 2019 and 2018.

In 2019, PDI was declared insolvent and dissolved through the liquidation order issued by the court. This led to the derecognition of the Parent Company's investment in PDI. Accordingly, the consolidated financial statements of the Group as at December 31, 2019 do not include PDI.

Judgment on the outcome of legal dispute

HCPHI, one of the subsidiaries, was involved in legal proceedings relating to its ownership over HCPTI. The outcome of legal dispute was finalized by the court on October 24, 2018 leading to HCPHI's management decision to derecognize its investment in HCPTI.

Recognition of Deferred Income Tax

Management's judgment is required in determining the provision for income taxes, deferred tax assets and liabilities, and the extent to which deferred income tax assets can be recognized. A deferred tax asset is recognized if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognized in order to reflect changed circumstances as well as tax regulations.

As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgmental and not susceptible to precise determination.

Estimates and Assumptions

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

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

Evaluating Allowance for Impairment on Advances to Related Parties

An impairment loss is recognized when there is objective evidence that a financial asset is impaired. Management specifically reviews its advances to affiliates and analyses historical bad debts, creditworthiness, current economic trends and changes in the payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation. Such difference will impact the carrying amount of advances to affiliates.

The carrying amount of advances to related parties tested for impairment amounted to ₱195,000,000 and ₱232,836,530, as of December 31, 2019 and 2018, respectively. No allowance for impairment was recognized in 2019 and 2018.

Reviewing Useful Lives and Depreciation Method of Property and Equipment

The useful lives and depreciation method of the Group's property and equipment are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date.

The useful lives of the Group's assets are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of an asset, the Group considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Group's assets. In addition, the estimation of the useful lives is based on Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recorded depreciation and decrease the carrying value of the related property and equipment.

The Group uses a depreciation method that reflects the pattern in which it expects to consume the asset's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which a Group expects to consume an asset's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern.

As of the reporting period, management assessed that there is no significant change from the previous estimates. As of December 31, 2019 and 2018, the carrying amounts of the depreciable property and equipment amounted to ₱23,160 and ₱35,794 respectively as disclosed in Note 12.

Estimating Allowance for Impairment Losses on Non-Financial Assets

The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of property and equipment and intangible assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that property and equipment and intangible assets associated with an acquired business is impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

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

Management believes that the value of its property and equipment are not impaired except to what has been provided for impairment loss in the past years. The aggregate carrying amounts of assets tested for impairment amounted to ₱23,160 and ₱35,794 as of December 31, 2019 and 2018, respectively, as disclosed in Note 12.

Estimating Realizability of Deferred Income Tax Assets

The Group reviews the carrying amounts at each reporting 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. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

7. RELATED PARTY TRANSACTIONS

Related Party Relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among the reporting entities, which are under common control or common significant influence with the reporting enterprise, or between, and/or among the reporting entities and its key management personnel, directors, or its shareholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties on this consolidated financial statement refers to the Ultimate Parent and companies in which the Parent Company and its subsidiaries holds interest into. They are as follows:

Related parties	Country of Incorporation	Relationship
Sultan 900 Capital, Inc.	Philippines	Ultimate Parent
Mikro-Tech Capital, Inc.	Philippines	Entity under common key management personnel
Officers and Stockholders		Key management personnel

Related Party Transactions and Balances

There are transactions and arrangements between the Group and members of the group and the effects of these on the basis determined between the parties are reflected in these consolidated financial statements.

Trading Transactions

There were no trading transactions occurred between related parties for the year ended December 31, 2019 and 2018.

In Philippine Peso

The Group's transaction and balances with related parties as of December 31, 2019 and 2018 are as follows:

		Transaction	Balances			
Entity	**Year**	**Advertising and Promotion** – Note 16	**Advances to**	**Advances from**	**Prepayments** – Note 11	**Terms and conditions**
a) Sultan 900 Capital, Inc.	**2019**	**6,066,631**	**195,000,000**	**–**	**31,769,899**	no fixed term; non-interest bearing, unsecured
	2018	6,066,631	232,836,530	110,000,000	–	
b) Stockholder	**2019**	**–**	**–**	**73,930,569**	**–**	non-interest bearing, unsecured, payable on demand
	2018	–	–	78,012,313	–	
	2019	**6,066,631**	**195,000,000**	**73,930,569**	**31,769,899**	
	2018	6,066,631	232,836,530	188,012,313	–	

In Philippine Peso

a) The Group has entered into an advertising and marketing agreement with its Ultimate Parent Group, Sultan 900 Capital, Inc. which provides that the latter has an existing Philippine Basketball Association (PBA) Franchise and has agreed to carry the franchise under the name of "GLOBALPORT BATANG PIER" for advertising and marketing purposes (see Note 16).

Offsetting

The Group made cash advances to its parent for investment purposes in 2012. The Parent Company and Sultan 900 Capital, Inc. (the Ultimate Parent), agreed to offset the recharges of marketing expenses by the latter to the Group. As of December 31, 2019 and 2018, the total advances to Sultan 900 Capital, Inc. amounted to nil and ₱37,836,530, respectively.

