SEC Number **PW-225**

GLOBALPORT 900, INC.

(Company's Full Name)

Unit 2701 One Corporate Centre
Meralco Ave. cor. Julia Vargas Ave.
Ortigas Center, Pasig City 1605
(Company's Address)

(632) 8637-8851
(Telephone Number)

December 31
(Fiscal Year End)

Definitive Information Statement
SEC Form 20-IS
FORM TYPE

____
(Secondary License Type and File Number)

GLOBALPORT 900, INC.
Unit 2701 One Corporate Centre, Meralco Ave. cor. Julia Vargas Ave.
Ortigas Center, Pasig City 1605

NOTICE OF SPECIAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN, that a Special Stockholders' Meeting ("SSM") of **GLOBALPORT 900, INC.** (the "Company" or "PORT") will be held on 12 January 2022, Wednesday, at 2:00 P.M. and shall be conducted via remote communication through videoconferencing. The details and link to the virtual meeting will be provided via email to all confirmed and validated stockholders, for the purpose of taking up the following:

I. Call to Order
II. Certification of Notice and Quorum
III. Approval of the Minutes of the Annual Stockholders' Meeting held on 29 September 2017
IV. Presentation and Approval of the 2017, 2018, and 2019 Audited Financial Statements
V. Confirmation and Ratification of Corporate Acts of the Board of Directors, Officers, and Management since the date of the last Stockholders' Meeting
VI. Approval of the Amendments to the Company's Articles of Incorporation
VII. Approval of the Amendments to the Company's By-Laws
VIII. Election of the Members of the Board of Directors
IX. Appointment of External Auditors
X. Other Matters
XI. Adjournment

Please refer to ***Annex 1*** for a brief discussion of, and rationale for, the above agenda items.

Only stockholders of record date at the close of business hour on **02 December 2021**, the record date and time fixed by the Board of Directors, are entitled to notice and to vote at said meeting.

In light of the COVID-19 pandemic, the SSM shall be held virtually and stockholders may attend and participate via remote communication and cast their votes *in absentia* thru the Proxy/Ballot Form.

Stockholders intending to attend the meeting by remote communication should notify the Company not later than 04 January 2022 at 5:00PM. The procedures and details for participation and attendance in the SSM through remote communication and voting *in absentia* are set forth in ***Annex 2***.

Pursuant to SEC Notice dated 2021 April 20, the copy of the Notice of the SSM and 20-IS, voting form and/or proxy forms will be posted on the Company's website and is accessible through PSE Edge. Copies of the Annual Report (SEC Form 17A) for the fiscal years 2017, 2018, and 2019 will likewise be posted on the Company's website accessible at: https://www.globalport900.com.

The entire proceedings of the SSM will be recorded by the Company and the visual and record copy shall be kept by the Company in accordance with the Revised Corporation Code of the Philippines and related regulations.

The Corporation or any of its directors or officers is not soliciting any proxy.

Pasig City, 20 December 2021.

For the Board of Directors.

AGNES H. MARANAN
Corporate Secretary

ANNEX 1

EXPLANATION AND RATIONALE OF AGENDA ITEMS FOR THE SPECIAL STOCKHOLDERS' MEETING OF GLOBALPORT 900, INC. TO BE HELD ON 12 JANUARY 2022

I. Call to Order
Our Chairman will formally open the meeting at 2:00 P.M.

II. Determination and Certification of Quorum
The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders and that a quorum exists for the transaction of business.

III. Approval of the Minutes of the Annual Stockholders' Meeting held on 29 September 2017
The minutes of the meeting held on 29 September 2017 will be available for download at the Company website.

IV. Presentation and Approval of the 2017, 2018, and 2019 Annual Reports
The Audited Financial Statements (AFS) for the years ended 31 December 2019, 31 December 2018, and 31 December 2017 will be presented to the stockholders for their approval at least 21 days prior to the meeting. The AFS will be embodied in the Information Statement to be sent to the stockholders.

V. Confirmation and Ratification of Corporate Acts of the Board of Directors, Officers, and Management since the date of the last Stockholders' Meeting
All acts and resolutions of the Board of Directors and all the acts of Corporate Officers and the Management taken or adopted since the last stockholders' meeting will be submitted for ratification. A brief summary of the resolutions and actions is set forth in this Information Statement for this meeting.

VI. Approval and Ratification of the Amendments to the Articles of Incorporation
Submit to the stockholders, for their approval and ratification, the amendment of the Principal Office Address of the Company to reflect the exact address, and to adopt the perpetual term under the Revised Corporation Code ("RCC").

VII. Approval and Ratification of the Amendments to the By- Laws
Submit to the stockholders, for their approval and ratification, the amendments to Articles I, II, III, IV, V, VI, and VII of the By- Laws to adopt the provisions of the RCC.

VIII. Election of the Members of the Board of Directors
The Corporate Secretary will present the names of the persons, whose background information are contained in the Information Statement, who have been duly nominated for election as directors of the Company in accordance with the By-Laws and Manual on Corporate Governance of the Company and applicable laws and regulations. The voting procedure is set forth in ***Annex 2***.

IX. Appointment of External Auditors
The Treasurer will present the recommendation to appoint **BDO Roxas Cruz Tagle and Co.** as the external auditors for the fiscal year ending 31 December 2021 and 31 December 2022. Representatives of the said firm are expected to be present at the SSM and to respond to appropriate questions from the shareholders.

X. Other Matters
The Chairman will open the floor for comments and questions by the stockholders. Stockholders may send their questions and/or comments prior to or during the meeting to info@globalport.com.ph.

XI. Adjournment

ANNEX 2

GLOBALPORT 900, INC.
SPECIAL STOCKHOLDERS' MEETING
12 January 2022, 2:00 P.M.

Requirements and Procedure for Participation in the SSM through Remote Communication and Voting *In Absentia*

In light of the COVID-19 pandemic, GLOBALPORT 900, INC.'s (the "Company") Special Stockholders' Meeting ("SSM") will be conducted virtually via Microsoft Teams on 12 January 2022, Wednesday, at 2:00 P.M.

1. Stockholders of record as of **02 December 2021** who intend to attend and participate at the meeting through remote communication are requested to notify the Company and register via email to info@globalport.com.ph.

2. **Registration:**

Who May Register:	Stockholders-of-record as of **02 December 2021**
When To Register:	Registration period shall be from 27 December 2021 and will close at 5:00PM on 04 January 2021 ("Registration Period"). Stockholders who fail to register during the Registration Period may no longer avail of the option to electronically participate at the SSM and vote by remote communication or *in absentia*.
How to Register:	Stockholders are requested to send a notification to info@globalport.com.ph with the subject "PORT SSM" with the following information: (a) Name; (b) Address; and (c) Contact Number, together with scanned or digital copies of the documents listed below, within the Registration Period, for validation: **Individual Stockholders (Direct Owners):** ▪ Front and back portions of the Stockholder's valid government-issued identification card with photo and signature. **Corporate Stockholders (Direct Owners):** ▪ Secretary's Certificate attesting to the authority of the representative to vote for and on behalf of the corporation; ▪ Front and back portions of a valid government-issued identification card with photo and signature of the Stockholder's representative; and ▪ Contact number of the Corporate Stockholder's Secretary. **Broker Accounts (Individual or Corporate):** ▪ Broker's Certification on the Stockholder's number of shareholdings; ▪ Secretary's Certificate attesting to the authority of the representative to vote for and on behalf of the corporation (for Corporate Stockholders); ▪ Front and back portions of a valid government-issued identification card with photo and signature of the Stockholder's representative (for Corporate Stockholders); ▪ Front and back portions of the Stockholder's valid government-issued identification card with photo and signature (for Individual Stockholders); and ▪ Contact number of the Corporate Stockholder's Secretary (for Corporate Stockholders). In addition, Stockholders who wish to attend by proxy shall also submit the following: ▪ Ballot/Proxy Form duly signed by the Stockholder; ▪ Name, Address, and Contact Number of the appointed proxy; and

	▪ Front and back portions of a valid government-issued identification card with photo and signature of the Stockholder's proxy. A Stockholder may also appoint the Chairman of the SSM as his/her/its proxy.
Validation of Registration:	The validation of the Stockholder's registration shall be completed by the Company within three (3) business days from receipt of the complete requirements. The Company will send an email confirming the successful validation of the Stockholder's registration with a link to the virtual meeting room.

3. **Voting *in absentia* or by Proxy**

Stockholders who want to vote *in absentia* or by proxy in the SSM shall use the **Ballot/Proxy Form** attached as ***Annex 3*** and comply with the following procedures and requirements:

Who May Vote:	Stockholders of record as of **02 December 2021**
Manner and Methods of Voting:	For the SSM, voting shall only be allowed through proxy or *in absentia* by accomplishing the Ballot/Proxy Form. ▪ For election of directors, each common share shall be entitled to nine (9) votes and the registered Stockholder can elect to have all votes cast in favor of one director or in any manner he chooses, provided the total number of votes cast shall not exceed nine (9) votes per share held. ▪ For items other than the election of directors, the registered Stockholder has the option to vote: Yes, No, or Abstain. The vote is considered cast for all the registered Stockholder's shares. Only the votes cast by duly registered Stockholders/Proxies shall be counted.
When To Submit the Proxy/Ballot Form:	An advanced copy of duly accomplished and signed* Proxy/Ballot Form shall be submitted through email to info@globalport.com.ph during the Registration Period. Email submission may be made together with the registration requirements, or through a separate email with the subject "PORT SSM". Hard copy of the originally signed Ballot/Proxy Form shall be sent to the Office of the Corporate Secretary of the Company at Unit 2701 One Corporate Centre, Meralco Ave. cor. Julia Vargas Ave., Ortigas Center, Pasig City 1605, Philippines. After submission of the Ballot/Proxy Form, the stockholder may no longer change his/her vote. **The Company shall accept electronic signature and digital signatures, or a scanned copy of the Ballot/Proxy Form signed by wet-ink. However, the Company reserves the right to request additional information, and original signed copies of Ballot/Proxy Form at a later date, as it deems necessary.*
Tabulation and Validation of Votes:	All votes cast through Ballot/Proxy Forms shall be validated and tabulated on 05 January 2022 at 2:00 P.M. at the Office of the Corporate Secretary of the Company at Unit 2701 One Corporate Centre, Meralco Ave. cor. Julia Vargas Ave., Ortigas Center, Pasig City 1605, Philippines. Final tally of votes shall be announced during the SSM.

4. The virtual meeting room will be opened 1 hour before the schedule. Registered Stockholders shall write their full name, surname first followed by their first name, upon joining the virtual meeting room.

5. Stockholders may send their questions and/or comments prior to or during the meeting to info@globalport.com.ph. The Corporate Secretary shall raise the questions on behalf of the Stockholder.

6. The proceedings of the meeting will be recorded. Copy of the visual and audio recording of the proceedings of the SSM shall be kept by the Company.

ANNEX 3

GLOBALPORT 900, INC.
SPECIAL STOCKHOLDERS' MEETING
12 January 2022, 2:00 P.M.

BALLOT / PROXY FORM

☐ **Vote by Ballot**: The undersigned stockholder of **GLOBALPORT 900, INC.** (the "Company") casts his/her vote on the agenda items for the Special Stockholders' Meeting, as expressly indicated with **X** in this ballot.
☐ **Vote by Proxy**: The undersigned stockholder of the Company hereby appoints ________________________ or in his absence, the Chairman of the meeting, as attorney-in-fact and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Special Stockholders' Meeting of the Company on 12 January 2022 and at any of the adjournments thereof for the purpose of acting on the following matters:

Proposal	Yes	No	Abstain
1. Approval of the Minutes of the Annual Stockholders' Meeting held on 29 September 2017			
2. Approval of the 2017, 2018, and 2019 Annual Reports and Audited Financial Statements			
3. Confirmation and Ratification of Corporate Acts of the Board of Directors, Officers, and Management since the date of the last Stockholders' Meeting			
4. Approval of the Amendments to the Company's Articles of Incorporation as summarized in the Information Statement			
5. Approval of the Amendments to the Company's By-Laws to adopt the provisions of the Revised Corporation Code as summarized in the Information Statement			
6. Appointment of BDO Roxas Cruz Tagle and Co. as External Auditors			

7. Election of the Members of the Board of Directors, including the Independent Directors

Name	Number of Votes[1]
Sheila Marie B. Romero	
Mikaela Louise B. Romero	
Edwin Joseph G. Galvez	
Marvee M. Espejo	
Henry Rophen B. Virola	
Walter Enriquez R. Ramos	
Ariel R. Arriola *(Independent Director)*	
Dennis M. Morada *(Independent Director)*	
Sherwin L. Mendiola *(Independent Director)*	

Number of Shares Held	Printed Name and Signature of Stockholder	Date

This Ballot/Proxy Form, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of all matters stated above and for such matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by Management of the Board of Directors. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised.

This Ballot/Proxy Form should be received by the Corporate Secretary on or before 5:00 P.M. of 04 January 2022. Please see the **Requirements and Procedure for Participation in the SSM through Remote Communication and Voting *In Absentia*** for the complete guidelines in the submission of this Ballot/Proxy Form.

[1] Stockholders shall have the right to vote the number of shares of stock standing, on record date, in his own name on the stock and transfer book of the Company; and such shareholder may vote such number of shares for as many individuals as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit; Provided, that, the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected.

THIS IS NOT A PROXY SOLICITATION

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [] Preliminary Information Statement

   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter:
   GLOBALPORT 900, INC. *(Formerly: MIC Holdings, Inc.)*

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

4. SEC Identification Number: **PW-225**

5. BIR Tax Identification Code: **000-477-902**

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

7. Registrant's telephone number, including area code: **(632) 8637-8851**

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

   12 January 2022, Wednesday, at 2:00 P.M. via remote communication through videoconferencing and presided at the principal office at Unit 2701 One Corporate Centre, Meralco Ave. cor. Julia Vargas Ave., Ortigas Center, Pasig City 1605

   The details and link to the virtual meeting will be provided to stockholders-of-record who register to confirm their attendance.

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **21 December 2021**

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Stock (Outstanding)	**2,156,049,400**
Common Stock (Treasury)	**201,500**
Total Issued Shares	**2,156,250,900**

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

    Yes __x__ No ______

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

    Philippine Stock Exchange, Inc. **54,212,200 Common Shares**

PART I – INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

ITEM 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

a. Date of Meeting: 12 January 2022 (Wednesday)
Time of Meeting: 2:00 P.M.
Place of Meeting: The Special Stockholders' Meeting shall be conducted via remote communication through videoconferencing and presided at the Company's principal office. The information about said virtual meeting will be provided to stockholders-of-record who register to confirm their attendance.
Principal Office: Unit 2701 One Corporate Centre, Meralco Ave. cor. Julia Vargas Ave., Ortigas Centre, Pasig City 1605

b. The Company intends to send the Information Statement to its stockholders on **21 December 2021**.

WE ARE NOT ASKING YOU FOR A PROXY THROUGH THIS DOCUMENT.
YOU ARE REQUESTED TO SEND US A PROXY THROUGH A PROXY FORM.

ITEM 2. DISSENTERS' RIGHT OF APPRAISAL

In case of any amendment of the Articles of Incorporation of the Company which has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence, or in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets, or in case of merger or consolidation, or in case of investment of corporate funds for any purpose other than the primary purpose of the corporation, a dissenting stockholder may demand payment of the fair value of his shares by voting against the proposed corporate action and making a written demand on the Company within thirty (30) days after the date on which the vote was taken; otherwise, the failure to make the demand within the said period shall be deemed a waiver of the appraisal right of the dissenting stockholder. Within ten (10) days after demanding payment of his shares, the dissenting stockholder shall submit the certificate(s) of stock representing his shares to the Company for notation thereon that the shares are dissenting shares; otherwise, his failure to do so shall, at the option of the Company, terminate his appraisal rights.

If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the certificate(s) of stocks representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after the award is made, provided that the Company has unrestricted retained earnings in its books to cover such payment and that upon payment by the Company of the agreed or awarded price, the stockholder shall immediately transfer his shares to the Company.

Any other right or action arising from the exercise of a dissenting stockholder of his appraisal rights shall be governed by and in accordance with Title X of the Revised Corporation Code of the Philippines.

ITEM 3. INTEREST OF CERTAIN PERSONS IN MATTER TO BE ACTED UPON

Except as may be stated hereunder, none of the members of the Board of Directors or senior management of the Company have any substantial interest in the matters to be acted upon by the stockholders in the Special Stockholders' Meeting.

None of the members of the Board of Directors has informed the Company in writing of any intention of opposing any action intended to be taken by the Company during the scheduled Special Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

a. Voting Securities Entitled to Vote at the Special Stockholders' Meeting

As of 02 December 2021, there are 2,156,049,900 fully paid, issued and outstanding common shares (net of 201,500 treasury shares not entitled to vote), entitled to vote at the Special Stockholders' Meeting. Of the Company's issued shares, 54,212,200 are listed with the Philippine Stock Exchange, Inc. Only stockholders of record at the close of business on 02 December 2021 are entitled to notice of and to vote at the Special Stockholders' Meeting. Each stockholder shall have one (1) vote for every share held as of record date, except for election of directors where cumulative voting shall apply.

b. Record Date

The record date for the determination of stockholders entitled to notice and to vote at the meeting is **02 December 2021**.

c. Election of Directors

All stockholders of common shares as of the record date are entitled to cumulative voting rights with respect to the election of the directors.