The movement of the Group's advances to related parties are as follows:

	2019	2018
Balance, beginning of year	**232,836,530**	238,903,161
Offsetting	**(6,066,631)**	(6,066,631)
Advances reclassified as prepayments – Note 11	**(31,769,899)**	–
Addition to advances (a.1)	**–**	–
Balance, end of year	**195,000,000**	232,836,530
Current portion	**–**	37,836,530
Non-current portion (a.1)	**195,000,000**	195,000,000

The amounts outstanding are non-interest bearing, unsecured, collectible in demand, as they have no specific maturity, and will be settled through offsetting of marketing expenses.

No provisions have been made for any impaired amount owed by related parties.

Receivable from Related Party

The ₱195,000,000 represents the receivable of HCPHI from Sultan 900 as concurred in an Intercompany Agreement to carry on its business development activities and investment diversification strategy. This receivable is non-interest bearing and will be repayable within five (5) years from the date of agreement and Sultan 900 has the option to repay all or any portion of the amount prior to its term.

Advances from Ultimate Parent Group

In 2018, the Group also received cash advances from its Ultimate Parent, Sultan 900 Capital, Inc. amounting to ₱110,000,000 and was used primarily to finance the Group's initiative to participate in bid activities and intent to acquire several domestic ports which incurred the Group total project development expense of ₱98,300,000, as disclosed in Note 16.

These advances have no fixed repayment provisions except that the amounts are expected to be settled in cash. No provisions have been made for any impaired amount owed to related parties.

The movements in the account is as follows:

	2019	2018
Balance, beginning of year	**110,000,000**	–
Cash advances from Sultan 900 during the year	**–**	110,000,000
Application of advances to unpaid subscription – Note 15	**(110,000,000)**	–
Balance, end of the year	**–**	110,000,000

In Philippine Peso

During the special meeting of the Board of Directors held on December 2, 2019, it was resolved and considered the offer of Sultan 900, Capital, Inc. to apply the latter's advances amounting to ₱110,000,000 to its unpaid subscriptions. (Note 15)

The amount was used to finance the Group's initiative to participate in bid activities and acquire several domestic ports which incurred the Group total project development expense of ₱2,444,978 and ₱98,300,000 for 2019 and 2018, respectively as disclosed in Note 20.

b) Advances from stockholders represent Group expenses paid by a stockholder in behalf of the Group, including professional fees, penalties, membership and association dues and other general and administrative expenses.

The movements in the account are as follows:

	2019	2018
Balance, beginning of year	**78,012,313**	72,655,982
Advances made during the year	**–**	12,263,197
Payments made during the year	**(4,081,744)**	(6,906,866)
Balance, end of year	**73,930,569**	78,012,313

The amounts outstanding are non-interest bearing, unsecured, payable in demand, as they have no specific maturity, and will be settled in cash.

No guarantees have been given and no provisions have been made for any impaired amount owed by the Group.

The amounts outstanding are non-interest bearing, unsecured, collectible in demand, as they have no specific maturity, and will be settled through cash.

No guarantees have been received and no provisions have been made for any impaired amount owed by related parties.

Lease Agreement

The Group entered into an agreement with Mikro-Tech Capital, Inc. (Entity under common key management personnel) for the sharing and use of office space leased by Mikro-Tech since 2014 free of charge until the company has commercial operations.

Key Management Compensation

The Group considers as key management personnel directors and all employees holding managerial position up to the president having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

No member of the Board of Directors has received per diem or any compensation for any service provided as director for the year. The Group has no other arrangements in material terms, including consulting contracts, pursuant to which any director was compensated, or is to be compensated directly or indirectly for the year, for any service provided as director.

8. FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

Financial Risk Management Objectives and Policies

The Group's principal financial liabilities comprise trade and other payables, excluding accrued expenses and payable to government agencies, and advances from related parties. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets include cash, and advances to related parties.

In Philippine Peso

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

The Group's financial instruments consist of:

	Notes	2019	2018
Financial Assets:			
Measured at cost/amortized cost			
Cash	10	**537,963**	1,282,685
Advances to related parties	7	**195,000,000**	232,836,530
Total Financial Assets		**195,537,963**	234,119,215
Financial Liabilities:			
Measured at cost/amortized cost			
Trade and other payables*	14	**52,694**	40,155,674
Advances from related parties	7	**73,930,569**	188,012,313
Total Financial Liabilities		**73,983,263**	228,167,987

**Trade and other payables exclude accrued expenses payable to government agencies.*

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is managed by the Group subject to the established policy, procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

With respect to credit risk arising from the financial assets of the Group, which consists of cash in banks, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Below are the credit qualities of the Group's financial assets as of December 31, 2019 and 2018:

2019	**Neither past due nor impaired**					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past due but not impaired**	**Impaired**	**Total**
Cash	**537,963**	**–**	**–**	**–**	**–**	**537,963**
Advances to related party	**195,000,000**	**–**	**–**	**–**	**–**	**195,000,000**
	195,537,963	**–**	**–**	**–**	**–**	**195,537,963**
2018	Neither past due nor impaired					
	High Grade	Standard Grade	Substandard Grade	Past due but not impaired	Impaired	Total
Cash	1,282,685	–	–	–	–	1,282,685
Advances to related party	–	–	–	232,836,530	–	232,836,530
	1,282,685	–	–	232,836,530	–	234,119,215

Neither past due nor impaired accounts are accounts considered to be high grade. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

Not past due but impaired accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues.

In Philippine Peso

Past due but not impaired are accounts typically not impaired as the counter parties generally respond to credit actions and update their payments accordingly.

Past due and impaired are accounts which have a probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up and extended payment terms.

Impairment Assessment

The Group's financial assets are subject to credit risk. Credit risk from balances with banks and financial institutions is managed by the Group's treasurer in accordance with the Group's policy.

The Group manages its credit risk by depositing its cash with high credit quality banking institutions. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each party. Counterparty credit limits are reviewed by the Group's management on an annual basis, and may be updated throughout the year subject to approval of the Group's Board of Directors. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Advances to related party in 2019 is not subject to the impairment requirements of PFRS 9 since this account is highly probable to be collected through offsetting of marketing expenses by the Group.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet is financial obligations as they fall due at a reasonable cost. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligations; or inability to generate cash inflows as anticipated.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility. 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 in accordance with internal policies. The Group also manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities:

2019	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 – 12 months**	**Over 1 year**
Trade and other payables	**52,694**	**52,694**	**52,694**	**–**	**–**
Advances from related parties	**73,930,569**	**73,930,569**	**73,930,569**	**–**	**–**
	73,983,263	**73,983,263**	**73,983,263**	**–**	**–**

2018	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	Over 1 year
Trade and other payables	40,155,674	40,155,674	40,155,674	–	–
Advances from related parties	188,012,313	188,012,313	188,012,313	–	–
	228,167,987	228,167,987	228,167,987	–	–

It is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

In Philippine Peso

Market Risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates that will 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 doesn't have any market risk exposure.

Fair Value of Financial Instruments

The Group measures financial instruments and non-financial assets at fair value at each reporting date.

Due to short-term nature of the transactions, the fair value of cash, and other receivables and other payables reasonably approximate the amount of consideration at the time of initial recognition.

Fair Value Hierarchy

The Group uses the following hierarchy in determining the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

9. Capital Management

The Group manages its capital to ensure that the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group sets strategies with the objective of establishing a sound capital structure. The Group defines capital as capital stock and deficit.

Management has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business, operation and industry.

The Group's debt to equity ratio at the reporting dates are as follows:

	2019	2018
Total liabilities	**80,518,484**	250,378,965
Total equity	**153,982,966**	(14,626,300)
Debt to equity ratio	**0.52 : 1**	(17.12 : 1)

The Group is not subject to externally imposed capital requirements.

10. CASH

For the purpose of the consolidated statement of cash flows, cash include cash in banks.

Cash at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the cash in the consolidated statement of financial position.

Cash in banks pertain to savings account with local banks which amounts to ₱537,963 and ₱1,282,685 as at December 31, 2019 and 2018, respectively.

In Philippine Peso

Cash in banks earn interest at the respective bank deposit rates. Interest income earned for the year ended December 31, 2019 and 2018 amounted to ₱451 and ₱2,809, respectively as disclosed in Note 17.

There was no restriction imposed upon cash in bank and on hand by either management, stockholders or outside parties.

The Group's exposure to credit and foreign currency risks related to cash is disclosed in Note 8 to the consolidated financial statements.

11. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Group's prepayments and other current assets are shown below:

	Note	2019	2018
Prepaid marketing fees-current	7	**6,066,631**	–
Input VAT		**915,529**	1,597,656
Other current assets		**5,000**	–
		6,987,160	1,597,656

The following is the current and non-current portion of prepaid marketing fees as at December 31, 2019:

	Note	2019	2018
Current	7	**6,066,631**	–
Non-current		**25,703,267**	–
Total		**31,769,898**	–

Prepaid marketing fees pertains to the offsetting agreement of the Parent Company with its ultimate parent, Sultan 900, to offset the advances to related party with the marketing expenses of the Parent Company until the amount due is fully exhausted.

Input VAT pertains to value-added tax credits on purchases of goods and/or services incurred by the Group. During the year, the Group reviewed the recoverable amounts of the unused input taxes of HCPHI, one of the subsidiaries. Input tax amounting to ₱942,371 was written off as it is unlikely to be utilized in the future.

12. OFFICE EQUIPMENT – NET

The carrying amounts of the Group's office equipment are as follows:

	2019	2018
Cost:		
At beginning of the year	**37,899**	–
Additions	**–**	37,899
At end of the year	**37,899**	37,899
Accumulated Depreciation:		
At beginning of the year	**2,105**	–
Depreciation – Note 16	**12,634**	2,105
At end of the year	**14,739**	2,105
Carrying amount	**23,160**	35,794

The depreciation expense recognized amounted to ₱12,634 and ₱2,105 and nil in 2019 and 2018, respectively as disclosed in Note 16.

In Philippine Peso

As of December 31, 2019 and 2018, the Group has no contractual commitment to purchase or build property and equipment.

During the year, the Group reviewed the recoverable amounts of its property and equipment. The Group determined that there is no indication that an impairment loss has occurred on its property and equipment.