In cumulative voting, a stockholder may cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares. The votes shall be equal, or by distributing such votes based on the same principle, among any number of candidates.

d. Security Ownership of Certain Record and Beneficial Owners and Management

The table below shows the persons known to the Company as of 02 December 2021 to be directly or indirectly the record or beneficial owner of more than five percent (5%) of the Company's voting securities:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Ownership with Record Owner	Citizenship	No. of Shares Held	Percentage to authorized capital stock
Common	Sultan 900 Capital, Inc. Manila Harbour Centre, R-10 Vitas Tondo, Manila Majority Shareholder	Sheila Marie B. Romero	Filipino	1,922,868,800	89.18%
Common	ASPAC Logistics & Trading PTY. LTD. IFC Chamber Rd Town, Tortola BVI	-	BVI	126,000,000	5.84%

As of 02 December 2021, the Company knows of no persons, other than the foregoing, who, directly or indirectly, are the record and/or beneficial owners of more than five percent (5%) of any class of the Company's voting securities. For purposes of the 12 January 2022 Special Stockholders' Meeting, Sultan 900 Capital, Inc. is appointing Mr. Edwin G. Galvez as Proxy to vote its 1,922,868,800 common shares.

e. Security Ownership of Management as of 02 December 2021

The table below shows the securities beneficially owned by all directors, nominees and executive officers of the Company as of 02 December 2021:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
		Amount	Nature		
Common	Edwin Joseph G. Galvez	100	Indirect	Filipino	0.0000005%
Common	Marvee M. Espejo	100	Indirect	Filipino	0.0000005%
Common	Agnes H. Maranan	100	Indirect	Filipino	0.0000005%
Common	Frederick M. Arejola	100	Indirect	Filipino	0.0000005%
Common	E. Hans S. Santos	100	Indirect	Filipino	0.0000005%
Common	Anthony Rolando T. Golez	100	Indirect	Filipino	0.0000005%
Common	Leonardo M. Galang	100	Indirect	Filipino	0.0000005%
Common	Dorothy S. Cajayon (ID)	100	Direct	Filipino	0.0000005%
Common	Jose Marie Fabella (ID)	100	Direct	Filipino	0.0000005%
TOTAL		**900**			**0.0000045%**

Directors and Officers as a group hold a total of 900 shares, equivalent to approximately 0.0000045% of the Company's issued and outstanding capital stock.

f. Voting Trust of 5% or More

The Company is not aware of any voting trust or similar arrangements involving securities of the Company or of any person who holds more than five percent (5%) of a class of securities under a voting trust or similar agreements.

g. Changes in Control

The Company is not aware of any change in control beginning of the last fiscal year.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

a. The Board of Directors

The incumbent Directors of the Company were elected during the annual stockholders meeting held on 29 September 2017. The Directors of the Company are elected at the regular Annual Meeting of Stockholders to hold office for a 1-year term and until their successors are duly elected and qualified. The Executive Officers hold office until their respective successors have been elected and qualified.

The following are the incumbent directors of the Company, with their respective ages and citizenships, and period of service in the Company:

Name	Age	Position	Citizenship	Years in Office
Edwin Joseph G. Galvez	53	Chairman	Filipino	29 September 2017 - present
Marvee M. Espejo	48	Director	Filipino	29 September 2017 - present
Agnes H. Maranan	61	Director	Filipino	29 September 2017

Name	Age	Position	Citizenship	Years in Office
				- present
Frederick M. Arejola	40	Director	Filipino	29 September 2017 - present
E. Hans S. Santos	58	Director	Filipino	29 September 2017 - present
Anthony Rolando T. Golez, Jr.	48	Director	Filipino	29 September 2017 – 29 October 2021
Leonardo M. Galang	39	Director	Filipino	29 September 2017 - present
Dorothy S. Cajayon	72	Independent Director	Filipino	29 September 2017 - present
Jose Marie E. Fabella	45	Independent Director	Filipino	29 September 2017 - present

The following are the incumbent officers of the Company, with their respective ages and citizenships, and period of service in the Company:

Name	Age	Position	Citizenship	Years in Office
Marvee M. Espejo	48	President	Filipino	29 September 2017 - present
Agnes H. Maranan	61	Corporate Secretary	Filipino	29 September 2017 - present
Frederick M. Arejola	40	Treasurer	Filipino	29 September 2017 - present
E. Hans S. Santos	58	Compliance Officer	Filipino	29 September 2017 - present
Aya M. Balana	25	Corporate Information Officer	Filipino	14 April 2021 - present

b. Nominees for Election as Members of the Board of Directors

The nomination for election to the Board of Directors was held on the special meeting of the Board of Directors on 16 November 2021. The nominees for election to the Board of Directors on 12 January 2022 are as follows:

1. Sheila Marie B. Romero
2. Mikaela Louise B. Romero
3. Edwin Joseph G. Galvez
4. Marvee M. Espejo
5. Henry Rophen B. Virola
6. Walter Enrique R. Ramos
7. Ariel R. Arriola – Independent Director
8. Dennis M. Morada – Independent Director
9. Sherwin L. Mendiola – Independent Director

In a special meeting of the Board of Directors on 16 November 2021, the Board evaluated the qualifications of the nominees for independent directors, Atty. Ariel R. Arriola, Engr. Dennis M. Morada, and Mr. Sherwin L. Mendiola for the fiscal year 2022. The nominees for independent directors were nominated by Mr. Edwin Joseph G. Galvez. There is no relationship between them.

Other than the persons mentioned above, there were no other persons nominated as independent director of the Company.

The nominated independent directors have certified that they possess all the qualifications and none of the disqualifications of an independent director as provided for in the Securities Regulation Code ("SRC"). The Certifications of the nominated independent directors in compliance with SEC Memorandum Circular No. 5, Series of 2017 are attached hereto as ***Annexes "A-1"***, ***"A-2"***, and ***"A-3"***.

Rule 38.8 of the Implementing Rules and Regulations of the SRC and the Manual on Corporate Governance of the Company provide that the nominations of independent directors shall be conducted prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholder together with the acceptance and conformity by the would-be nominees.

All the nominees for election to the Board of Directors shall satisfy the mandatory requirements specified under the law, the Corporation's by-laws, and its Manual for Corporate Governance.

The following information is furnished with respect to the business experience of each nominated director and officer of the Company for the past five (5) years:

SHEILA MARIE B. ROMERO *(50, Filipino)* serves as Chairperson, Chief Executive Officer, Director and/or Officer of various companies engaged in aviation, power generation, real estate and infrastructure development, hospitality management, F&B, and port terminal management operation businesses. She is the incumbent Chairperson, President, and Chief Executive Officer of Globalcity Mandaue Corporation, the corporation spearheading and managing the reclamation and development of the 131-hectare Mandaue Global City in Cebu, and Sultan 900 Capital, Inc. Ms. Romero also serves as the Chairperson of Harbour Centre Port Holdings, Inc. and its subsidiaries, Fort Pilar Energy, Inc., T N R Holdings, Inc., and F&S Holdings, Inc. She likewise serves as the President and Chief Executive Officer of Roku Group of Companies, Oracle Hotel and Residences, and I Want To Share Foundation. Ms. Romero obtained a degree in BS Applied Economics Major in Financial Economics and BS Management of Financial Institutions from the De La Salle University.

MIKAELA LOUISE B. ROMERO *(28, Filipino)* is a member of the Board of Directors of Globalport Zamboanga Terminal Inc., Globalport Ozamiz Terminal Inc., Globalport Iligan Terminal Inc. and Globalport Tacloban Terminal Inc. Ms. Romero is also an entrepreneur and restauranteur and the incumbent Managing Director of Sushi Nori and a Managing Partner of Roku Sushi + Ramen. Ms. Romero is in-charge of the day-to-day operations, food development, marketing, human resource, and accounting of the said companies. She graduated from Ateneo de Manila University with a degree in Management Economics.

EDWIN JOSEPH G. GALVEZ *(53, Filipino)* has more than Thirty-two (32) years of experience in comptrollership, corporate and project finance, and management and directorial functions in the field of port management, shipping, construction, real estate, waste management, and power and energy. He is the incumbent Chairman of the Board of Directors of Globalport 900, Inc., Sultan 900 Capital, Inc., Mikro-Tech Capital, Inc., and Zamboanga City Integrated Port Services, Inc. Mr. Galvez also serves as the President and Director of Crowninvestment Holdings Inc. and One Power Systems Holdings Inc. He is likewise a Director and the Treasurer of Harbour Centre Port Holdings, Inc. Prior to the foregoing, Mr. Galvez served as a member of the Board of Directors of Manila North Harbour Port, Inc. and Pacifica, Inc. He was also the Senior Assistant Vice President for Finance and Assistant Controller for R-II Builders, Inc. and worked in various financial institutions like Security Bank Corporation, Far East Bank & Trust Co., and Philippine Banking Corporation. He took up his MBA in Asian Institute of Management and finished BSC – Business Management from the De La Salle University, Manila.

MARVEE M. ESPEJO *(48 years old, Filipino)* is the incumbent Chief Management Officer of Zamboanga City Electric Cooperative and Crowninvestment Holdings Inc. He is also the President and a member of the Board of Directors of Harbour Centre Port Holdings, Inc. and Mikro-Tech Capital, Inc. Prior to joining the foregoing companies, Mr. Espejo served as the President of Zamboanga City Integrated Port Services, Inc. and One Source Port Support Services Inc. He likewise served as the Vice President and Treasurer of Pacifica, Inc., Investment Analyst at Enviroventures, Inc., Finance Manager at Sunglow Land, Inc., Financial Analyst at Rubicon Holdings Corporation, Executive Assistant at R-II Builders, Inc., Marketing Analyst and Personal Assistant at the AFP-Retirement and Separation Benefits System. He finished his academic units for his MBA from the De La Salle University and his Bachelor of Arts in Management Major in Human Resource from the same university.

HENRY ROPHEN B. VIROLA *(51 years old, Filipino)* is armed with twenty-eight (28) years of experience in port terminal management and operations and is the incumbent President of Globalport Zamboanga Terminal Inc., Globalport Ozamiz Terminal Inc., Globalport Iligan Terminal Inc., and Globalport Tacloban Terminal Inc. Prior to joining the aforementioned companies, he served as the Vice President for Logistics of Oceanic Container Lines, Inc. for two (2) years, and Executive Vice President and General Manager of Manila North Harbour Port Inc. for seven (7) years. He also worked for Harbour Centre Port Terminal, Inc. for six (6) years and for Asian Terminals, Inc. for nine (9) years. Mr. Virola is a graduate of Industrial Engineering from University of the Philippines and obtained a Master's Degree in the same field.

WALTER ENRIQUE R. RAMOS *(53 years old, Filipino)* is a Certified Public Accountant with more than twenty (20) years of experience in the field of finance. He served as the Financial Controller of 2Go Express, Inc. for four (4) years wherein he developed and executed the overall financial strategy of the company. He likewise served as the Chief Finance Officer of Abojeb Company, Inc. for four (4) years wherein he was responsible for the financial reporting, consolidation of accounts, statutory audit, tax planning, annual budgeting, forecasting and business performance tracking. For two (2) years, he was also employed as the Head of Finance of Airasia Inc. Prior to joining Airasia Inc., Mr. Ramos worked for eleven (11) years in Aboitz Transport System Corporation. He is a degree holder in Business and Economic Major in Accounting from De La Salle University.

ARIEL R. ARRIOLA *(51 years old, Filipino)* is duly licensed lawyer in the Philippines, State of New York, United States of America, and Hong Kong whose practice involves the Corporation Code, Foreign Investments Act, Special Economic Zone Act, Omnibus Investment Code, Securities Regulation Code, Investment Company Act, Securitization Act, and the Financial Rehabilitation and Insolvency Act. He provides legal advisory on investments in the Philippines, corporate and commercial matters including the establishment of legal entities and regulatory compliance, capital raising and capital structuring/re-structuring, sale or acquisition of businesses and legal entities, and mergers and acquisitions, consolidations, corporate re-structuring and business combinations. In 2019, Atty. Arriola provided technical assistance to the Asian Development Bank and Philippine Securities and Exchange Commission in the review of the framework of the Real Estate Investment Trust Act of 2009 and the drafting of its Implementing Rules and Regulations. He was a part of the Corporate and Commercial Practice Group of Quisumbing Torres, the Manila office of Baker & McKenzie. He graduated with honors with a Juris Doctor degree from the Ateneo Law School.

DENNIS M. MORADA *(51 years old, Filipino)* is a licensed Civil Engineer, Real Estate Appraiser, and Real Estate Broker who has more than twenty (20) years of experience in the Real Estate Business and Project Development Management. Engr. Morada served as Vice President for Real Estate Business and Project Development of New San Jose Builders, Inc. and Eton Properties Philippines, Inc. His areas of expertise include feasibility studies, market research, land acquisition, financial projections, and residential, commercial, office, hotel and resorts development. He obtained his degree in Civil Engineering from University of the Philippines.

SHERWIN L. MENDIOLA *(50, Filipino)* has over twenty (20) years of combined work experience in management, operations, product distribution, marketing, and sales involving both start-up and mature organizations in the oil, gas, geothermal and power sectors. He has been with DESCO, Inc. since 1999 up to the present to which he also serves as its President. Mr. Mendiola is also the incumbent President of Isarog Renewable Energy Corporation, a company which successfully secured the geothermal service contract for the exploration and development of the Isarog geothermal prospect in Camarines Sur. Further, he is also the President of SLJ Holdings & Management Corporation. Mr. Mendiola graduated from De La Salle University with a degree in Mechanical Engineering and pursued his Master of Business Administration in Ateneo Graduate School of Business.

All the directors and members of the senior management of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and senior management, respectively.

The election of the following nominees are subject to the confirmation of the stockholders during the Special Stockholders' Meeting to be held on 12 January 2021:

Sheila Marie B. Romero
Mikaela Louise B. Romero
Edwin Joseph G. Galvez
Marvee M. Espejo
Henry Rophen B. Virola
Walter Enriquez R. Ramos
Ariel R. Arriola *(Independent Director)*
Dennis M. Morada *(Independent Director)*
Sherwin L. Mendiola *(Independent Director)*

None of the members of the Board of Directors and Officers of the Company work in any government agency or office. The Certification of the Corporate Secretary is attached hereto as ***Annex "B"***.

c. Significant Employees

Other than the above-named members of the Board of Directors and senior management of the Company, there are no other persons employed by the Company who are expected to make significant contributions to its business.

d. Family Relationships

Ms. Mikaela Louise B. Romero is a daughter of Ms. Sheila Marie B. Romero. Both of them are nominees for membership to the Board of Directors.

e. Involvement in Certain Legal Proceeding

The Company is not aware of: (a) any bankruptcy petition filed by or against any business or which any director or member of senior management was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time; (b) any conviction by final judgment, of any director or member of senior management, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (c) of any director or member of senior management being subject to 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 such director's or member of senior management's involvement in any type of business, securities, commodities or banking activities; and (d) any director or member of senior management being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated, during the last five(5) years up to the date of filing.

f. Certain Relationships and Related Transactions

There were no transactions with directors, officers or any principal stockholders (owning at least 10% of the total outstanding shares of the Corporation) not in the ordinary course of business.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

None of the officers of the Company, in their capacity as such, receive any salary or any other form of compensation from the Company since 2007 and up to the present.

Currently, the directors are not receiving any compensation, nor per diems, in their capacity as such. Pursuant to the Manual of Corporate Governance of the Company and Section 29 of the Revised Corporation Code of the Philippines, the directors hall not participate in the determination of their own per diems or compensation.

The Company does not have any standard arrangement pursuant to which officers are compensated, or are to be compensated, directly or indirectly, for service provided as such, including any additional amounts payable for committee participation or special assignments, for the last completed fiscal year and the ensuing year.

Other than as stated herein, there are no other arrangements for compensation, plan or non-plan, including per diems, options, warrants, convertible securities or similar instruments, between the Company and the directors and executive officers.

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

The stockholders, during the Annual Stockholders Meeting held on 29 September 2017, appointed the accounting firm of Alas, Oplas & Co., CPAs with office at 23F Philippine AXA Life Centre Sen Gil Puyat Avenue, 1200 Tindalo St, Makati, 1227 Metro Manila as the Corporation's independent public accountant.

Due to change in the directorship of the Corporation, **BDO Roxas Cruz Tagle and Co.** is being nominated as the Corporation's external auditors for the fiscal year ending 31 December 2022 and until their replacement is duly elected. As such, Alas, Oplas & Co., CPAs's cessation from service shall be effective on 12 January 2022.

During the course of the engagement of Alas, Oplas & Co., CPAs, there are no known disagreements between the Company and its independent accountants with respect to accounting procedures and financial disclosures for the years ended 2019, 2018, and 2017.

No member of Alas, Oplas & Co., CPAs will be present during the 12 January 2022 meeting. However, a representative from BDO Roxas Tagle and Co. is expected on said date to answer any questions posed by any stockholder-of-record.

The Company is compliant with the requirements of Rule 68 par. 3 (b) (4) of the SRC pertaining to the five (5)- year rotation requirement of external auditor.