There are no property and equipment items as at December 31, 2019 and 2018 that are pledged as security to liabilities.

13. INVESTMENT IN STOCKS

This represents the five percent (5%) ownership interest of HCPHI in Globalcity Mandaue Corporation amounting to ₱6,249,900.

No dividends received on this investment during the year 2019.

14. TRADE AND OTHER PAYABLES

This account consists of:

	2019	2018
Accrued expenses	**6,517,045**	5,905,323
Outside parties	**52,694**	40,155,674
Payable to government agencies	**18,176**	4,740,270
	6,587,915	50,801,267

Accrued expenses generally include professional fees, penalties and interest incurred for the current period.

15. SHARE CAPITAL

The share capital of the Group is as follows:

	2019	2018
Share capital	**2,266,250,900**	2,156,250,900
Additional paid-in-capital	**268,309**	268,309
	2,266,519,209	2,156,519,209

Components of share capital are as follows:

	2019		2018	
	Shares	**Amount**	Shares	Amount
Authorized share capital				
Ordinary shares at ₱1 par	**3,000,000,000**	**3,000,000,000**	3,000,000,000	3,000,000,000
Subscribed & paid-up				
At the beginning of year	**2,325,000,000**	**2,325,000,000**	2,325,000,000	2,325,000,000
Add: subscription during the year	**10,000,000**	**10,000,000**	–	–
Total subscription	**2,335,000,000**	**2,335,000,000**	2,325,000,000	2,325,000,000
Less: subscription Receivable	**(68,749,100)**	**(68,749,100)**	(168,749,100)	(168,749,100)
Total subscribed and paid up at end of the year	**2,266,250,900**	**2,266,250,900**	2,156,250,900	2,156,250,900

In Philippine Peso

The analysis of subscription receivable is as follows:

	2019		2018	
	Shares	**Amount**	Shares	Amount
At the beginning of year	**168,749,100**	**168,749,100**	168,749,100	168,749,100
Add: subscription during the year	**10,000,000**	**10,000,000**	–	–
Issuance of shares through conversion of advances	**(110,000,000)**	**(110,000,000)**	–	–
	68,749,100	**68,749,100**	168,749,100	168,749,100

The Company's advances from Sultan 900 (Parent Company) outstanding in 2018 was applied to its unpaid subscription amounting to ₱110,000,000 during the year. It was resolved and approved during the special meeting of the Board of Directors held on December 2, 2019 as disclosed in Note 7.

On November 22, 2019, Sultan 900 (Parent Company) subscribed additional 10,000,000 common shares from unissued portion of authorized capital stocks with par value of ₱1.00 per share for One billion pesos (₱1,000,000,000) to be paid within one (1) year. Upon payment, the excess of the subscription price over the par value in the amount of ₱990,000,000 shall be treated as additional paid in capital.

Book Value per share

Book value per share amounted to ₱0.036 and (₱0.001) in 2019 and 2018, respectively.

Treasury shares

This consists of 201,500 common shares, stated at acquisition cost of ₱595,111 as of December 31, 2019 and 2018.

16. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

	Notes	2019	2018	2017
Advertising and promotion	7	**6,066,631**	6,066,631	6,066,631
Professional fees		**3,024,117**	7,346,020	10,020,943
Project development expense	7, 20	**2,444,978**	98,300,000	–
Penalties and interest		**1,074,950**	1,209,650	1,995,141
Impairment loss	11	**942,371**	–	–
Repairs and maintenance		**280,000**	–	–
Taxes and licenses		**204,015**	31,839	26,434
Office supplies		**30,603**	17,876	18,979
Depreciation expense	12	**12,634**	2,105	–
Transportation and travel		**3,840**	4,125	272,827
Membership and association dues		**1,120**	280,000	288,960
Representation expense		–	2,942,474	130,193
Personnel costs	18	–	–	1,844,633
Repairs and maintenance		–	–	943,048
Other expenses		**31,596**	3,042,163	1,137,455
		14,116,855	119,242,883	22,745,244

Project development expense pertains to the costs incurred in acquiring services of local management and consulting firm to assist and provide necessary financial advice, project master plan and engineering design in connection with the Group's plan to bid and/or acquire several domestic projects such as operations and management of ports. (Note 20)

In Philippine Peso

Advertising and promotion pertain to the recharges of marketing expenses by Parent Group (see Note 7).

Penalties pertains to accrual of fees and charges of government regulatory agencies such as Philippine Stock Exchange (PSE) and Philippine Securities of Exchange Commission (SEC) on non-compliance in filing of regulatory reports.

Taxes and licences refer to expenses for documentary stamp tax, business permit, and other local taxes and fees.

Professional fees pertain to the following expenses:

	2019	2018	2017
Legal	**2,400,117**	6,426,020	9,360,943
Audit and others	**624,000**	920,000	660,000
	3,024,117	7,346,020	10,020,943

17. OTHER INCOME

This account consists of:

	Note	**2019**	2018	2017
Interest income	10	**451**	2,809	379
Income on reversal of payables		**–**	–	47,155,042
		451	2,809	47,155,421

The income on reversal of payables pertains to an adjustment of advances from a previous affiliate entity.

18. PERSONNEL COST

The account is composed of the following expenses:

	2019	2018	2017
Salaries and wages	**–**	–	1,637,370
Employee benefits	**–**	–	143,869
Government contributions	**–**	–	63,394
	–	–	1,844,633

Personnel cost is distributed as follows:

	Note	**2019**	2018	2017
Cost of services		**–**	–	–
General and administrative expenses	16	**–**	–	1,844,633
		–	–	1,844,633

In Philippine Peso

19. INCOME TAXES

Income Tax Recognized in Profit or Loss

Components of income tax expense (benefit) are as follows:

	2019	2018	2017
Income tax expense – current	–	–	12,748,536
Income tax expense – deferred	–	–	51,291
	–	–	12,799,827

A numerical reconciliation between tax expense (benefit) and the product of accounting profit multiplied by the tax rate in 2019, 2018 and 2017 follows:

	2019	2018	2017
Accounting profit (loss)	**(14,116,404)**	(119,240,074)	24,410,177
Tax expense at the statutory rate of 30%	**(4,234,921)**	(35,772,022)	7,323,053
Adjustments for income subjected to lower income tax rates:	**(135)**	(1,054)	(142)
Tax effect of expenses that are not deductible:			
Penalties and surcharges	**336,600**	319,500	574,690
Bidding costs	**733,493**	29,490,000	–
Professional fees	**928,235**	–	82,669
Applied MCIT	–	–	51,291
Representation expense	–	882,742	–
Other non-deductible expenses	–	–	2,508,443
Effect of unrecognized NOLCO*	**2,236,728**	5,080,834	2,259,823
	–	–	12,799,827

** by the Parent Company and HCPHI, one of the subsidiaries.*

The Group is not subject to MCIT also since it does not have any gross profit from which the MCIT can be applied.

The Group has Net Operating Loss Carry-Over (NOLCO), for which deferred income tax assets can be recognized with full offsetting. This deferred tax asset can be used to offset against income tax due

Below are the details of NOLCO as at December 31, 2019:

Year Incurred	Amount	Applied current year	Expired	Unapplied	Balance	Expiry Date
2015	12,522,510	–	–	12,522,510	52,707,146	2018
2016	37,463,967	–	(14,535,554)	37,463,967	75,635,559	2019
2017	7,531,797	–	(25,649,082)	7,531,797	57,518,274	2020
2018	17,279,087	–	(12,522,510)	17,279,087	62,274,851	2021
2019	7,455,761	–	(37,463,967)	7,455,761	32,266,645	2022

The Group did not recognize any deferred tax asset from its NOLCO in the consolidated financial statements as the Management determined that the Group will not utilize the deferred income tax assets to future taxable profits for the next three (3) years.

20. SIGNIFICANT EVENTS

In 2018, in addition to its port related investments, the Group explored in different infrastructure projects to attain financial sustainability and strengthen the Group's financial position.

The Group actively participated in various biddings in port operations and management and other possible business opportunities. It has participated in 2018 bidding administered by Bases Conversion and Development Authority (BCDA) for the Operations and Maintenance of Clark International Airport and another bidding managed by Power Sector Assets and Liabilities Management (PSALM) for the Operations and Maintenance Service Contract of the 650MW Malaya Thermal Power Plant.

As of December 31, 2019 and 2018, the total project development costs incurred by the Group amounted to ₱2,444,978 and ₱98,300,000, respectively.

21. PROVISION AND CONTINGENCIES

On May 9, 2014, the trading of the Group's securities was suspended by the Philippine Stock Exchange (PSE). As of December 31, 2019, the Group's registered market capitalization is ₱15,739,160,620.

During the years 2019 and 2018, the Group has recognized provisions for the accrual of penalties, interest and surcharges for the unfiled PSE and SEC reportorial requirements amounting to ₱1,122,000 and ₱1,065,000, respectively.

The Group is not aware of any pending or threatened litigation, other claims or assessments or unasserted claims of assessments that are required under PAS 37 of full PFRSs, to be accrued or disclosed in the financial statements except for the above mentioned.

The Group has complied with all aspects of contractual agreements that could have a material effect on the accounts in the event of non-compliance.

22. NON-CASH TRANSACTIONS

Noncash is defined as information about all investing and financing activities of an enterprise during a period that affect recognized assets or liabilities but that do not result in cash receipts or cash payments in the period.

The non-cash transaction for the year 2019 is the conversion of advances from Sultan 900, the Ultimate Parent, to equity amounting to ₱110,000,000, as disclosed in Note 7.

23. SEGMENT INFORMATION

The Group has only one reportable segment. The Parent Group and its Subsidiaries are engaged in port and port related operations in the Philippines.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consists principally of operating cash, receivable and property and equipment, net of allowances and provisions and other non-current assets.

Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred income taxes.