C. OTHER MATTERS

ITEM 8. ACTION WITH RESPECT TO REPORTS

During the scheduled Special Stockholders' Meeting, the following reports shall be submitted to the stockholders for their approval:

1. Approval of the minutes of the 29 September 2017 Annual Stockholders' Meeting
2. Approval of the 2017 and 2018 Annual Reports and Audited Financial Statements
3. Ratification of Corporate Acts of the Board of Directors, Officers, and Management since the date of the last Meeting of the Stockholders
4. Approval of the Amendments of the Company's Articles of Incorporation
5. Approval of the Amendments of the Company's By-Laws
6. Election of the Members of the Board of Directors to serve for fiscal year 2022 until their successors shall have been duly elected and qualified.

Sheila Marie B. Romero
Mikaela Louise B. Romero
Edwin Joseph G. Galvez
Marvee M. Espejo

Henry Rophen B. Virola
Walter Enriquez R. Ramos
Ariel R. Arriola *(Independent Director)*
Dennis M. Morada *(Independent Director)*
Sherwin L. Mendiola *(Independent Director)*

The nominees for independent directors have all the qualifications and none of the disqualifications under the Securities Regulation Code and its Implementing Rules and Regulations.

7. Election of BDO Roxas Cruz Tagle and Co. as the Company's external auditors for the fiscal year ending 31 December 2022 until a new independent director shall have been duly elected.

Summary of Board Resolutions Passed Since the Last Stockholders' Meeting:

Date of Board Approval	Nature of Board Resolution
2018	
10 July 2018	Appointment of Alas, Oplas & Co., CPAs as the Corporations independent and external auditors, and Deo Vertitas Optimum Corp. as the Corporation's assisting external auditor for internal accounting for the fiscal years 2016 and 2017.
18 July 2018	Entering into a consortium with PT Angkasa Pura II and Philippine Air Asia, Inc. to invest and bid for the Operations and Management of the Clark International Airport in Clark.
	Release of the amount of Eighty-One Million Five Hundred Thousand Pesos (P81,500,000.00) of the Corporation's funds to be used for the Corporation's expansion activities.
	Approval of the Corporation's Audited Financial Statements for the year ended 31 December 2016 and 31 December 2017.
08 October 2018	Authorizing the Corporation's external auditors, Alas, Oplas & Co. CPAs to issue the Corporation's audited financial statements for the nine-month period ended 30 September 2018.
2019	
18 February 2019	Corporation's decision to take under consideration the offer of Sultan 900, Inc. ("Sultan 900") to apply the latter's advances worth One Hundred Ten Million Pesos (₱110,000,000.00) to its unpaid subscription.
06 March 2019	Maintenance of account and update of records of account of the Corporation with United Coconut Planters Bank – McKinley Hill Branch.
	Authorizing the Corporation to execute a Continuing Suretyship Agreement in favor of Bank of Commerce, binding the Corporation in a joint and several capacity to the loan obligations of Mikro-Tech Capital, Inc.
	Authorizing the Corporation's external auditors, Alas, Oplas & Co. CPAs to issue the Corporation's audited financial statements for the period ended 31 December 2018.
09 September 2019	Recognition of impairment of the Corporation's investment in

Date of Board Approval	Nature of Board Resolution
	Platinum Dredging, Inc. ("PDI") in the amount of Three Hundred Million Pesos (₱300,000,000.00).
07 October 2019	Derecognition of PDI as a subsidiary in the Corporation's books, as well as in its stand-alone and consolidated financial reports.
23 October 2019	Authorizing the Corporation to enter into a Share Subscription Agreement with Sultan 900, Inc. for issuance of Ten Million (10,000,000) shares from the unissued portion of the Corporation's authorized capital stock.
02 December 2019	Approval of the application of Sultan 900's advances in the amount of One Hundred Ten Million Pesos (₱110,000,000.00) to its unpaid subscription.
2020	
09 September 2020	Approval of the Corporation's Consolidated Audited Financial Statements for the year ending 31 December 2016.
07 December 2020	Approval of the Corporation's Consolidated Audited Financial Statements for the year ending 31 December 2017.
	Approval of the Corporation's Consolidated Audited Financial Statements for the year ending 31 December 2018.
2021	
11 June 2021	Authorizing Mr. Marvee M. Espejo, President of the Corporation, and Atty. Agnes H. Maranan, Corporate Secretary, as authorized signatories in relation to the stock transactions and/or stock certificates of the Corporation.
25 June 2021	Approval of the Corporation's Separate Audited Financial Statements for the year ending 31 December 2019.
27 September 2021	Authorizing the Corporation to open and maintain depository accounts with Bank of Commerce.
15 October 2021	Authorizing Mr. Marvee M. Espejo, President; Mr. Edwin Joseph G. Galvez, Chairman of the Board; and Atty. Agnes H. Maranan, Corporate Secretary, as authorized signatories in relation to the stock transactions and/or stock certificates of the Corporation.

ITEM 9. AMENDMENT OF ARTICLES OF INCORPORATION AND BY-LAWS

The Company's Articles of Incorporation is being amended to specify its exact principal office and expressly incorporate the perpetual term of existence as provided under the Revised Corporation Code.

The following amendments to the Articles of Incorporation will be presented to the Stockholders for their approval and ratification:

Article	From	To
Third	That the place where the principal office of the corporation is to be established or located is Metro Manila, Philippines.	That the place where the principal office of the corporation is to be established or located is Unit 2707, One Corporate Centre, Julia Vargas Avenue corner Meralco Avenue, Ortigas Center, Barangay

Article	From	To
		San Antonio, Pasig City, Philippines.
Fourth	That the term for which said corporation is to exist is fifty years from and after March 11, 1983.	The Corporation shall have perpetual existence from the date of issuance of the certificate of incorporation.

The Company's By-Laws is being amended to incorporate the changes introduced under the Revised Corporation Code as regards to the conduct of meeting via remote communication, among others. The By-Laws is likewise being amended to include a title per provision thereof.

The following amendments to the By-Laws will be presented to the Stockholders for their approval and ratification:

Art. and Sec. No.	From	To
Article I, Section 3	Section 3. LOST CERTIFICATES. – In case any certificate of capital stock is lost, stolen, or destroyed, a new certificate may be issued in lieu therefor in accordance with the procedure prescribed by law, particularly Section 75 of The Corporation Code.	Section 3. LOST CERTIFICATES. – In case any certificate of capital stock is lost, stolen, or destroyed, a new certificate may be issued in lieu therefor in accordance with the procedure prescribed by law, particularly Section 72 of the Revised Corporation Code.
Article II, Section 1	Section 1. – A general meeting of stockholders when duly constituted represents all stockholders and its decision on matter within its jurisdiction are obligatory even to those stockholders who are absent or are dissenters.	Section 1. ANNUAL/REGULAR MEETING. – The annual / regular meetings of stockholders shall be held on any day in June of each year.
Article II, Section 2	Section 2. – The meetings of stockholders of the Company, whether annual or special, shall be held in the city or municipality where the principal office of the Corporation is located, or in the principal office, on any day in June of each year. Special meetings shall be called by the Chairman, President or Secretary upon the written request of stockholders of record holding at least one-third (1/3) of the entire capital stock of the Company and outstanding and entitled to vote, or by order of the Board of Directors, whenever they shall deem it necessary. The business of all special meetings shall be confined to the subject stated in the call and matters directly connected therewith.	Section 2. SPECIAL MEETING. – The special meetings of stockholders, for any purpose or purposes, may at any time be called by the Board of Directors or by the Chairman or President, at their own instance, or at the written request of stockholders representing a majority of the outstanding capital stock.
Article II, Section 3	Section 3. – Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mailing the notice to each stockholder of record at least fifteen (15) days prior to the date of the meeting to each stockholder of record at his last known post office address or by publishing the notice in a newspaper of national circulation. The notice shall state the place, date, and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meetings, only matters stated in the notice can be the subject of motions or deliberations at such meetings. Notice of any meeting may be waived, expressly or impliedly, by any	Section 3. PLACE OF MEETING. – Stockholders' meetings, whether regular or special, shall be held in the principal office of the Company or at any place designated by the Board, the Chairman, the President, or the Stockholders, as the case may be, in the city or municipality where the principal office of the Company is located.

Art. and Sec. No.	From	To
	stockholder, in person or by proxy, before or after the meeting. When the meeting of stockholder sis adjourned to another time and place, , it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.	
Article II, Section 4	Section 3. – The presence of stockholders of record holding a majority of the stocks issued and outstanding, either in person or by proxy, is requisite, and shall constitute a quorum, of all meetings of stockholders. The holders of record of a majority stock present at such meeting shall decide any matter that may come before the meeting, except as otherwise provided by law or the Articles of Incorporation or these By-Laws. If such a quorum be lacking, a new meeting shall be called within ten (10) days and in the said day and hour fixed, whatever may be the number of stockholders present in person or by proxy, the meeting shall be carried and a majority of the stockholders present shall decide any matter that may come before the meeting, except as otherwise provided in the following section and in the Corporation Code.	Section 4. NOTICE OF MEETING. – Notices for stockholders' meetings may be sent by the Secretary by personal delivery or by mailing or by electronic means to each stockholder of record at least fifteen (15) days prior to the date of the meeting for regular stockholders' meetings, and at least seven (7) days prior to the date of the meeting for special stockholders' meeting. The notice shall state the place, date and hour of the meeting, and the purpose or purposes for which the meeting is called. In case of special meeting, only matters stated in the notice can be the subject of motions or deliberations at such meetings. Notice of any meeting may be waived, expressly or impliedly, by any stockholder, in person or by proxy, before or after the meeting. When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.
Article II, Section 5	Section 5. – At all elections of directors, there must be present, either in person or by proxy, the owners of the majority of the subscribed capital stock entitled to vote. Every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name on the stock books of the Corporation and said stockholder may vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them in the same principle among as many candidates as he shall see fit. PROVIDED, that the whole number of votes cast by him shall not exceed the number of shares owned by him as shown by the books of the Corporation multiplied by the whole number of directors to be elected: and	Section 5. QUORUM. – The presence of stockholders of record holding a majority of the stocks issued and outstanding, either in person or by proxy, is requisite, and shall constitute a quorum, of all meetings of stockholders. The holders of record of a majority stock present at such meeting shall decide any matter that may come before the meeting, except as otherwise provided by law or the Articles of Incorporation or these By-Laws. If such a quorum be lacking, a new meeting shall be called within ten (10) days and in the said day and hour fixed, whatever may be the number of stockholders present in person or by proxy, the meeting shall be carried and a majority of the stockholders present shall decide any matter that may come before the meeting, except as otherwise provided in the following section and in the Corporation Code.

Art. and Sec. No.	From	To
	PROVIDED that no stock declared delinquent by the Board of Directors for unpaid subscription shall be voted. Directors receiving the highest number of votes shall be declared elected.	
Article II, Section 6	Section 6. - Each holder of record of stock shall be entitled to vote in person or by proxy. Proxies must be executed in writing and filed with the Secretary prior to the meeting in which the proxies are to be used and without this requisite the proxy shall not be admitted.	Section 6. CONDUCT OF MEETING - In all general or special meetings, the Chairman or, in his absence, the President, shall preside over the meeting. The Secretary, shall act as Secretary of every meeting, but if not present, the chairman of the meeting shall appoint a secretary of the meeting.
Article II, Section 7	Section 7. - In all general or special meetings, the Chairman or, in his absences, the President, shall preside over the meeting.	Section 7. MANNER OF VOTING - At all meetings of stockholders, a stockholder may vote in person or by proxy. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary before the time set for the meeting. Proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal presence at the meeting.
Article II, Section 8	Section 8. – The order of business of all annual meetings shall be the following: (a) Call to Order/Certification of Quorum; (b) Approval of the minutes of the previous meetings; (c) Balance sheets and annual report of the officers of the Corporation; (d) Election of Directors; (e) Election of the auditors of the Company and fixing of their fees; (f) Other matters; and (g) Adjournment.	Section 8. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE - For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof, or to receive payment of any dividend, the Board of Directors may provide that the stock and transfer books be closed twenty (20) days prior to the schedule of the regular meeting and ten (10) days prior to the schedule of the special meetings.
Article III, Section 1	Section 1. The corporate powers of the Corporation shall be exercised, and all business of the corporation controlled and held by a Board of Directors composed of nine (9) members. They shall be elected at the annual meeting of the stockholders to serve for the term of one year and until their successors shall be elected and qualified. A majority of the Directors shall be residents of the Philippines. Each Director shall be owner in his own right of at least one (1) share of stock of the Company. Immediately after the annual meeting, the Board of Directors shall hold an organizational meeting to elect the President, the Treasurer and the Corporate Secretary. At such meeting, the Board of directors may also elect a Chairman, an Executive Vice President, one or more Senior Vice Presidents, the members of the Executive Committee, none of the foregoing officers need be members of the Board. The above	Section 1. POWERS OF THE BOARD - Unless otherwise provided by law, the corporate powers of the Company shall be exercised, all business conducted and all properties of the Company controlled and held by the Board of Directors to be elected by and from among the stockholders. Without prejudice to such powers as may be granted by law, the Board of Directors shall also have the following powers: a. From time to time, to make and change rules and regulations not inconsistent with these by-laws for the management of the Company's business and affairs; b. To purchase, receive, take or otherwise acquire for and in the name of the Company, any and all properties, rights, or privileges, including securities and bonds of other corporations, for such consideration and upon such terms and conditions as the Board may deem proper or convenient;

Art. and Sec. No.	From	To
	mentioned officers of the Corporation shall hold office for one year until their successors are elected in the next following organizational meeting of the Board.	c. To invest the funds of the Company in other corporations or for purposes other than those for which the Company was organized, subject to such stockholders' approval as may be required by law; d. To incur such indebtedness as the Board may deem necessary, to issue evidence of indebtedness, including without limitation notes, deeds of trust, bonds, debentures, or securities, subject to such stockholders' approval as may be required by law, and/or pledge, mortgage, or otherwise encumber all or part of the properties of the Company; e. To establish pension, retirement, bonus, or other types of incentives or compensation plans for the employees, including officers and directors of the Company; f. To prosecute, maintain, defend, compromise or abandon any lawsuit in which the Company or its officer or its stockholder are either plaintiffs or defendants in connection with the business of the Company; g. To delegate, from time to time, any of the powers of the Board which may lawfully be delegated in the course of the current business of the Company to any standing or special committee or to any officer or agent and to appoint any person to be agent of the Company with such powers and upon such terms as may be deemed fit; h. To implement these by-laws and to act on any matter not covered by these by-laws, provided such matter does not require the approval or consent of the stockholders under the Corporation Code.
Article III, Section 2	Section 2. – Any vacancy occurring in the Board of Directors other than by removal by the stockholders or by expiration of term may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or special meeting called for that purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled only by an election at a regular or at a special meeting of stockholders duly called for the purpose, or in the same meeting authorizing the increase of directors if so state din the notice of the meeting.	Section 2. ELECTION AND TERM - The Board of Directors shall be composed of nine (9) members. They shall be elected at the annual meeting of the stockholders to serve for the term of one year and until their successors shall be elected and qualified. A majority of the Directors shall be residents of the Philippines. Each Director shall be owner in his own right of at least one (1) share of stock of the Company. Immediately after the annual meeting, the Board of Directors shall hold an organizational meeting to elect the President, the treasurer and the Corporate Secretary. At such meeting, the Board of Directors may also elect a Chairman, an Executive Vice President, one or more Senior Vice Presidents, one or more Vice Presidents, one or more Assistant Vice Presidents, the members of the Executive Committee, none of the foregoing officers need be members of the Board. The above mentioned officers of the Company shall

Art. and Sec. No.	From	To
	The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders without further notice, or at any regular or at any special meeting of stockholders called for the purpose, after giving notice as prescribed in these By-Laws.	hold office for one year until their successors are elected in the next following organizational meeting of the Board.
Article III, Section 3	Section 3. – Regular meetings of the board of Directors shall be held at such place and at such time as the Board of Directors shall from time to time by resolution determine. If any day fixed for a regular meeting shall be a legal holiday, then the meeting which would otherwise be held on that day shall be held at the same hour on the next succeeding business day not a legal holiday, unless otherwise provided by the Board of Directors.	Section 3. VACANCIES - Any vacancy occurring in the Board other than by removal by the stockholders or by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled only by an election at a regular or at a special meeting of stockholders duly called for the purpose, or in the same meeting authorizing the increase of directors if so stated in the notice of the meeting. The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders without further notice, or at any regular or at any special meeting of stockholders called for the purpose, after giving notice as prescribed in these by-laws.
Article III, Section 4	Section 4. – Special meetings of the Board of Directors may be called at any time by the Chairman of the Board or, in his absence, by the President, or upon the request of a majority of the directors, and shall be held at such time and place as may be designated in the notice.	Section 4. MEETINGS - Regular meetings of the Board of Directors shall be held quarterly on such dates and at places as the Chairman of the Board may determine, or upon the request of a majority of the Directors. Special meetings of the Board of Directors, for any purpose or purposes, may be called at any time by the Chairman or President, at their own instance, or upon the written request of the majority of the Board of Directors. Directors who cannot physically attend or vote at any regular or special meeting may participate through remote communication such as teleconferencing, videoconferencing, or other alternative modes of communication that allow the directors reasonable opportunities to participate. Such meetings shall be accorded the same validity and effect for the purpose of transacting the Company's business.
Article III, Section 5	Section 5. -Notice of the regular or special meetings of the Board of Directors, specifying the date, time and place of the meeting shall be communicated by the Secretary to each director personally, or by telephone, telex, facsimile, telegram, or by written or oral message. A director may	Section 5. NOTICE - Notice of the regular or special meeting of the Board of Directors, specifying the date, time and place of the meeting, shall be communicated by the Secretary to each director personally, by telephone or by electronic means. A director may waive this requirement, either expressly or impliedly. The notice shall

Art. and Sec. No.	From	To
	waive this requirement, either expressly or impliedly.	also include the following: (a) Inquiry on whether the director will attend physically or through remote communication; (b) Contact number/s of the Secretary and his or her office staff whom the director may call to notify and state whether he shall be physically present or shall attend through remote communication; (c) Agenda of the meeting; and (d) All documents to be discussed in the meeting, including attachments, shall be numbered and duly marked by the Secretary in such a way that all the directors, whether physically present or attending through remote communication, can easily follow and participate at the meeting.
Article III, Section 6	Section 6. – At all meetings of the Board, the presence of a majority of the members shall be necessary to constitute a quorum for the transaction of business, and any act of a majority of the Directors present at a meeting at which such quorum is present shall be the act of the Board of Directors. A written resolution signed by all the members of the Board of Directors of the Corporation shall have the same validity and effect as a resolution adopted by the Board in a meeting duly called for the purpose. The Board of Directors, besides the powers granted to it by the Corporation Code and other Sections of these By-Laws, shall have the following powers and duties: (a) To determine the opening of such branch officers in any place within or outside the Philippines; (b) To approve the budget of the Corporation (c) To determine annually the depreciation of the properties of the Corporation; (d) To declare dividends out of the net profits of the Corporation and to determine the amount that should go to the reserve funds of the Corporation; (e) To submit to the annual meeting of the stockholders the balance sheet of the profit and loss account and a report as to the financial condition of the Corporation; (f) To decide any doubt that may be raised in connection with the interpretation of these By-Laws recommending to the stockholders any amendment to the By-Laws that may be found convenient; (g) To determine the manner and form the premium rates, terms and conditions and securities upon which all contracts, engagements, arrangements	Section 6. QUORUM – A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.