The segment assets and liabilities of the Group's reportable segments as of December 31, 2019 including the results of operations for the year ended December 31, 2019 is shown in the table below:

In Philippine Peso

RESULT OF OPERATIONS

	Port operations	Head offices	Consolidated
Revenues			
External sales	–	–	–
Total	–	–	–
Results			
Segment results	–	–	–
Interest income	–	451	451
Net income (loss)	–	**451**	**451**

SEGMENT ASSETS AND LIABILITIES

	Port operations	Head offices	Consolidated
Segment assets	201,588,856	32,912,594	234,501,450
Segment liabilities	70,674,653	9,843,831	80,518,484

24. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share is computed as follows:

	2019	2018
Net loss attributable to equity holders of the Parent (a)	**(14,038,244)**	(118,901,989)
Weighted average number of shares outstanding (b)	**2,165,417,567**	2,324,798,500
Basic/diluted earnings (loss) per share (a/b)	**(0.006)**	(0.051)

As at December 31, 2019 and 2018, the Group has no dilutive debt or equity instruments.

25. EVENTS AFTER THE REPORTING DATE

As a measure to contain the COVID-19 outbreak, on March 12, 2020, the Office of the President of the Philippines initially issued a memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. Subsequently on March 16, 2020, President Rodrigo Duterte declared the entire Luzon island under "enhanced community quarantine" which is effectively a total lockdown, restricting the movement of the population with exceptions, in response to the growing pandemic of coronavirus disease 2019 (COVID-19) in the country. Additional lockdown restrictions mandated the temporary closure of non-essential shops and businesses.

The Group considers the measure taken by the government as a non-adjusting event, which does not impact its financial position and performance as of and for the year ended December 31, 2019. However, it could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.

Except for the above, no events after the end of the reporting date were identified in these consolidated financial statements that provide evidence of conditions that existed at the reporting date (adjusting events after reporting date), and that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

No events after the reporting date were identified in these consolidated financial statements that provide evidence of conditions that existed at the reporting date (adjusting events); and that are indicative of conditions that arose after the reporting date (non-adjusting events).

Alas Oplas & Co., CPAs

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Independent Member of
BKR International

REPORT ON THE ADDITIONAL COMPONENTS OF FINANCIAL STATEMENTS UNDER REVISED SECURITIES REGULATION CODE RULE 68

The Board of Directors and Stockholders
GLOBALPORT 900, INC. AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)
Unit 2701, One Corporate Centre, Meralco Avenue corner
Julia Vargas Avenue, Ortigas Center, Pasig City

We have audited the consolidated financial statements of **GLOBALPORT 900, INC. AND SUBSIDIARIES** *(Formerly MIC Holdings, Inc.),* (the Group) for the years ended December 31, 2019 and December 31, 2018, in accordance with Philippine Standards on Auditing, on which we have rendered the attached report dated June 25, 2021.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are presented for purposes of compliance with the requirements under Revised Securities Regulation Code Rule 68, and are not a required part of the consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards.

Such supplementary information are the responsibility of the management of **GLOBALPORT 900, INC. AND SUBSIDIARIES**. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from September 4, 2019 to October 30, 2022
SEC A.N. (Firm) 0321-FR-1, issued on February 7, 2019; effective until February 6, 2022
TIN 002-013-406-000
BIR A.N. 08-001026-000-2021, issued on January 11, 2021; effective until January 10, 2024

By:

GADIOSA R. MARTINEZ
Partner
CPA License No. 0107497
SEC A.N. (Individual) No. 1766-A, issued on August 27, 2019; effective until August 26, 2022
TIN 223-383-235
BIR A.N. 08-006636-001-2020, issued on February 24, 2020; effective until February 23, 2023
PTR No. 8533766, issued on January 4, 2021, Makati City

June 25, 2021
Makati City, Philippines

Alas Oplas & Co., CPAs

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Independent Member of
BKR International

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
GLOBALPORT 900, INC. AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)
Unit 2701, One Corporate Centre, Meralco Avenue corner
Julia Vargas Avenue, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **GLOBALPORT 900, INC. AND SUBSIDIARIES** *(Formerly MIC Holdings, Inc.),* (the Group) as at December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017, and have issued our report thereon dated June 25, 2021. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2019 and 2018 and no material exceptions were noted.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from September 4, 2019 to October 30, 2022
SEC A.N. (Firm) 0321-FR-1, issued on February 7, 2019; effective until February 6, 2022
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June 25, 2021
Makati City, Philippines

GLOBALPORT 900, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2019

Consolidated Financial Statements:

Supplementary Schedules:

*These schedules, which are required by Revised SRC Rule 68, have been omitted because they are either not required, not applicable or the information required to be presented is included/shown in the related financial statements or in the notes thereto.