Art. and Sec. No.	From	To
	of insurance or reinsurance and all transactions pertaining thereto shall be affected, made or entered into by the Company; and (h) To determine the classes or kinds of insurance and reinsurance in which the Company shall engage, the limits of liability to be incurred thereunder and the territories within which the business or the Company shall be conducted.	
Article III, Section 7	Section 7. – The Directors cannot in any case borrow money from the Corporation.	Section 7. CONDUCT OF THE MEETINGS - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by any other director chosen by the Board. The Secretary shall act as secretary of every meeting, if not present, the Chairman of the meeting, shall appoint a secretary of the meeting.
Article III, Section 8	Section 8. – An Executive Committee is hereby created which may be organized from time to time upon determination of the Board of Directors. The Committee shall be composed of not less than three (3) but not more than five (5) members of the Board which shall include the President. The Board of Directors shall have the power at any time to remove and replace the members of, and fill vacancies in, the Executive Committee. The Executive Committee, when the Board of Directors is not in session, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, except with respect to: (a) approval of any action for which stockholders' approval is also required; (b) the filling of vacancies in the Board of Directors; (c) the amendment or repeal of these By-laws or the adoption of new By-Laws; (d) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; (e) a distribution of cash dividends to the stockholders; and (f) such other matters as may be specifically excluded or limited by the Board of Directors.	Section 8. COMPENSATION - By resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not be more than ten percent (10%) of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.
Article III, Section 9	Section 9. - All policies of insurance or reinsurance and all kinds of contracts, powers-of-attorney, deeds, mortgages, cancellations of mortgages and other contracts and documents, in order to be obligatory upon the Corporation, must bear the signature of such officers as may be designated by the Board of Directors and/or the Executive Committee. The Board of Directors, in its discretion, may also appoint an agent or representative to sign, for and on behalf of the Corporation,	[Deleted]

Art. and Sec. No.	From	To
	any of the foregoing contracts and documents. All checks or orders for the payment of money must be signed by such officers of the Corporation as may be designated from time to time by the Board of Directors and/or the Executive Committee; PROVIDED, that such designation shall at all times require at least two signatures on such checks or orders.	
Article III, Section 10	Section 10. – The Directors who may approve any investment not authorized by these By-Laws, or by the law shall be responsible therefor, personally, and jointly and severally.	[Deleted]
Article IV, Section 1	Section 1. – The Chairman shall preside at the meetings of the directors and the stockholders. He shall also exercise such powers and perform such duties as the Board of Directors may, from time to time, assign to him.	Section 1. ELECTION/APPOINTMENT - Immediately after their election, the Board shall formally organize by electing the President, the Vice-President/s, if any, the Treasurer, the Secretary, and the respective committee chairs and members of its various committees. The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more positions may be held concurrently by the same person, except that no one shall act as President and Treasurer or Secretary at the same time.
Article IV, Section 2	Section 2. - The President shall have the general and active management, supervision and control over the property and business of the Company and shall perform such duties as may be incident to his office. He shall in the absence of the Chairman, preside over all meetings of the stockholders and directors. He shall receive such compensation as may be determined by the Board of Directors each and every year.	Section 2. PRESIDENT - The President shall have the general and active management, supervision and control over the property and business of the Company and shall perform such duties as may be incident to his office. He shall in the absence of the Chairman, preside over all meetings of the stockholders and directors. He shall receive such compensation as may be determined by the Board of Directors each and every year.
Article IV, Section 3	Section 3. – In the absence or disability of the President and if an Executive Vice-President is appointed and is qualified, the Executive Vice-President shall act in his place, exercise his powers and perform his duties pursuant to these By-Laws. The Executive Vice-President shall also exercise such powers and perform such duties as the President and/or Board of Directors may assign to him.	Section 3. EXECUTIVE VICE-PRESIDENT – In the absence or disability of the President and if an Executive Vice-President is appointed and is qualified, the Executive Vice-President shall act in his place, exercise his powers and perform his duties pursuant to these By-Laws. The Executive Vice-President shall also exercise such powers and perform such duties as the President and/or Board of Directors may assign to him.
Article IV, Section 4	Section 4. – If one or more Senior Vice-Presidents are appointed, he/they shall have such powers and shall perform such duties as may from time to time be assigned to him/them by the President and/or Board of Directors.	Section 4. SENIOR VICE-PRESIDENT – If one or more Senior Vice-Presidents are appointed, he/they shall have such powers and shall perform such duties as may from time to time be assigned to him/them by the President and/or Board of Directors.
Article IV, Section 5	Section 5. – If one or more Vice Presidents are appointed, he/they shall have such powers and shall perform such duties as	Section 5. VICE-PRESIDENT – If one or more Vice Presidents are appointed, he/they shall have such powers and shall perform such duties as

Art. and Sec. No.	From	To
	may from time to time be assigned to him/them by the President and/or Board of Directors.	may from time to time be assigned to him/them by the President and/or Board of Directors.
Article IV, Section 6	Section 6. – If one or more Assistant Vice-President(s) are appointed, he/they shall have such powers and shall perform such duties as may from time to time be assigned to him/them by the President and/or Board of Directors.	Section 6. ASSISTANT VICE-PRESIDENT – If one or more Assistant Vice-President(s) are appointed, he/they shall have such powers and shall perform such duties as may from time to time be assigned to him/them by the President and/or Board of Directors.
Article IV, Section 7	Section 7. – The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall have full charge of the custody of the funds, documents of credit and all documents, securities and other things or value belonging to the Corporation. He shall file a fidelity bond in the amount and under such conditions as may be fixed by the Board of Directors from time to time. In case of absence or disability of the Treasurer, the Assistant Treasurer shall act in his place and perform such duties. The Assistant Treasurer shall also perform such other duties as may from time to time be assigned to him by the Board of Directors.	Section 7. SECRETARY – The Secretary must be a resident and a citizen of the Philippines. He shall have the following specific powers and duties: a. To record the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law; b. To keep record books showing the details required by law with respect to the stock certificates of the Company, including ledgers and transfer books showing all shares of the Company subscribed, issued and transferred; c. To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same; d. To attend to the giving and serving of all notices of the Company required by law or these by-laws to be given; e. To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations; f. To act as inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine questions in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as are proper to conduct the election; g. To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

Art. and Sec. No.	From	To
Article IV, Section 8	Section 8. – The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and shall keep the minutes of the said meetings in the books provided therefor; he shall sign, together with the President, all certificates of stock issued by the Corporation; he shall keep and affix the seal of the Corporation; he shall keep the stock book of the Corporation and shall keep a record of all transfers of stock and shall exercise such other powers and perform such other duties as may be delegated to him by the Board of Directors from time to time.	Section 8. TREASURER – The Treasurer of the Company shall be its Chief Finance Officer. He shall be a resident of the Philippines and shall have the following duties: a. To keep full and accurate accounts of receipts and disbursements in the books of the Company; b. To have custody of, and be responsible for, all the funds, securities and bonds of the Company; c. To deposit in the name and to the credit of the Company, in such bank as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds, and similar valuable effects belonging to the Company which may come under his control; d. To render annual statements showing the financial condition of the Company and such other financial reports as the Board of Directors, or the President may, from time to time, require; e. To prepare such financial reports, statements, certifications and other documents which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies; f. To exercise such powers and perform such duties and functions as may be assigned to him by the President.
Article IV, Section 9	In the absence or disability of the Secretary, the Assistant Secretary shall act in his place and perform his duties. The Secretary may, subject always to his supervision and control, delegate any or all of his powers, duties, and functions to the Assistant Secretary. The Assistant Secretary shall also perform such other duties as may, from time to time, be assigned to him by the President and/or Board of Directors.	Section 9. TERM OF OFFICE - The term of office of all officers shall be one (1) year and until their successors are duly elected and qualified.
Article IV, Section 10	[No such provision]	Section 10. VACANCIES - If any position of the officers becomes vacant by reason of death, resignation, disqualification or for any other cause, the Board of Directors, by majority vote may elect a successor who shall hold office for the unexpired term.
Article IV, Section 11	[No such provision]	Section 11. COMPENSATION – The officers shall receive such remuneration as the Board of Directors may determine. A director shall not be precluded from serving the Company in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

Art. and Sec. No.	From	To
Article V, Section 1	Section 1. – No person may be appointed by the stockholders as the Auditor of the Corporation if he is a Director, officer or employee of the Corporation.	Section 1. The principal office of the Company shall be located at the place stated in Article III of the Articles of Incorporation. The Company may have such other branch offices, either within or outside the Philippines as the Board of Directors may designate.
Article V, Section 2	Section 2. – It shall be the duty of the Auditor to make a careful audit of all the books and accounts of the Corporation whenever required by the Board of Directors, and at least once every year, and to submit a report and balance sheet showing the result of such audit or audits, and to this end he shall be given access to all the books and records of the Corporation pertaining to the accounts of the Corporation.	[moved to a different article and section]
Article V, Section 3	Section 3. - A copy of the annual balance sheet, profit and loss account and report of the auditors shall be deposited in the office of the Corporation at the disposal of the stockholders of the Corporation at least ten 910) days prior to the annual meeting of the stockholders.	[moved to a different article and section]
Article VI, Section 1	Section 1. – Compensation – By resolution of the Board of Directors, each director shall receive a reasonable per diem/allowance for his attendance at each meeting of the Board. As compensation, the Board of Directors shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board of Directors may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting.	Section 1. EXTERNAL AUDITOR - At the regular stockholders' meeting, the external auditor of the Company for the ensuing year shall be appointed. The external auditor shall examine, verify and report on the earnings and expenses of the Company. No person may be appointed by the stockholders as the Auditor of the Company if he is a Director, officer or employee of the Company.
Article VI, Section 2	Section 2. – Dividends. – Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholder son the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with the law and applicable rules and regulations.	Section 2. DUTY OF EXTERNAL AUDITOR – It shall be the duty of the Auditor to make a careful audit of all the books and accounts of the Company whenever required by the Board of Directors, and at least once every year, and to submit a report and balance sheet showing the result of such audit or audits, and to this end he shall be given access to all the books and records of the Company pertaining to the accounts of the Company.
Article VI, Section 3	Section 3. – If and when the Corporation is dissolved, the Board of Directors shall exercise the powers and duties of liquidator of the Corporation, and such provisions of these By-Laws as are applicable shall remain in force.	Section 3. ANNUAL BALANCE SHEET – A copy of the annual balance sheet, profit and loss account and report of the auditors shall be deposited in the office of the Company in the disposal of the stockholders of the Company at least ten (10) days prior to the annual meeting of the stockholders.
Article VI,	[No such provision]	Section 4. FISCAL YEAR - The fiscal year of the

Art. and Sec. No.	From	To
Section 4		Company shall begin on the first day of January and end on the last day of December of each year.
Article VI, Section 5	[No such provision]	Section 5. DIVIDENDS - Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law and applicable rules and regulations.
Article VII, Section 1	Section 1. The seal of the Company shall be circular in form and shall contain the name of the Company and the words "Corporate Seal, Incorporated 1933, Manila." and a copy of the said seal is impressed on the left margin of these By-Laws and the same is hereby adopted.	Section 1. SEAL – The seal of the Company shall be circular in form and shall contain the name of the Company and the words "Corporate Seal, Incorporated 1933, Manila." and a copy of the said seal is impressed on the left margin of these By-Laws and the same is hereby adopted.
Article VII, Section 2	Section 2. The Board of Directors shall determine whether, and if allowed, when and under what conditions and regulations the account books of the Company (except such as may by statute be specifically open to inspection) or any of them shall be open to the inspection of the stockholders of the Company, and the rights of stockholders in this respect are and shall be restricted and limited accordingly.	Section 2. INSPECTION OF BOOKS – The Board of Directors shall determine whether, and if allowed, when and under what conditions and regulations the account books of the Company (except such as may by statute be specifically open to inspection) or any of them shall be open to the inspection of the stockholders of the Company, and the rights of stockholders in this respect are and shall be restricted and limited accordingly.
Article VII, Section 3	Section 3. These By-Laws may be amended or repealed by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders meeting called for the purpose. However, the power to amend, modify, repeal, or adopt new By-Laws may be delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two-thirds of the outstanding capital stock: Provided, That any such delegation of powers to the Board of Directors to amend, modify, repeal, or adopt new By-Laws may be revoked by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting.	Section 3. AMENDMENT – These By-Laws may be amended or repealed by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders meeting called for the purpose. However, the power to amend, modify, repeal, or adopt new By-Laws may be delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two-thirds of the outstanding capital stock: Provided, That any such delegation of powers to the Board of Directors to amend, modify, repeal, or adopt new By-Laws may be revoked by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting.

ITEM 10. VOTING PROCEDURE

a. Vote required for approval

At the election of directors, there must be present, either in person or by proxy, the owners of the majority of the subscribed capital entitled to vote.

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

In the approval of the proposed amendments to the Company's Articles of Incorporation and By-Laws, the vote of at least 2/3 of the outstanding capital stock of the Company is required.

All other matters subject to vote, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person or by his proxy, if there be such proxy, and entitled to vote thereat, provided that a quorum is present.

b. Method by which votes will be counted

For the Special Stockholders' Meeting, voting shall only be allowed through proxy or *in absentia* by accomplishing the Proxy/Ballot Form. Please see Annex B of the Notice to SSM for the complete details on the manner and methods of voting in absentia or through proxy.

Votes cast by stockholders who registered **until 5:00 PM of 04 January 2022** will be presented during the SSM.

All votes cast shall be subject to authentication and validation. A stockholder who submits a Ballot/Proxy Form and/or who votes electronically *in absentia* shall be deemed present for purposes of quorum.

ITEM 11. REQUIRED DISCLOSURE UNDER SECTION 49 OF THE REVISED CORPORATION CODE

The 2017 Annual Stockholders' Meeting ("2017 ASM") of the Company was held on 29 September 2017 at 7:30 AM at the principal office of the Corporation at Unit 2701 Once Corporate Centre, Meralco Ave. cor. Julia Vargas Ave., Ortigas Center, Pasig City. Summarized below are the details of the 2017 ASM:

a) A description of the voting and vote tabulation procedures used in the previous meeting (2017 ASM)

Voting for all matters presented for the approval of stockholders at the 2017 ASM was *viva voce*.

In the election of directors, straight and cumulative voting was allowed. Each stockholder was allowed to vote such number of shares for as many individuals as there are directors to be elected. Each stockholder was allowed to cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute them in the same principle among as many candidates as he see fit; Provided, that, the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected.

b) A description of the opportunity given to Stockholders to ask questions and a record of the questions asked and answers given

At the beginning of the meeting, it was announced that an open forum shall be conducted after the presentation of the reports. No stockholder asked any question to the presenters.

c) The matters discussed and resolutions reached

1. Approval of the Minutes of the Annual Stockholders' Meeting held on 07 June 2012

   The stockholders approved the minutes of the Annual Stockholders' Meeting held on 07 June 2012.

2. Ratification of Corporate Acts of the Board of Directors, Officers, and Management since the date of the last Meeting of the Stockholders

   The stockholders confirmed and ratified the corporate acts and board resolutions since the date of the last Annual Stockholders' Meeting held on 07 June 2012 up to the date of the 2017 ASM.

3. Election of Directors

The following were duly elected as members of the Board of Directors of the Company for the remaining period of 2017 and for fiscal year 2018 and until their successors are qualified and elected:

Mr. Edwin Joseph G. Galvez
Mr. Marvee M. Espejo
Mr. Leonardo M. Galang
Atty. Agnes H. Maranan
Atty. E. Hans S. Santos
Mr. Anthony Rolando T. Golez, Jr.
Mr. Frederick M. Arejola

Independent Directors:
Atty. Dorothy M.S. Cajayon
Atty. Jose Marie E. Fabella

4. Appointment of External Auditors

The stockholders approved the appointment of Ramon F. Garcia & Company, CPAs as the Company's external auditors for the fiscal year ending 31 December 2013.

d) A record of the voting results for each agenda item

The stockholders present and represented, comprising of 1,922,869,210 representing 89.18% of the issued and outstanding common shares of the Company, unanimously approved all agenda items presented at the 2017 ASM.

e) List of the directors, officers and stockholders who attended the meeting

Mr. Edwin Joseph G. Galvez
Mr. Marvee M. Espejo
Mr. Leonardo M. Galang
Atty. Agnes H. Maranan *(via telecon)*
Atty. E. Hans S. Santos *(via telecon)*
Mr. Anthony Rolando T. Golez, Jr.
Mr. Frederick M. Arejola *(via telecon)*
Atty. Dorothy M.S. Cajayon
Atty. Jose Marie E. Fabella
Sultan 900 Capital, Inc. *(by proxy)*
Mr. Emilio Dela Criuz *(Col Financial)*
Mr. Rodulfo Alday *(Col Financial)*

At 1PM on 29 September 2017, the duly elected Board of Directors convened for the Annual Organizational Meeting. At such meeting, the Board elected/appointed the corporate officers and members of the Board Committees for the ensuing year, and they were as follows:

Officers	Name
Chairman of the Board	Mr. Edwin Joseph G. Galvez
President	Mr. Marvee M. Espejo
Treasurer	Mr. Frederick M. Arejola
Compliance Officer	Atty. E. Hans S. Santos
Corporate Information Officer	Atty. Uella V. Mancenido-Gayo

Executive Committee	Name
Chairman	Mr. Edwin Joseph G. Galvez
Member	Mr. Marvee M. Espejo

Executive Committee	Name
Member	Mr. Frederick M. Arejola

Nominations Committee	Name
Chairman	Atty. Jose Marie E. Fabella
Member	Mr. Anthony Rolando T. Golez, Jr.
Member	Mr. Leonardo M. Galang

Audit Committee	Name
Chairman	Mr. Edwin Joseph G. Galvez
Member	Mr. Marvee M. Espejo
Member	Mr. Leonardo M. Galang

PART II – INFORMATION REQUIRED IN A PROXY FORM

The Company's Ballot/Proxy Form contains the names of the appointing stockholder and the appointed proxy. The Form also contains the vote of the appointing stockholder for proposals, which will be presented in the Special Stockholders' Meeting, as well as for the election of Directors. The Ballot/Proxy Form is attached to the Notice of Special Stockholders' Meeting as ***Annex 3***.

PART III – UNDERTAKING AND SIGNATURE

UNDERTAKING

Upon the written request of a stockholder, the Company shall furnish such stockholder a copy of SEC Form 17-A free of charge. Such written request for a copy of the latest SEC Form 17-A may be sent via email to info@globalport.com.ph or via mail addressed to:

GLOBALPRT 900, INC.
Unit 2701 One Corporate Centre
Meralco Ave. cor. Julia Vargas Ave.
Ortigas Center, Pasig City 1605

Attention: **Office of the Corporate Secretary**

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is trye, complete, and correct. This report is signed in Pasig City, Philippines on the date stated below.

GLOBALPORT 900, INC.

By:

AGNES H. MARANAN
Corporate Secretary
Date: 20 December 2021

GLOBALPORT 900, INC.
(Formerly: MIC Holdings, Inc.)

MANAGEMENT REPORT

AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements of **GLOBALPORT 900, INC.** (the "Company" or "PORT") for the years ended 31 December 2019, 31 December 2018, and 31 December 2017, have been approved by the Board of Directors during the special meeting of the Board of Directors. Copies of the Company's Annual Reports (SEC Form 17-A) with Consolidated Audited Financial Statements for the years ended 31 December 2019, 31 December 2018, and 31 December 2017 are attached and made an integral part of this Report as ***Annexes "C"***, ***"D"***, and ***"E"***, respectively.

DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in, or disagreements between the Company and its independent accountants with respect to accounting procedures and financial disclosures for the years ended 2019, 2018, and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

I. SUMMARY (FOR THE YEAR ENDED 31 DECEMBER 2019)

The Company and its subsidiary have no commercial operations for the year ended 31 December 2019. It reported a consolidated net loss of about ₱14 Million, an improvement by 845% as compared to the previous year where it reported about ₱119 Million net loss.

In 2019, the Company derecognized its Investment in Platinum Dredging Inc., (PDI) as it was declared insolvent and dissolved through the liquidation order issued by the court.

The Company derived no revenue from 2017 to 2019 as it was in the process of reassessing its strategic direction in view of the current change in management. It is expected that the infusion by its parent company, **Sultan 900 Capital, Inc.** ("**Sultan 900**"), of additional capital will allow the Company more latitude in attaining the direction into becoming a holding company for other corporations engaged in the business of port facilities and services. The Company is looking to invest in these kinds of business development activities focusing on port management services and infrastructure. Once the investee companies start to operate, it is expected that there will be changes in the number of employees.

The financial performance of the Company is being assessed using the following top key performance indicators:

	2019	2018
Income Statement Data		
Total Revenue	-	-
Gross Profit	-	-
Earnings Before Interest and taxes	(14,116,404)	(119,240,074)
Net Income (Loss)	(14,116,404)	(119,240,074)
Depreciation	12,634	2,105
Taxes	-	-
Interest Expense	-	-
Balance Sheet Data		
Total Current Assets	7,525,123	40,716,871
Advances to Related Parties	195,000,000	195,000,000
Property and Equipment - net	23,160	35,794
Total Assets	234,501,450	235,752,665
Current Liabilities	80,518,484	250,378,965
Total Liabilities	80,518,484	250,378,965
Stockholder's Equity	153,982,966	(14,626,300)
Total Liabilities and Stockholder's Equity	234,501,450	235,752,665
Current Ratio	0.093	0.163
Solvency Ratio	0.343	1.062
Debt to Equity Ratio	0.523	(17.118)
Interest Rate Coverage Ratio	-	-
Gross Profit Margin	0%	0%
Net Profit Margin	0%	0%

Based on the above table the following are key performance indicators of the Company for 2019:

(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.

REVENUES

The Company derived no revenue for the year 2019 as it was in the process of reassessing its strategic direction in view of the current change in management.

COSTS AND EXPENSES

As a result of its undertaking a reassessment of its strategic direction, the Company has no commercial operations and booked no revenues for the year 2019 and expenses were limited to corporate maintenance expenses such as annual fees for PSE listing and professional fees to its external auditors and stock transfer agents, as well as business and other taxes.

ADVANCES FROM RELATED PARTIES
The reduction in the liabilities is due to the application of the Ultimate Parent of its advances to its unpaid subscription in the amount of ₱110 Million.

TRADE AND OTHER PAYABLES
A decrease in Trade and Other Payables is due to the derecognition of the Subsidiary which was eliminated in the consolidated level. This also resulted to a decrease in total liabilities.

SHARE CAPITAL
The increase in the paid up capital is due to the application of the Ultimate Parent of its advances to the its unpaid subscription in the amount of ₱110 Million.

II. SUMMARY (FOR THE YEAR ENDED 31 DECEMBER 2018)

The Company and its subsidiary have no commercial operations for the year ended 31 December 2018. It reported a consolidated net loss of about ₱119 Million. In 2018, project development expenses amounting to ₱98 Million caused the increase in total expenses. These pertain to the costs incurred for the consultancy services, project master plan and engineering design in connection with the Company's plan to bid and/or acquire several domestic infrastructure projects such as airport terminal and management of thermal plants.

The financial performance of the Company is being assessed using the following top key performance indicators:

	2018	2017
Income Statement Data		
Total Revenue	-	-
Gross Profit	-	-
Earnings Before Interest and taxes	(119,240,074)	24,410,177
Net Income (Loss)	(119,240,074)	11,610,350
Depreciation	2,105	-
Taxes	-	12,799,827
Interest Expense	-	-
Balance Sheet Data		
Total Current Assets	40,716,871	46,750,261
Advances to Related Parties	195,000,000	195,000,000
Property and Equipment - net	35,794	-
Total Assets	235,752,665	241,750,261
Current Liabilities	250,378,965	137,136,487
Total Liabilities	250,378,965	137,136,487
Stockholder's Equity	(14,626,300)	104,613,774
Total Liabilities and Stockholder's Equity	235,752,665	241,750,261
Current Ratio	0.163	0.341
Solvency Ratio	1.062	0.567
Debt to Equity Ratio	(17.118)	1.311
Interest Rate Coverage Ratio	-	-
Gross Profit Margin	0%	0%
Net Profit Margin	0%	0%

Based on the above table the following are key performance indicators of the Company for 2018:

(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.

REVENUES

The Company derived no revenue for the year 2018 as it was in the process of reassessing its strategic direction in view of the current change in management.

COSTS AND EXPENSES

As a result of its undertaking a reassessment of its strategic direction, the Company has no commercial operations and booked no revenues for the year 2018. In 2018, project development expenses amounting to ₱98 Million caused the increase in total expenses. These pertain to the costs incurred for the consultancy services, project master plan and engineering design in connection with the Company's plan to bid and/or acquire several domestic infrastructure projects such as airport terminal and management of thermal plants.

ADVANCES FROM RELATED PARTIES

The increase is due to the advances made by the Ultimate Parent to fund the project development expenses as noted above.

TRADE AND OTHER PAYABLES

A slight decrease in Trade and Other Payables is due to payment of its liabilities.

III. SUMMARY (FOR THE YEAR ENDED 31 DECEMBER 2017)

The Company derived no revenue for 2017 as it was in the process of reassessing its strategic direction in view of the current change in management. It is expected that the infusion by Sultan 900 of additional capital will allow the Company more latitude in attaining the direction into becoming a holding company for other corporations engaged in the business of port facilities and services.

The financial performance of the Company is being assessed using the following top key performance indicators:

	2017	2016
Income Statement Data		
Total Revenue	-	3,928,571
Gross Profit	-	(3,401,383)
Earnings Before Interest and taxes	24,410,177	(41,138,892)
Net Income (Loss)	11,610,350	(41,138,892)
Depreciation	-	99,486
Taxes	12,799,827	-
Interest Expense	-	-
Balance Sheet Data		
Total Current Assets	46,750,261	54,487,917
Advances to Related Parties	195,000,000	
Property and Equipment - net	-	
Total Assets	241,750,261	249,539,208
Current Liabilities	137,136,487	156,536,684
Total Liabilities	137,136,487	156,536,684
Stockholder's Equity	104,613,774	93,002,524
Total Liabilities and Stockholder's Equity	241,750,261	249,539,208
Current Ratio	0.341	0.348
Solvency Ratio	0.567	0.627
Debt to Equity Ratio	1.311	1.683
Interest Rate Coverage Ratio	-	-
Gross Profit Margin	0%	(0.019)
Net Profit Margin	0%	(0.105)

Based on the above table the following are key performance indicators of the Company for 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.

REVENUES

The Company derived no revenue for the year 2017 as it was in the process of reassessing its strategic direction in view of the current change in management.

COSTS AND EXPENSES

As a result of its undertaking a reassessment of its strategic direction, the Company has no commercial operations and booked no revenues for the year 2017 and expenses were limited to corporate maintenance expenses such as annual fees for PSE listing and professional fees to its external auditors and stock transfer agents, as well as business and other taxes.

ADVANCES TO RELATED PARTIES

The increase is due to the advances made by the subsidiary to its Ultimate Parent for investment and business development purposes.

TRADE AND OTHER PAYABLES

One of the subsidiaries reversed its accounts payable causing the decrease in trade and other payables on the consolidated level.

OTHER INCOME

Due to the reversal of the accounts payable, other income was recognized.

IV. CAUSES FOR ANY MATERIAL CHANGES FROM PERIOD TO PERIOD OF FS WHICH SHALL INCLUDE VERTICAL AND HORIZONTAL ANALYSES OF ANY MATERIAL ITEM (5%)

				Horizontal Analysis		Vertical Analysis	
	2019	2018	2017	2019	2018	2019	Notes
Revenue	**-**	-	-				
Cost	-	-	-				
Gross Profit	-	-	-				
General and Administrative Expenses	**(14,116,855)**	(119,242,883)	(22,745,244)	-88%	424%		A
Other Income	**451**	2,809	47,155,421	-84%	-100%		B
Profit (Loss) for the year	**(14,116,404)**	(119,240,074)	24,410,177	-88%	-588%		
Income Tax Expense	**-**	-	(12,799,287)		-100%		
Net profit (loss) for the year	**(14,116,404)**	(119,240,074)	11,610,890	-88%	-1127%		
Other Comprehensive Income	**-**	-	-				
Total Comprehensive Income/(Loss)	**(14,116,404)**	(119,240,074)	11,610,890	-88%	-1127%		
Total Comprehensive Income/(Loss) attributable to:							
Controlling Interest	**(14,038,244)**	(118,909,989)	11,931,006	-88%	-1097%		
Non Controlling Interest	**(78,160)**	(338,805)	(320,656)	-77%	6%		

Notes
A - Decrease in 2019 due to limited operations; Increase in 2018 due to recognition of project development expense
B - In 2017, subsidiary recognized other income as a result of the Accounts Payable reversal

	2019	2018	2017	Horizontal Analysis 2019	Horizontal Analysis 2018	Vertical Analysis 2019	
ASSETS							Notes
Current Assets							
Cash	537,963	1,282,685	1,249,444	-58.06%	2.66%	0.23%	A
Advances to Related Parties	-	37,836,530	43,903,161	-100.00%	-13.82%	0.00%	B
Prepayments and Other Current Assets	6,987,160	1,597,656	1,597,656	337.34%	0.00%	2.98%	C
Total Current Assets	7,525,123	40,716,871	46,750,261	-81.52%	-12.91%	3.21%	
Non Current Assets							
Office Equipment - net	23,160	35,794	-	-35.30%			
Advances to Related Parties	195,000,000	195,000,000	195,000,000	0.00%	0.00%	83.16%	
Investments in Stocks	6,249,900					2.67%	D
Other Non-Current Assets	25,703,267					10.96%	E
Total Non Current Assets	226,976,327	195,035,794	195,000,000	16.38%	0.02%	96.79%	
TOTAL ASSETS	234,501,450	235,752,665	241,750,261	-0.53%	-2.48%	100.00%	
LIABILITIES AND EQUITY							
Current Liabilities							
Trade and Other Payables	6,587,915	50,801,267	52,915,120	-87.03%	-3.99%	2.81%	F
Advances from Related Parties	73,930,569	188,012,313	72,655,982	-60.68%	158.77%	31.53%	G
Income Tax Payable	-	11,565,385	11,565,385	-100.00%	0.00%	0.00%	H
Total Liabilities	**80,518,484**	**250,378,965**	**137,136,487**	-67.84%	82.58%	34.34%	
Equity							
Share Capital	2,266,250,900	2,156,250,900	2,156,250,900	5.10%	0.00%	966.41%	I
Additional Paid In Capital	268,309	268,309	268,309	0.00%	0.00%		
Treasury Shares	(595,111)	(595,111)	(595,111)	0.00%	0.00%		
Deficit	(2,116,698,776)	(2,175,386,202)	(2,056,484,213)	-2.70%	5.78%	-902.64%	J
Equity (Capital Deficiency) Attributable to Controlling Interests	149,225,322	(19,462,104)	99,439,885	-866.75%	-119.57%	63.64%	
Non Controlling Interests	4,757,644	4,835,804	5,173,889	-1.62%	-6.53%	2.03%	
Total Equity (Capital Deficiency)	**153,982,966**	**(14,626,300)**	**104,613,774**	-1152.78%	-113.98%	65.66%	
TOTAL LIABILITIES AND EQUITY	**234,501,450**	**235,752,665**	**241,750,261**	-0.53%	-2.48%	100.00%	

Notes

A Decrease due to normal operations, payment of operating expenses
B Decrease due to payment and reclassification
C Increase mainly due to the reclassification of Advances to Related Parties
D Increase due to 5% investment in Globalcity Manduae
E Increase due to reclassification from Current to Non Current
F Decrease due to payment and derecognition of a subsidiary
G Decrease due to the Ultimate Parent's application of Advances to its unpaid subscription
H Decrease due to the derecognition of the investment in subsidiary
I Increase due to the Ultimate Parent's application of Advances to its unpaid subscription
J Decrease due to the derecognition of the investment in subsidiary

Discussions and Analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations

Without prejudice to the on-going audit of the financial books of the Company for the fiscal years 2020 and 2021, the management further discloses the following:

1) There was no known trend, demands, commitments, events or uncertainties that will have a material impact on the Company's future liquidity.

2) There were no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

3) There were no known trends, events or uncertainties that are expected to have material impact on net sales/revenues/income from continuing operations that occurred during the reporting period.

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

5) As of the date of the preparation of this report, the Company does not foresee any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation within the next six (6) months.

6) The Company does not foresee any material commitments for capital expenditures.

7) There have been no significant elements of income or loss arising from the Company's continuing operations.

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 assess 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 industry.

b. **Development risk.** Future investments 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 project economic returns based on assumptions such as volume of each potential port acquisition and anticipated capital expenditure 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 to do a due diligence and feasibility study.

d. **Liquidity and capital resource requirements**. Any future project shall entail capital expenditures and funding requirement 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.