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION

As of December 31, 2019

GLOBALPORT 900, INC. AND SUBSIDIARIES
Unit 2701, One Corporate Centre, Meralco Avenue corner
Julia Vargas Avenue, Ortigas Center, Pasig City

NOT APPLICABLE

SCHEDULE II
GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE SHOWING FINANCIAL SOUNDNESS
PURSUANT TO REVISED SRC RULE 68

		As at	
Ratio	**Formula**	**2019**	**2018**
Liquidity Ratio:			
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 7,525,123 Divide by: Total Current Liabilities 80,518,484 Current ratio 0.09	**0.09:1**	0.16:1
Quick ratio	Quick Assets (*Cash add Receivables – net*) divided by Total Current Liabilities Quick Assets 537,963 Divide by: Total Current Liabilities 80,518,484 Quick ratio 0.007	**0.01:1**	0.16:1
Solvency Ratio:			
Debt ratio / Debt-to-asset ratio	Total Liabilities divided by Total Assets Total Liabilities 80,518,484 Divide by: Total Assets 234,501,450 Debt-to-asset ratio 0.34	**0.34:1**	(1.06):1
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 80,518,484 Divide by: Total Equity 153,982,966 Debt-to-equity ratio 0.52	**0.52:1**	(17.12):1
Asset-to-equity ratio	Total assets divided by Total Equity Total Assets 234,501,450 Divide by: Total Equity 153,982,966 Asset-to-equity ratio 1.52	**1.52:1**	(16.12):1
Interest Rate Coverage Ratio:	Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA) divided by Interest Expenses EBITDA (14,103,770) Divide by: Interest Expenses – Interest rate coverage ratio 0.00	**0.00:1**	0.00:1

Ratio	Formula	As at 2019	2018
Profitability Ratios:			
Return on assets	Net Loss divided by Average Total Assets (*Total Assets as of December 31, 2019 add Total Assets as of December 31, 2018 divided by two)* Net Loss (14,116,404) Divide by: Average Total Assets 235,127,058 Return on assets (6.00%)	**(6.00%)**	(49.94%)
Return on equity	Net Loss divided by Average Total Equity (*Total Equity as of December 31, 2019 add Total Equity as of December 31, 2018 divided by two)* Net Loss (14,116,404) Divide by: Avg. Total Equity 69,678,333 Return on equity (20.26%)	**(20.26%)**	(265.01%)
Gross profit margin	Gross Profit (*Revenues less Direct Expenses*) divided by Revenues Gross Profit – Divide by: Revenues – Gross profit margin 0%	**0%**	0%
Activity Ratio:			
Asset turnover	Revenues divided by Average Total Equity (*Total Equity as of December 31, 2019 add Total Equity as of December 31, 2018 divided by two)* Revenues – Divide by: Avg. Total Equity (69,678,333) Asset turnover 0.00	**0.00:1**	0.00:1

SCHEDULE III
GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER THE PFRS AS AT DECEMBER 31, 2019

		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✔		
PFRSs Practice Statement Management Commentary		✔		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards		✔	
	Amendments to PFRS 1: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✔		
	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: Borrowing Cost			✔
	Amendments to PFRS 1: Meaning of "Effective PFRS"	✔		
	Amendments to PFRS 1: Removing Short-term Expectations			✔
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: Definition of Vesting Condition			✔
	Amendments to PFRS 2: Clarification on Classification and Measurement of Share-based Payment Transaction			✔
PFRS 3 (Revised)	Business Combinations			✔
	Accounting for Contingent Consideration in a Business Combination			✔
	Scope Exceptions for Joint Arrangements			✔
	Remeasurement of Previously Held Interest			✔
	Amendments to Clarify the Definition of a Business*			✔
PFRS 4	Insurance Contracts			✔
	Amendments to PFRS 4: Financial Guarantee Contracts			✔

		Adopted	Not Adopted	Not Applicable
	Interaction of PFRS 4 and PFRS 9			✔
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✔
	Amendments to PFRS 5: Changes in Methods of Disposal			✔
PFRS 6	Exploration for and Evaluation of Mineral Resources			✔
PFRS 7	Financial Instruments: Disclosures	✔		
	Amendments to PFRS 7: Reclassification of Financial Assets	✔		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✔		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✔		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✔		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✔		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✔		
	Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements		✔	
	Amendments to PFRS 7: Hedge Accounting (2013 version)			✔
	Amendments to PFRS 7: Servicing Contracts			✔
PFRS 8	Operating Segments			✔
	Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✔
PFRS 9	Financial Instruments (New in 2014)		✔	
	Financial Instruments: Classification and Measurement (2010 version)	✔		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✔		
	Applying PFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)			✔
	Amendments to PFRS 9: Prepayment Features with Negative Compensation			✔
PFRS 10	Consolidated Financial Statements	✔		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception			✔
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not yet effective		
PFRS 11	Joint Arrangements		✔	
	Amendments to PFRS 11: Accounting for Acquisitions of Interest in Joint Operations		✔	
	Remeasurement of Previously Held Interest		✔	

		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	✔		
	Amendments to PFRS 12: Investment Entities	✔		
	Application of Consolidation Exception		✔	
	Amendments to PFRS 12: Clarifying Scope	✔		
PFRS 13	Fair Value Measurement	✔		
	Amendment to PFRS 13: Short term Receivable and Payable	✔		
	Portfolio Exception	✔		
PFRS 14	Regulatory Deferral Accounts		✔	
PFRS 15	Revenue from Contracts with Customers			✔
	Clarifications to PFRS 15			✔
PFRS 16	Leases			✔
PFRS 17	Insurance Contracts*	Not yet effective		
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	✔		
	Amendment to PAS 1: Capital Disclosures	✔		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✔		
	Amendments to PAS 1: disclosure Initiative	✔		
	Amendments to PAS 1: Definition of Material*	Not yet effective		
PAS 2	Inventories			✔
PAS 7	Statement of Cash Flows	✔		
	Amendments to PAS 7: Disclosure Initiative	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
	Amendments to PAS 7: Definition of Material (Relate to PAS 1)*	Not yet effective		
PAS 10	Events after the Reporting Period	✔		
PAS 12	Income Taxes	✔		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✔		
	Amendment to PAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses	✔		
	Amendments to PAS 12 – Income Tax Consequences of Dividends*	Not yet effective		
PAS 16	Property, Plant and Equipment	✔		
	Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization		✔	
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✔		
	Amendments to PAS 16: Bearer Plants		✔	
PAS 17	Leases		✔	