The Company has not entered into any agreement or arrangement that would put it in major risk.

EXTERNAL AUDIT FEES AND SERVICES

Pursuant to the Manual on Corporate Governance of the Company, the appointment and selection of an external auditor of the Company is upon the recommendation by the Audit Committee of an external auditor which recommendation is thereafter submitted to the shareholders for their approval.

Audit and Audit-Related Fees

The fees paid by the Company for the professional services rendered by the external auditor for last three (3) fiscal years is as follows:

External Audit Fees and Services. The audit of the registrant's annual financial statements or service that the auditor, Alas Oplas & Co, normally provide is billed as follows:

Year	Audit & Audit Related Fees	Tax Fees	Other Fees
2019	₱873,600.00	-	-
2018	₱739,200.00	-	-
2017	₱376,320.00	-	-

There are no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of registrant's financial statements.

The scope of the service rendered by the external auditor was to audit the Company's financial statements.

Tax Fees/All Other Fees

No aggregate fees billed in each of the last two (2) fiscal years for professional services rendered by the external auditor for tax accounting, compliance, advice, planning and any other form of tax services.

Audit Committee Approval Policy and Procedure

As stated above, under the Company's Manual of Corporate Governance, the Audit Committee shall select and recommend for approval of the stockholders of the Company the appointment of an external auditor of the Company. In the selection of the external auditor, the audit committee primordial consideration is whether any service to be obtained from the independent auditors is consistent with applicable rules on auditor's independence. The committee will also consider the audit and audit-related service fees on a yearly basis. Once the audit committee has determined the external auditor, it shall recommend the same together with the proposed audit fees to the stockholders for their approval.

MARKET PRICE AND DIVIDENDS ON THE COMPANY'S COMMON EQUITY

A total of 54,212,200 common shares of the Company's issued shares are listed and traded in the Philippine Stock Exchange, Inc.

In 2014, however, the trading of the Company's listed shares was suspended due to non-submission of the Company's subsidiaries of their financial reports, which in turn are necessary for the consolidation of the Company's financial reports. The closing price of the Company's common shares on 16 May 2014, the last trading date, is ₱7.30.

The Company is now working on, and completing, the necessary reports and other related requirements to lift the suspension of trading of the Company's listed shares.

Dividends

There were no dividend declarations made for the two most recent fiscal years and for the subsequent interim periods.

Recent Sales of Unregistered or Exempt Securities

There were no recent sales of unregistered or exempt securities.

Holders

The Company has approximately 45 common shareholders as of 02 December 2021, of which the top 20 common shareholders are:

Shareholder's Name	Nationality	No. of Shares	Percentage
1. SULTAN 900 CAPITAL, INC.	FILIPINO	1,922,868,800	89.177
2. ASPAC LOGISTICS & TRADING PTY LIMITED	OTHERS	126,000,000	5.843
3. SHERWIN MENDIOLA	FILIPINO	35,700,000	1.656
4. EMILIO TIU	FILIPINO	34,755,000	1.612
5. CHRIS RYAN R. CRUZ	FILIPINO	20,580,000	0.954
6. FAUSTO TIU	FILIPINO	13,755,000	0.638
7. PCD NOMINEE CORPORATION (FILIPINO)	FILIPINO	1,876,700	0.087
8. ANTONIO T. DEBLOIS	FILIPINO	211,800	0.010
9. TREASURY STOCK	FILIPINO	201,500	0.009

Shareholder's Name	Nationality	No. of Shares	Percentage
10. JUANITA E. DE CACHO	FILIPINO	49,400	0.002
11. NIEVES C. SANTOS REYES	FILIPINO	43,300	0.001
12. PAZ G. VDA. DE CACHO	FILIPINO	36,300	0.001
13. JOSE LUIS ABAD	FILIPINO	34,700	0.001
14. JUANITA/ ISABEL GARCIA	FILIPINO	22,900	0.000
15. ROMAN R. OBLENA, JR.	FILIPINO	22,900	0.000
16. JOSEFINA COROMINAS	FILIPINO	17,500	0.000
17. LEON MA. GUERRERO	FILIPINO	17,500	0.000
18. FEDERICO ELIZALDE	SPANISH	7,300	0.000
19. LORENZO M. TANADA	FILIPINO	6,400	0.000
20. PCD NOMINEE CORPORATION (NON-FILIPINO)	OTHERS	4,900	0.000

COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company continues to abide by the duly adopted Manual on Corporate Governance of the Company and the Code of Corporate Governance promulgated by the SEC.

The Corporate Governance is the framework of rules, systems and processes in the corporation that governs the performance of the Board of the Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates *(SEC Memorandum Circular No. 9, Series of 2014)*.

On 22 November 2016, the SEC issued SEC Memorandum Circular No. 19, Series of 2016 or the Code of Corporate Governance for Publicly-Listed Companies, mandating all publicly-listed companies to submit a new Manual on Corporate Governance. In compliance thereto, the Company updated its Manual on Corporate Governance and submitted the same to the SEC on 02 August 2017.

The Company, in compliance with leading practice on corporate governance made NO deviations from the Company's Manual of Corporate Governance.

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

GLOBALPORT 900, INC.

ATTACHMENTS TO
INFORMATION STATEMENT
(SEC FORM 20-IS)
for the Special Stockholders' Meeting to be held on
12 January 2022

Document	Annex
Certification of Atty. Ariel R. Arriola *(nominee for Independent Director)*	**"A-1"**
Certification of Mr. Dennis M. Morada *(nominee for Independent Director)*	**"A-2"**
Certification of Mr. Sherwin L. Mendiola *(nominee for Independent Director)*	**"A-3"**
Certification of Corporate Secretary on the Nominees for Directors	**"B"**
Annual Report with Consolidated Audited Financial Statements for the year ended 31 December 2019	**"C"**
Annual Report with Consolidated Audited Financial Statements for the year ended 31 December 2018	**"D"**
Annual Report with Consolidated Audited Financial Statements for the year ended 31 December 2017	**"E"**

CERTIFICATE OF INDEPENDENT DIRECTOR

I, ARIEL R. ARRIOLA, Filipino, of legal age and resident of 59 Lanzones Drive, Ayala Westgrove Heights, Silang, Cavite, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee as an Independent Director of Globalport 900, Inc. (the "Corporation").

2. I am affiliated with the following companies or organizations (none of which are Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
PTFC Re-Development Corp.	Independent Director	4 years
Tradition Financial Services Philippines Inc.	Independent Director	3 years
DBP-Daiwa Capital Markets Philippines, Inc.	Independent Director	4 years
WorkHaven Space, Inc.	Corporate Secretary	5 years
Piedra Angular Holdings, Inc.	Director/Corporate Secretary/Treasurer	11 years
Global Security Solutions, Inc.	Corporate Secretary	6 years
Milenium1 Solutions Philippines, Inc.	Corporate Secretary	5 years
Camomile Resources, Incorporated	Director	4 years
Caravel Resources, Incorporated	Director	4 years
Fort William Holdings, Inc.	Director	5 years
Halifax Capital Resources, Incorporated	Director	5 years
Le Rossignol, Inc.	Director	5 years
Antonio and Mercedes (ANMER), Inc.	Corporate Secretary	14 years
Aviso Holdings, Incorporated	Corporate Secretary	5 years
Batarasa Resources, Inc.	Corporate Secretary	5 years
Caritan Development (CDC) Corporation	Corporate Secretary	14 years
Cynthia, Johnny, Virginia and Anthony (CJVA), Inc.	Corporate Secretary	14 years
Grupo Alfaro, Inc.	Corporate Secretary	11 years
Eagle Ridge Hotel Corporation	Corporate Secretary	10 years
Intelligent Agro-Technical Resources, Inc.	Corporate Secretary	5 years
Johnny, Andrews, Virginia, Anthony, Cynthia (JANVAC), Inc.	Corporate Secretary	14 years
Kombi Land, Inc	Corporate Secretary	5 years
Midway Holdings, Inc	Corporate Secretary	5 years
Redix, Incorporated	Corporate Secretary	5 years
Headland Road Capital Inc.	Director/Corporate Secretary	8 years
Philwin Interactive Entertainment Inc.	Director/Corporate Secretary	9 years
Petrus Investors Inc.	Director/Corporate Secretary	9 years
Xavier 88 Association, Inc.	Secretary	9 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the

Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

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

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

7. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five days from its occurrence.

Done, this DEC 0 3 2021 December 2021, ~~in Makati City~~ PASIG CITY, National Capital Region, Philippines

ARIEL R. ARRIOLA
Affiant

SUBSCRIBED AND SWORN to before me this DEC 0 3 2021 December 2021, in Makati PASIG CITY City, National Capital Region, Philippines, Affiant exhibited to me his Philippine Passport No. P2058560A issued on 28 February 2017 by the Department of Foreign Affairs in Manila and valid until 27 February 2022.

Doc. No. 63;
Page No. 14;
Book No. CCLXXXII
Series of 2021.

DOMINGO R. TEJERO
NOTARY PUBLIC–Pasig City
Appl. No. 24–V until DEC 31, 2021
Unit 103-G/F, MN Square Building
678 Shaw Blvd., Kapitolyo, Pasig City
PTR No. 5242458 Pasig City 1-4-21
IBP OR No. 141020 for 2021 Rizal 1-4-21
Roll No. 25963 Tel. No. 635-47-02
MCLE VI-Compliance No. VI-0004652, 12-7-17
TIN: 135-064-700

ANNEX "A-2"

REPUBLIC OF THE PHILIPPINES
PASIG CITY) S.S

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **DENNIS M. MORADA**, Filipino, of legal age and resident of No. 37 Velvet Street, Bonita Homes, Concepcion 2, Marikina City, Metro Manila, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee as an Independent Director of **Globalport 900, Inc.** (the "Corporation").

2. I am affiliated with the following companies or organizations, none of which are government-owned and controlled corporations:

Company/Organization	Position/Relationship	Period of Service
Guadalupe Estate, Inc.	General Manager	2017 – present
New San Jose Builders, Inc.	Vice President, Real Estate Business and Project Development	2016-2017
Eton Properties Philippines, Inc.	Vice President, Real Estate Business and Project Development	2015-2016

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

4. I am not related to any of the director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the SRC.

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

6. I shall faithfully comply with my duties and responsibilities as Independent Director under the SRC and its IRR, the Code of Corporate Governance, and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this DEC 03 2021, in PASIG CITY, Philippines.

DENNIS M. MORADA
Affiant

SUBSCRIBED AND SWORN to before me this DEC 0 3 2021, in PASIG CITY, Philippines, Affiant exhibiting to me his Driver's License with No. D16-01-242347 valid until 11/10/2023, a competent evidence of his identity.

Doc. No. 61;
Page No. 14;
Book No. CCLXXXII
Series of 2021.

DOMINGO P. TEJERO
NOTARY PUBLIC—Pasig City
Appt. No. —Valid until DEC 31, 2021
Unit , SM Square Building
Shaw Blvd., Kapitolyo, Pasig City
PTR No. Pasig City 1-4-21
IBP OR No. 141030 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

ANNEX "A-3"

REPUBLIC OF THE PHILIPPINES
PASIG CITY) S.S

CERTIFICATE OF INDEPENDENT DIRECTOR

I, **SHERWIN L. MENDIOLA**, Filipino, of legal age and resident of No. 15 Lim – Aco Street, Segunda Village, Platero, Binan, Laguna, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee as an Independent Director of **Globalport 900, Inc.** (the "Corporation").

2. I am affiliated with the following companies or organizations, none of which are government-owned and controlled corporations:

Company/Organization	Position/Relationship	Period of Service
DESCO, Inc.	President	2006 – present
Isarog Renewable Energy Corporation	President	2016 – present
SLJ Holdings & Management Corporation	President	2018 – present

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

4. I am not related to any of the director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the SRC.

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

6. I shall faithfully comply with my duties and responsibilities as Independent Director under the SRC and its IRR, the Code of Corporate Governance, and other SEC issuances.

7. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this DEC 03 2021, in PASIG CITY, Philippines.

SHERWIN L. MENDIOLA
Affiant

SUBSCRIBED AND SWORN to before me this DEC 0 8 2021, in PASIG CITY, Philippines, Affiant exhibiting to me his Driver's License No. D14-89-020844, a competent evidence of his identity.

Doc. No. 62;
Page No. 14;
Book No. CCLXXXII
Series of 2021.

DOMINGO B. TEJERO
NOTARY PUBLIC Pasig City
Appl. No. 24-(2021) Until DEC. 31, 2021
Unit 103-C, MOI 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

ANNEX "B"

REPULIC OF THE PHILIPPINES
PASIG CITY) S.S.

CERTIFICATION OF DIRECTORS

I, **AGNES H. MARANAN**, of legal age, Filipino, and with office address at Unit 2701 One Corporate Center, Julia Vargas Avenue corner Meralco Avenue, Ortigas Center, Pasig City, after having been duly sworn to in accordance with law, hereby depose and state:

1. I am the Corporate Secretary of **GLOBALPORT 900, INC.** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office address at Unit 2701 One Corporate Center, Julia Vargas Avenue corner Meralco Avenue, Ortigas Center, Pasig City.

2. The following have been nominated as directors for the approval of the stockholders in the 12 January 2022 Special Stockholders' Meeting:

Sheila Marie B. Romero
Mikaela Louise B. Romero
Edwin Joseph G. Galvez
Marvee M. Espejo
Henry Rophen B. Virola
Walter Enriquez R. Ramos
Ariel R. Arriola (Independent Director)
Dennis M. Morada (Independent Director)
Sherwin L. Mendiola (Independent Director)

3. None of the said nominees are government employees as of the date of their nomination.

Done this DEC 03 2021 in PASIG CITY, Philippines.

AGNES H. MARANAN
Affiant

SUBSCRIBED AND SWORN to before me this DEC 03 2021 in PASIG CITY, affiant exhibiting to me her UMID CRN-0111-7398389-1.

Doc. No. 68;
Page No. 15;
Book No. CCCXXXII
Series of 2021.

DOMINGO B. TEJERO
NOTARY PUBLIC–Pasig City
Appl. No. 24–Valid until DEC 31, 2021
Unit 103-(3)A 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

ANNEX "C"

Securities and Exchange Commission
Electronic Records Management Division
ICTD DEC 09 2021 36
RECEIVED SUBJECT TO REVIEW OF FORMS AND CONTENTS

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 P7.30 per share on 16 May 2014.

TABLE OF CONTENTS

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 P1.00 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

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SEC FORM 17-A

CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Management's Responsibility for Consolidated Financial Statements	Attached
Report of Independent Auditors	Attached
Consolidated Statements of Financial Position as of December 31, 2019 and 2018	Attached
Consolidated Statements of Comprehensive Income for the Years ended December 31, 2019, 2018 and 2017	Attached
Consolidated Statements of Changes in Equity for the Years ended December 31, 2019, 2018 and 2017	Attached
Consolidated Statements of Cash Flows for the Years ended December 31, 2019, 2018 and 2017	Attached
Notes to the Consolidated Financial Statements	Attached
SUPPLEMENTARY SCHEDULES	
Report of Independent Auditors on Supplementary Schedules	Attached
List of Applicable Standards and Interpretations	Attached
Financial Soundness Indicators	Attached
Schedule A. Marketable Securities - (Current Marketable Equity Securities and Other Short-term cash Investment)	NA
Schedule B. Amounts Receivables from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Affiliates)	Attached
Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statement	NA
Schedule D. Intangible assets – Other assets	NA
Schedule E. Long-Term Debt	NA
Schedule F. Indebtedness to Related Parties	Attached
Schedule G. Guarantees of Securities and Other Issuers	NA
Schedule H. Capital Stock	Attached

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 0 7, 2021.

Issuer: **GLOBALPORT 900, INC.**

EDWIN JOSEPH G. GALVEZ
Chairman of the Board

FREDERICK M. AREJOLA
Treasurer

AGNES H. MARANAN
Corporate Secretary

DEC 0 7 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

Doc. No. 199
Page No. 41
Book No. CLXXXII
Series of 2021

DOMINGO B. TEJERO
NOTARY PUBLIC-Pasig City
Appl. No. 24-Valid until DEC. 31, 2021
Unit 103-GW, 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
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
B K R 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
www.alasoplascpas.com

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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
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

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**	**163,982,966**

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.

Determination of control over subsidiaries

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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:

Entity	Year	Transaction	Balances			Terms and conditions
		Advertising and Promotion – Note 16	Advances to	Advances from	Prepayments – Note 11	
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 P37,836,530, 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

*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

Ratio	Formula	As at 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

ANNEX "D"

207062140880484

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines
Tel:(632) 818-0921 Fax:(632) 818-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	PW00000225
Company Name	GLOBALPORT 900, INC.
Industry Classification	WATER TRANSPORT
Company Type	Stock Corporation

Document Information

Document ID	207062140880484
Document Type	17-A (FORM 11-A:AANU)
Document Code	17-A
Period Covered	December 31, 2018
No. of Days Late	
Department	
Remarks	WITH FINANCIAL STATEMENT

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Page 1 of 94 NOV 26 2021
Verified by: D. ABAD Date issued: ______

Date: 2021-11-25 Time: 08:31:57 AM Username: Kasandra Dallo

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2018**

2. SEC Identification Number **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	2,324,798,500

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 [ ] No [X]

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 233,179,700, for market price ₱7.30 per share on 16 May 2014.

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development.