		Adopted	Not Adopted	Not Applicable
PAS 19	Employee Benefits		✔	
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		✔	
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate		✔	
	Amendments to PAS 19: Plan Amendments, Curtailments or Settlements		✔	
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			✔
	Amendments to PAS 23: Borrowing Costs Eligible for Capitalization			✔
PAS 24	Related Party Disclosures – Key Management Personnel	✔		
	Related Party Disclosures – Key Management Personnel (Amended)	✔		
PAS 26	Accounting and Reporting by Retirement Benefit Plans		✔	
PAS 27	Separate Financial Statements	✔		
	Amendments to PAS 27: Investment Entities	✔		
	Amendments to PAS 27: Equity Method in Separate Financial Statements		✔	
PAS 28	Investments in Associates and Joint Ventures		✔	
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not yet effective		
	Amendments to PAS 28: Clarifying certain Fair Value Measurements		✔	
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures		✔	
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 31	Interests in Joint Ventures		✔	
PAS 32	Financial Instruments: Disclosure and 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: Tax Effect of Distribution to Holders of Equity Instruments		✔	
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✔		
PAS 33	Earnings per Share	✔		
PAS 34	Interim Financial Reporting		✔	

		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities		✔	
	Disclosure of information 'Elsewhere in the Interim Financial Report'		✔	
PAS 36	Impairment of Assets	✔		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✔		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✔		
PAS 38	Intangible Assets		✔	
	Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization		✔	
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✔	
PAS 39	Financial Instruments: Recognition and Measurement	✔		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✔		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✔
	Amendments to PAS 39: The Fair Value Option	✔		
	Amendments to PAS: Financial Guarantee Contracts			✔
	Amendments to PAS 39: Reclassification of Financial Assets	✔		
	Amendments to PAS: Reclassification of Financial Assets – Effective Date and Transition	✔		
	Amendments to PAS 39: Embedded Derivatives			✔
	Amendment to PAS 39: Eligible Hedged Items			✔
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✔
PAS 40	Investment Property			✔
	Amendments to PAS 40: Clarification on Ancillary Services			✔
	Amendments to PAS 40: Transfers of property to, or from, Investment Property			✔
PAS 41	Agriculture			✔
	Amendments to PAS 41: Bearer Plants			✔
Philippine Interpretations – International Financial Reporting Interpretations Committee (IFRIC)				
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		✔	

		Adopted	Not Adopted	Not Applicable
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 8	Scope of PFRS 2			✔
IFRIC 9	Reassessment of Embedded Derivatives			✔
	Amendments to Philippine Interpretation IFRIC 9: Embedded Derivatives			✔
IFRIC 10	Interim Financial Reporting and Impairment		✔	
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✔
IFRIC 12	Service Concession Arrangements			✔
IFRIC 13	Customer Loyalty Programmes			✔
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 15	Agreements for the Construction of Real Estate			✔
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✔
IFRIC 17	Distributions of Non-cash Assets to Owners			✔
IFRIC 18	Transfers of Assets from Customers			✔
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✔
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✔
IFRIC 21	Levies			✔
IFRIC 22	Foreign Currency Transactions and Advance Considerations			✔
IFRIC 23	Uncertainty over Income Tax Treatments			✔
Philippine Interpretations – Standing Interpretations Committee (SIC)				
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		✔	

**These standards are not yet effective as of December 31, 2019.*

SCHEDULE IV
GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2019

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued

NOT APPLICABLE

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE B
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2019

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts offset	Amounts reclassified to prepayments	Current	Not Current	Balance at end of period
Sultan 900 Capital Inc.	232,836,530	–	6,066,631	31,769,899	–	195,000,000	195,000,000

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE C
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOT APPLICABLE

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE D
LONG TERM DEBT
DECEMBER 31, 2019

Name of issuer and type of obligation	Total Outstanding Balance	Amount shown under caption "Current portion of long-term debt"	Amount shown caption "Long-term Debt"

NOT APPLICABLE

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES (LONG - TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2019

Name of the Related Party	Balance at beginning of period	Balance at end of period
Sultan 900 Capital Inc.	110,000,000	–
Stockholders	78,012,313	73,930,569

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE F
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2019

Name of the issuing entity of securities guaranteed by the company for which the statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is lifted	Nature of guarantee

NOT APPLICABLE

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE G
CAPITAL STOCK
DECEMBER 31, 2019

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	3,000,000,000	2,335,000,000	–	2,229,499,500	900	105,499,600