(i) The Company

The Company was incorporated and registered with the Securities and Exchange Commission (SEC) on May 1, 1933 and with the Bureau of Internal Revenue (BIR) on January 22, 1997. The Parent Company is a public company whose shares are listed in Philippine Stock Exchange (PSE). 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. On December 7, 2011, the SEC approved the change in corporate name of the Parent to Globalport 900, Inc. and the primary purpose of business.

On August 4, 2011, Sultan 900 Capital, Inc. ("Sultan 900" or "the Ultimate Parent Group"), a corporation registered with the SEC, acquired the ownership interest of Ventcap, Inc. ("Ventcap") in the Parent Group, including the deposit for future share subscription.

The Parent Company increased its authorized share capital through stock split from P100 million to P2.1 billion, and the reduction in the par value from P100 to P1 per share as approved by the Securities and Exchange Commission (SEC) on October 12, 2011. On November 29, 2012, the SEC approved another increase in authorized share capital from P2.1 billion to P3 billion. The proceeds from the increase in authorized share capital were used to finance the Parent Company's investments plans and undertakings. As at December 31, 2018, the Parent Company is 89.18% owned by Sultan 900.

Thru a share purchase agreement executed between the Parent Company and Sultan 900 (ultimate Parent) on April 4, 2012, 96.32% equity interest in Harbour Centre Port Holdings, Inc. (HCPHI) was acquired by the Parent Company from Sultan 900 for P1.638 billion. HCPHI is a domestic corporation registered with the SEC on September 12, 2007 as a holding company.

On April 4, 2012, a share purchase agreement was also executed between the Parent Company and Sultan 900, where the former acquired the latter's 100% equity interest in Platinum Dredging, Inc. (PDI), with consideration of P 300 million. PDI is a domestic corporation registered with the SEC on August 15, 2007, primarily to engage in dredging and rehabilitation works, and general construction and general building such as but not limited to ports, roads, water supply, sewerage and sewage treatment/disposal plant.

(ii) Subsidiaries

The direct subsidiaries of the Company as of December 31, 2018 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, 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. 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 and managing port facilities.

- **Platinum Dredging Inc. ("PDI")** is a stock corporation incorporated in the Philippines and registered with the SEC on 15 August 2007, primarily to engage in general construction and general building, such as dredging and reclamation works as general contractor for port harbor and road, highway pavement, railway, airport horizontal structure and bridges, dam reservoir and tunneling, 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.

Business of Issuer. As a consequence of the change in the corporate name and primary purpose of the Company and as of 31 December 2018, it has explored possibilities of investing in companies and or projects engaged in the ports and shipping industry and in other infrastructure projects.

On 4 April 2012, the Company bought Ninety-Six and 32/100 Percent (96.32%) of HCPHI, a domestic holding company which is involved in port operations and management as well as One Hundred Percent (100%) of PDI, a domestic corporation engaged in the construction and dredging businesses related to ports.

The Company, through itself or through its subsidiaries, continues to look for other business ventures in port management, operations and management, 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 will comply with the governmental regulations and seek 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. The effect on the Company of any probable government regulation could not be determined until the specific provisions of such regulation are known.

Research and Development. As of the date of this report, the Company continuously is studying the possibilities of expanding 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 ₱35.794 and nil as of 31 December 2018 and 31 December 2017, respectively. See Note 10 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 acqusition by Sultan 900 of 95.22% 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 Ventcap, 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 Company's price per share in 2018 is as follows:

	High	Low
1st Quarter	7.30	7.30
2nd Quarter	7.30	7.30
3rd Quarter	7.30	7.30
4th Quarter	7.30	7.30

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

The Company's public float is Ten and 82/100 Percent (10.82%) as of 31 December 2018.

Holders. The Company's capital stock consists of unclassified common shares. As of 31 December 2018, 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 2018 and the common shares outstanding is Two Billion Three Hundred Twenty-Four Million Seven Hundred Ninety-Eight Thousand Five Hundred (2,324,798,500) (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 2018 are as follows:

Shareholder's Name	Nationality	No. of Shares	Percentage
Sultan 900 Capital, Inc	FIL	1,922,969,800	89.176%
Aspac Logistics & Trading Pty Ltd	BVI/Foreign	126,000,000	5.843%
Sherwin Mendiola	Fil	35,700,000	1.656%
Emilio Tiu	Fil	34,755,000	1.612%
Chris Ryan Cruz	Fil	20,580,000	0.954%
Fausto Tiu	Fil	13,755,000	0.638%
PCD Nominee Corporation	Fil	1,876,700	0.087%
Antonio T. Deblois	Fil	211,800	0.010%
Juanita E. De Cacho	Fil	49,400	0.002%
Nieves C. Santos Reyes	Fil	43,300	0.002%
Paz G. Vda De Cacho	Fil	36,300	0.002%
Jose Luis Abad	Fil	34,700	0.002%
Juanita / Isabela Garcia	Fil	22,900	0.001%
Roman R. Oblena Jr	Fil	22,900	0.001%
Josefina Coromina	Fil	17,500	0.001%
Leon Ma. Guerrero	Fil	17,500	0.001%
Federico Elizalde	Fil	7,300	0.000%

Lorenzo M. Tañeda	Fil	6,400	0.000%
PCD Nominee Corporation	Foreign	4,900	0.000%
Pacifico De Ocampo	Fil	4,500	0.000%

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. From the change in the corporate name and primary purpose of the Company in 2011, the Company has explored possibilities of investing in companies engaged in the ports operation and related industries.

On 4 April 2012, the Company bought Ninety-Six and 32/100 Percent (96.32%) of HCPHI, a domestic holding corporation which owned Sixty-Eight and 112/1000 Percent (68.112%) of HCPTI, as well as One Hundred Percent (100%) of PDI, a domestic corporation engaged in the construction business related to ports.

As of the date of this report, the Company has plans to expand its investment in other port related business with the end goal of being able to manage and/or operate or provide services to these ports, invest in various infrastructure projects, subject to the approval of the Board and the stockholders.

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 2018 with comparative figures of the previous years and as of end of year for 2017 and 2016.

	December 31, 2016	December 31, 2017	December 31, 2018
Income Statement Data			
Total Revenue	3,926,571	–	–
Gross Profit	(3,401,383)	–	–
Earnings Before Interest and Tax (EBIT)	(41,138,892)	24,410,177	(119,240,074)
Net Income (Loss)	(41,138,892)	11,610,350	(119,240,074)
Depreciation	99,486	–	2,105
Taxes	–	12,799,827	–
Interest expense	–	–	–
Balance Sheet Data			
Total Current Assets	54,487,917	241,750,261	40,716,871
Advances to Related Parties	–	–	195,000,000
Property and Equipment - net	–	–	35,794
Total Assets	249,539,208	241,750,261	235,752,665
Current Liabilities	156,536,684	137,136,487	250,378,965
Total Liabilities	156,536,684	137,136,487	250,378,965
Stockholders' Equity	93,002,524	104,613,774	(14,626,300)
Total Liabilities & Stockholders' Equity	249,539,208	241,750,261	235,752,665
Current Ratio	0.348	1.763	0.163
Solvency Ratio	0.627	0.567	1.064
Debt to Equity Ratio	1.683	1.311	(17.118)
Interest rate coverage ratio	–	–	–

Gross Profit Margin	-1.87%	0.00%	0.00%
Net Profit Margin	-10.47%	0.00%	0.00%

Based on the above table the following are key performance indicators of the Company for 2018, 2017, and 2016:

(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 2018.

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 2018 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 10 July 2018 as the Company's independent external auditor for the years 2016, 2017, and 2018 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**	**2018**	**2017**
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 2018, are as follows:

Name	Age	Positions and Offices	Citizenship	Period Served
Edwin Joseph G Galvez	51	Member, Chairman of the Board of Directors ("BOD")	Filipino	29 Sept 2017 – present
Marvee M. Espejo	45	Member, BOD, President	Filipino	29 Sept 2017 – present
Agnes H. Maranan	58	Member, BOD, Corporate Secretary	Filipino	29 Sept 2017 – present
Frederick M. Arejola	37	Member, BOD, Treasurer	Filipino	29 Sept 2017 – present
E. Hans S. Santos	56	Member, BOD, Compliance Office	Filipino	29 Sept 2017 – present
Anthony Rolando T. Golez, Jr.	45	Member, BOD	Filipino	29 Sept 2017 – present
Leonardo M. Galang	36	Member, BOD	Filipino	29 Sept 2017 – present
Dorothy S. Cajayon (Independent Director)	69	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 2018 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 2018, are as follows:

EDWIN JOSEPH G. GALVEZ (Fifty (51) 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 port, shipping, construction, real estate, waste management, and power and energy industries. He is the Chairman and President of Sultan 900. He is likewise is a member of the Board of Directors and the Chief Finance Officer of HCPHI, a member of the Board of Directors of ZC Integrated Port Services, Inc. He served as 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 and Far East Bank & Trust Co. He took up his MBA from Asian Institute of Management and finished BSC – Business Management from the De La Salle University, Manila.

MARVEE M. ESPEJO (Forty-Four (45) years old, Filipino) is currently the Executive Vice President of Z.C. Integrated Port Services, Inc. and Vice President of Mikro-Tech Capital Inc. He served as the Vice President and Treasurer of Pacifica, Inc., He was likewise the 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, 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 (56) 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 (37) 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.

ANTHONY ROLANDO R. GOLEZ, M.D., MBAH (Forty-Four (45) years old, Filipino) is the former CEO of Globalcity Mandaue Corporation. He served as the Representative of the Lone District of Bacolod City in 2010. While a Representative, he was the Senior Vice Chairman of the Heath Committee and the Vice Chairman of the National Defense Committee. He principally authored 236 House Bills and Resolutions and was considered as the "champion" of health care reforms for the country.

He was Most Outstanding Congressman in 2011 and 2012, which award was given by the Superbrands Marketing Incorporated. He was Senior Deputy Press Secretary and the Deputy Presidential Spokesperson in 2007. He also served as the Deputy Administrator of the Office of Civil Defense and the Official Government Spokesperson of the National Disaster Coordinating Council in 2004. He was also educated in Bioterrorism and Crisis Management being a recipient of numerous trainings he underwent in the United States as a scholar of the US State Department and attended trainings and lectures at Pacific Command Pearl Harbor Hawaii, Pentagon-Washington and Federal Emergency Management Agency-FEMA. In October 2007, he was named as one of the Ten Outstanding Yong Men of the Philippines in the field of disaster management. In 2002, he entered the Department of Health as the Executive Assistant of Secretary Manuel Dayrit. He obtained his Masters in Business Administration in Health from the Ateneo Graduate School of Business and his Doctor of Medicine and Surgery from the University of Sto. Tomas.

E. HANS S. SANTOS (Fifty-Four (55) 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 (35) 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 (69) 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 2016.

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	2016	2017	2016
–	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	2018	2017	2016
Globalport 900, Inc	N/A	–	–	–
Platinum Dredging, 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 2018, 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	1,922,886,800	89.18%
Common Shares	Aspac Logistics & Trdg. Pty Ltd, PO Box 2234 IFS Chambers, Rd Town, BVI (Stockholder)	N/A	Foreign	126,000,000	5.84%
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 2018.

(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. Maranan	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%
	Dorothy S. Cejayon	100	Filipino	0.00%
Directors and Executive Officers as a Group Common Shares		800	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 89.18% 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 2018 follows:

Date	Particulars
July 10, 2018	Appointment of New Independent Accountants: The Board of Directors of Globalport 900 Inc. ("PORT") in a Special Board Meeting held last 10 July 2018, unanimously approved the appointment of Alas, Oplas & Co., CPAs as the Commpany's Independent and External Auditors for the fiscal years 2016 and 2017 and until their replacements shall have been duly appointed and Deo Veritas Optimum Corp. as the external auditor for internal accounting.
July 18, 2018	Approval of the Audited Financial Statements: The Board of Directors of Glopalport 900 Inc. ("PORT") in a special Board Meeting last 18 July 2018, unanimously approved the unconsolidated audited financial statements of the Company for fiscal year ending 2016 and 2017, as presented by the external auditor Alas, Oplas & Co., CPAs, and the issuance and filing to the Securities and Exchange Commission (SEC) and the Bureau of Internal Revenue (BIR).

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SEC FORM 17-A

CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Management's Responsibility for Consolidated Financial Statements	Attached
Report of Independent Auditors	Attached
Consolidated Statements of Financial Position as of December 31, 2018 and 2017	Attached
Consolidated Statements of Comprehensive Income for the Years ended December 31, 2018, 2017 and 2016	Attached
Consolidated Statements of Changes in Equity for the Years ended December 31, 2018, 2017 and 2016	Attached
Consolidated Statements of Cash Flows for the Years ended December 31, 2018, 2017 and 2016	Attached
Notes to the Consolidated Financial Statements	Attached
SUPPLEMENTARY SCHEDULES	
Report of Independent Auditors on Supplementary Schedules	Attached
List of Applicable Standards and Interpretations	Attached
Financial Soundness Indicators	Attached
Schedule A. Marketable Securities - (Current Marketable Equity Securities and Other Short-term cash Investment)	NA
Schedule B. Amounts Receivables from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Affiliates)	Attached
Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statement	NA
Schedule D. Intangible assets – Other assets	NA
Schedule E. Long-Term Debt	NA
Schedule F. Indebtedness to Related Parties	Attached
Schedule G. Guarantees of Securities and Other Issuers	NA
Schedule H. Capital Stock	Attached

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	232,903,160	232,836,529

Notes:

1. See Note 7 of the Notes to Consolidated Financial Statements
2. Globalport 900, Inc. made cash advances to its parent for investment purposes in 2012. The As settlement, the Parent Company and Sultan 900 Capital, Inc. (the Ultimate Parent), agreed to offset the recharges of marketing expenses by the latter to the Company. 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.
3. During 2017, HCPHI's investment in stocks to Manila North Harbour Port, Inc. (MNHPI) was disposed to the Group. The same was motivated by the pendency of the dispute involving HCPTI and other companies. The proceeds amounting to ₱195,000,000 was received by Sultan 900 (the Ultimate Parent) as part of HCPHI's investment diversification and to carry on business development activities as concurred by both parties in an Intercompany Agreement. 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.

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	72,655,982	78,012,313
Total	72,655,982	188,012,313

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. The amount will be applied on its unpaid subscriptions in 2019.
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~~ TAGUIG CITY on ~~_____ 20__~~ JUN 2 5 2021.

Issuer: **GLOBALPORT 900, INC.**

EDWIN JOSEPH G. GALVEZ
Chairman of the Board

FREDERICK M. AREJOLA
Treasurer

AGNES H. MARANAN
Corporate Secretary

SUBSCRIBED AND SWORN to before this _____ day of JUN 2 5 2021, 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

Doc. No. 6
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

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
bo_galvez@yahoo.com		

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	bo_galvez@yahoo.com	(632) 637 3851	9178625232

Unit 2701 Corporate Centre Julia Vargas, Ortigas Center, Pasig City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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, 2018 and 2017**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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

Marvee M. Espejo
President

Frederick M. Arejola
Treasurer

Signed this 7th day of December 2020

SUBSCRIBED AND SWORN TO BEFORE ME THIS FEB 08 2021 AT PASIG CITY, AFFIANT EXHIBITED HIS/HER GOVERNMENT EVIDENCE OF IDENTITY

DOC. NO. 67
PAGE NO. 15
BOOK NO. 189
SERIES OF 2021

ATTY. CESAR D. AMORANTO
Notary Public
Pasig, San Juan, Pateros, M.M.
Until December 31, 2022
686 B Shaw Blvd. Kapitolyo, Pasig City
PTR No. 5242795 Jan. 4, 2021
IBP No. 131122 Oct. 23, 2020 Roll No. 6637
MCLE EXEMPT - Unit April 14, 2022
Appointment No. 18 (2021-2022)

Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs
23/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 759-5090 | Fax: (632) 887-6180
Email: aocheadoffice@alasoplascpas.com
www.alasoplascpas.com

Independent Member of
BKR International

INDEPENDENT AUDITORS' 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, 2018, on which we have rendered our report dated December 7, 2020.

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. 08-001026-000-2018, issued on January 25, 2018; effective until January 24, 2021

By:

DANILO T. ALAS
Partner
CPA License No. 0027120
SEC A.N. (Individual) 1529-AR-1, issued on February 7, 2019; effective until February 6, 2022
TIN 132-466-021-000
BIR A.N. 08-001026-001-2018, issued on January 25, 2018; effective until January 24, 2021
PTR No. 8117109, issued on January 2, 2020, Makati City

December 7, 2020
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
www.alasoplascpas.com

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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 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, 2018 and 2017, and the consolidated statements of comprehensive loss, consolidated statements of changes in capital deficiency and consolidated statements of cash flows for the years then ended, and notes to the 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, 2018 and 2017, 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 1 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred net losses of ₱119,240,074 as of December 31, 2018. The Company's total liabilities exceeded its total assets by ₱14,626,300 as of December 31, 2018. These events or conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, stockholders and Management of the Company show their support to sustain the operations by providing investment strategies plan and participating into business activities that is expected to strengthen the Group's financial position. Our opinion is not modified in respect of this matter.

We performed audit procedures to evaluate management's plans for such future actions as to likelihood to improve the situation and as to feasibility under the circumstances.

Should the Company be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Company's assets to their recoverable amounts, and to provide for any further liabilities which might arise and reclassify non-current assets as current assets.

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.

Investment in Stocks

During the year 2017, the investment in stocks to Manila North Harbour Port, Inc. (MNHPI) was transferred to another company not related to the Group. The proceeds amounting to ₱195,000,000 related to this transfer of ownership was 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. The receivable has not yet paid or any payment made during the year. 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.

Audit Response

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

Harbour Centre Port Holdings Inc. (HCPHI), one of the subsidiaries had direct ownership of 68.11% in Harbour Centre Port Terminal Inc. (HCPTI), subsequent to year 2013, HCPHI was involved in a legal case involving ownership of HCPTI. 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 settlement agreement was adopted and approved by the court in its decision on October 24, 2018, as a result, HCPHI lost its control over HCPTI. Following the loss of control by HCPHI, the management decided 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 HCPTI 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. We have obtained adequate audit evidence to corroborate the judgments made by the Management with respect to derecognition of its subsidiary. We obtained a copy of settlement agreement approved by the court and the board resolution for the management decision on derecognition of HCPTI.

Recoverability of Advances to Related Party
As at December 31, 2018, the Group has outstanding advances to related party amounting to ₱37,836,530. 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. The Management disclosure about the transaction and recoverability of the amount is included in Note 6 of the financial statement.

Audit Response
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 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 group.

Project Development Expense
As at December 31, 2018, the Group has incurred total project development expense amounting to ₱98,300,000. 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 15 of the consolidated financial statements.

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, 2018 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, 2018 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.

Alas Oplas & Co., CPAs

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
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. 08-001026-000-2018, issued on January 25, 2018; effective until January 24, 2021

By:

DANILO T. ALAS
Partner
CPA License No. 0027120
SEC A.N. (Individual) 1529-AR-1, issued on February 7, 2019; effective until February 6, 2022
TIN 132-466-021-000
BIR A.N. 08-001026-001-2018, issued on January 25, 2018; effective until January 24, 2021
PTR No. 8117109, issued on January 2, 2020, Makati City

December 7, 2020
Makati City, Philippines

GLOBALPORT 900, INC. AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017
In Philippine Peso

	Notes	2018	2017
ASSETS			
Current Assets			
Cash	8	**1,282,685**	1,249,444
Advances to related parties	7	**37,836,530**	43,903,161
Input VAT	9	**1,597,656**	1,597,656
Total Current Assets		**40,716,871**	46,750,261
Non-Current Asset			
Advances to related parties	7	**195,000,000**	195,000,000
Office equipment – net	10	**35,794**	–
		195,035,794	195,000,000
TOTAL ASSETS		**235,752,665**	241,750,261
LIABILITIES AND CAPITAL DEFCIENCY			
Current Liabilities			
Trade and other payables	11	**50,801,267**	52,915,120
Advances from related parties	7	**188,012,313**	72,655,982
Income tax payable		**11,565,385**	11,565,385
Total Liabilities		**250,378,965**	137,136,487
Capital Deficiency			
Share capital	12	**2,156,250,900**	2,156,250,900
Additional paid-in-capital	12	**268,309**	268,309
Treasury shares	12	**(595,111)**	(595,111)
Deficit		**(2,175,386,202)**	(2,056,484,213)
Equity (Capital Deficiency) Attributable to Controlling Interest		**(19,462,104)**	99,439,885
Non-controlling interests	3	**4,835,804**	5,173,889
Total Equity (Capital Deficiency)		**(14,626,300)**	104,613,774
TOTAL LIABILITIES AND CAPITAL DEFICIENCY		**235,752,665**	241,750,261

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, 2018, 2017 AND 2016
In Philippine Peso

	Notes	2018	2017	2016
Revenue	13	–	–	3,928,571
Cost of services	14	–	–	(7,329,954)
Gross profit		–	–	(3,401,383)
General and administrative expenses	15	**(119,242,883)**	(22,745,244)	(37,737,735)
Other income	8,16	**2,809**	47,155,421	226
Profit (loss) for the year		**(119,240,074)**	24,410,177	(41,138,892)
Income tax expense		–	(12,799,827)	–
Net profit (loss) for the year		**(119,240,074)**	11,610,350	(41,138,892)
Other comprehensive income		–	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**(119,240,074)**	11,610,350	(41,138,892)
Comprehensive income (loss) attributable to:				
Controlling interest		**(118,901,989)**	11,931,006	(40,539,890)
Non-controlling interests	3	**(338,085)**	(320,656)	(599,002)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	23	**(0.051)**	0.005	(0.017)

See Notes to Consolidated Financial Statements

GLOBALPORT 900, INC. AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
In Philippine Peso

	Attributable to controlling interest						
	Share capital – Note 12	Additional paid-in capital	Treasury shares – Note 12	Deficit	Total	Non-controlling interests – Note 3	Total
Balance at December 31, 2015	2,156,250,000	268,309	(595,111)	(2,027,875,329)	128,047,869	6,093,547	134,141,416
Total comprehensive loss	–	–	–	(40,539,890)	(40,539,890)	(599,002)	(41,138,892)
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 loss	–	–	–	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)**

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, 2018, 2017 AND 2016
In Philippine Peso

	Notes	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before income tax		**(119,240,074)**	24,410,177	(41,138,892)
Adjustments for:				
Advertising and promotion	7,15	**6,066,631**	6,066,631	6,066,746
Depreciation	10	**2,105**	–	99,486
Extinguished liability	16	–	(47,155,042)	–
Interest income	8,16	**(2,809)**	(379)	(226)
Operating loss before working capital changes		**(113,174,147)**	(16,678,613)	(34,972,886)
Decrease (increase) in operating assets:				
Trade and other receivables		–	584,000	82,005
Input VAT	9	–	(339,539)	(158,402)
Increase (decrease) in operating liability:				
Trade and other payables	11	**(2,113,853)**	5,256,981	(16,386,835)
Cash used in operations		**(115,288,000)**	(11,177,171)	(51,436,118)
Interest received	8,16	**2,809**	379	226
Net cash used in operating activities		**(115,285,191)**	(11,176,792)	(51,435,892)
CASH FLOWS FROM INVESTING ACTIVITY				
Additions to property and equipment – net	10	**(37,899)**	–	–
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash advances from related parties	7	**122,263,197**	12,385,069	51,653,265
Payments made to related parties	7	**(6,906,866)**	(1,452,590)	(33,000)
Proceeds from issuance of capital	12	–	900	–
Net cash generated from financing activities		**115,356,331**	10,933,379	51,620,265
NET INCREASE (DECREASE) IN CASH		**33,241**	(243,413)	184,373
CASH AT BEGINNING OF YEAR	8	**1,249,444**	1,492,857	1,308,484
CASH AT END OF YEAR	8	**1,282,685**	1,249,444	1,492,857

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 and with the Bureau of Internal Revenue (BIR) on January 22, 1997. The Parent Company is a public company whose shares are listed in Philippine Stock Exchange (PSE). 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 incidental thereto. On December 7, 2011, the SEC approved the change in corporate name of the Parent to Globalport 900, Inc. and the primary purpose of business.

On August 4, 2011, Sultan 900 Capital, Inc. ("Sultan 900" or "the Ultimate Parent Group"), a corporation registered with the SEC, acquired the ownership interest of Ventcap, Inc. ("Ventcap") in the Parent Group, including the deposit for future share subscription.

The Parent Company increased its authorized share capital through stock split from ₱100 million to ₱2.1 billion, and the reduction in the par value from ₱100 to ₱1 per share as approved by the Securities and Exchange Commission (SEC) on October 12, 2011. On November 29, 2012, the SEC approved another increase in authorized share capital from ₱2.1 billion to ₱3 billion. The proceeds from the increase in authorized share capital were used to finance the Parent Company's investments plans and undertakings. As at December 31, 2018, the Parent Company is 89.18% owned by Sultan 900.

Thru a share purchase agreement executed between the Parent Company and Sultan 900 (ultimate Parent) on April 4, 2012, 96.32% equity interest in Harbour Centre Port Holdings, Inc. (HCPHI) was acquired by the Parent Company from Sultan 900 for ₱1.638 billion. HCPHI is a domestic corporation registered with the SEC on September 12, 2007 as a holding company.

On April 4, 2012, a share purchase agreement was also executed between the Parent Company and Sultan 900, where the former acquired the latter's 100% equity interest in Platinum Dredging, Inc. (PDI), with consideration of ₱300 million. PDI is a domestic corporation registered with the SEC on August 15, 2007, primarily to engage in dredging and rehabilitation works, and general construction and general building such as but not limited to ports, roads, water supply, sewerage and sewage treatment/disposal plant

The Parent Company and its subsidiaries (HCPHI and PDI) 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, 2018 and 2017 were reviewed and authorized for issuance by the Board of Directors on December 7, 2020.

Status of Operation

As of December 31, 2018, the Group has a capital deficiency of ₱14,626,300 as a result of losses incurred by the Group during the year and in prior years. During 2018, the Group incurred a loss of ₱119,240,074 and a negative cash flows from operating activities amounting to ₱115,285,191. However, the Group strategically 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.

During the year, to improve the financial position of the Group, its Board of Directors had a discussion with the Ultimate Parent for the collection of its unpaid subscription and to secure additional investments on the unissued shares of the Parent Company (G900).

The Board of Directors in a meeting on February 18, 2019 considered the offer of Ultimate Parent to apply the advances amounting to ₱110,000,000 on its unpaid subscription as disclosed in Note 7 and 24.

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 24.

Furthermore, the Group continues to participate into different infrastructure projects to attain financial sustainability and strengthen the Group's financial position. One of the Group's potential projects is the participation in bidding for the Operations and Maintenance of the Clark International Airport Project (see Note 20).

To support the expansion and bidding activities of the Group, on July 16, 2018 through a meeting of Board of Directors resolved to release an amount of ₱81,500 000 to be used for the Group's expansion activities.

In addition, Sultan 900 (Ultimate Parent) received ₱195,000,000, from the proceeds related to disposal of investments as disclosed in Note 7 on behalf of one of the subsidiaries, HCPHI. As agreed upon, the amount will be used to support the business development activities of HCPHI and for investment purposes.

With the aforementioned activities, the Management believes that the operation and financial position will improve in the coming years. Hence, 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 in May 2014 until further notice due to the Parent Company's failure to comply with the structured reportorial requirements. As at reporting date, the trading of the Parent Company's securities is still suspended.

As at December 31, 2018, 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 consolidated 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 consolidated financial statements are prepared on a going concern basis despite of its capital deficiency position. As of December 31, 2018, the Group's capital deficiency is P14,876,300. The Group's continuation as a going concern is dependent on the success of the projects and plans of the Group as disclosed in Note 1.

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, 2018 and 2017.

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.

In Philippine Peso

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 subsidiaries as follow:

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	99.99%

Harbour Centre Port Holdings Inc. (HCPHI) and Platinum Dredging Inc. (PDI) are 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.

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.

HCPHI was involved in a legal case involving the ownership of HCPTI subsequent to 2013. The dispute on the ownership of HCPTI restricted HCPHI's access to HCPTI financial records and caused the delay in preparing the consolidated financial statements of the Group. Accordingly, the consolidated financial statements of the Group as at December 31, 2018 and 2017 do not include HCPTI.

On September 5, 2018, the parties involved in the ownership dispute entered into a settlement agreement and this was embodied in a court order on October 24, 2018.The settlement agreement irrevocably waived, relinquished and renounced any and all interest over any and all shares of stock, assets and business in all the companies which the parties have common ownership including HCPTI. Consequently, the said Investment to HCPTI was derecognized and was not included in the consolidated financial statements.

In Philippine Peso

The separate financial statements of Harbour Centre Port Holdings Inc. (HCPHI) for the year ended December 31, 2018 and 2017 were audited by other independent auditors (other than Alas, Oplas & Co. CPAs) whose report dated April 10, 2019 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	2018	2017
Harbour Centre Port Holdings Inc. (HCPHI)	Quezon City	**3.68%**	3.68%

Accumulated Losses of Material Non-controlling Interests

	2018	2017
Harbour Centre Port Holdings, Inc. (HCPHI)	**(57,677,077)**	(57,326,112)

Net Loss Attributable to Material Non-controlling Interests

	Years Ended December 31		
	2018	2017	2016
Harbour Centre Port Holdings, Inc. (HCPHI)	**(338,065)**	(320,656)	(599,002)

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

	2018	2017
Cash	**451,256**	365,156
Receivable from related party	**195,000,000**	195,000,000
Prepayments and other current assets	**925,671**	925,571
Current liabilities	**63,688,694**	54,065,497

Summarized Statements of Comprehensive Loss

	Years Ended December 31		
	2018	2017	2016
General and administrative expenses	**(9,537,097)**	(8,713,491)	(16,277,216)
Loss before income tax	**(9,537,097)**	(8,713,491)	(16,277,216)
Provision for income tax	–	–	–
Net loss	**(9,537,097)**	(8,713,491)	(16,277,216)
Other comprehensive income	–	–	–
Total comprehensive loss	**(9,537,097)**	(8,713,491)	(16,277,216)

Summarized Statements of Cash Flows

	Years Ended December 31		
	2018	2017	2016
Operating	**(9,477,097)**	(9,052,977)	(45,560,996)
Investing	–	–	–
Financing	**9,563,197**	(9,052,977)	45,560,993
	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.

Due to PDI's accumulated losses from the past years, the Company resulted to capital deficiency as of December 31, 2018 and 2017. Its 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 by the Company on September 27, 2019.

The financial statements of Platinum Dredging Inc. (PDI) for the year ended December 31, 2018 and 2017 were audited by other independent auditors (other than Alas, Oplas & Co. CPAs) whose report dated July 26, 2019 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.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2018. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share based Payment Transactions*

  The amendments to PFRS 2 address the three main areas, the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity method.

In Philippine Peso

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

These amendments are not expected to have any impact on the Group's financial reporting.

- PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments projects and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

Classification, Measurement and Impairment of Financial Assets

The following table shows the original measurement categories under PAS 39 and the new measurement categories under PFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2018.

Financial assets	Notes	Original classification under PAS 39	New classification under PFRS 9	Original carrying amount under PAS 39	New carrying amount under PFRS 9
Cash	6	Loans and receivables	Amortized cost	1,249,444	1,249,444
Advances to related party	7	Loans and receivables	Amortized cost	195,000,000	195,000,000
Total financial assets				196,249,444	196,249,444
Financial liabilities					
Trade and other payables	11	Amortized cost	Amortized cost	52,915,120	52,915,120
Advances from related parties	7	Amortized cost	Amortized cost	72,655,982	72,655,982
Total financial liabilities				125,571,102	125,571,102

The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. There were no differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of PFRS 9 at January 1, 2018.

The Group is aware of the new guidelines set forth by the newly implemented PFRS 9 specifically on the impairment of financial asset effective January 1, 2018. The Group does not perceive future unfavourable events that would implicate an impairment to its financial assets.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges.

The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Group since the Group has no activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for all annual periods beginning on or after January 1, 2018.

  PFRS 15 is more prescriptive than the current PFRS for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive. The standard will affect entities across all industries. Adoption will be a significant undertaking for most entities with potential changes to their current accounting systems and processes. Therefore, a successful implementation will require an assessment of and a plan for managing the change.

  These amendments are not expected to have any impact on the Group's financial reporting since the Group has no revenue activity during the years 2018 and 2017.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of Annual Improvements to PFRS 2014 – 2016 Cycle)

  The amendments clarify than entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself and investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain fair value measurement applied by that investment entity associate or joint venture to the investment entity associates' or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity, and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

  The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advances consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advances consideration.

  If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment of receipt of advance consideration. The Interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation of the beginning of a prior reporting period presented as a comparative information in the consolidated financial statements of the reporting period in which the entity first applies the interpretation.

New and Revised PFRSs in Issue 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 will 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, 2019

- 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 (e.g., personal computers) and short-term leases (i.e., 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 will be also required to remeasure 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 remeasurement of the lease liability as an adjustment to the right-of-use asset

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group is currently assessing the impact of adopting PFRS 16.

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

  These amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments to annual reporting period beginning on or after January 1, 2019 Earlier application is permitted.

  This amendment has no impact to the Group's consolidated financial statements.

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

  The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

- 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 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.

  The Group is currently assessing the impact of adopting this interpretation

Deferred effectivity

- Amendments to PFRS 10 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 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, Business Combinations

  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 of joint ventures.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed 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 amendments are not applicable since the Group does not have any sale or transfer of investments in other entities.

5. SUMMARY OF 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.

Current versus Non-current Classification
The Group presents assets and liabilities in the consolidated statement 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.

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.

Financial assets at fair value through OCI (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, 2018 and 2017.

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 statement of profit or 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.

The Group has no financial asset to be classified under this category.

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 statement of financial position at fair value with net changes in fair value recognized in the statement of profit or 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 statement 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 ta 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, 2018 and 2017.

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 statement 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 is 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. Treasure 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.

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 statement 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 statement of financial position.

Post-employment Benefits
The Group has a non-contributory defined benefit retirement plan covering all of its regular employees. Retirement expense is determined using the projected unit credit actuarial valuation method taking into account the factors of discount rates, the expected rates of return on plan assets, expected rates of salary increases, employee turnover, mortality, and medical cost trend rates.

In the absence of an actuarial valuation, the Group adopted the provision of RA 7641, otherwise known as the Retirement Pay Law in recognizing retirement cost. Under the said RA, an employee upon reaching sixty (60) years or more, but not beyond sixty-five (65) years, who has served at least five (5) years in the Group shall be entitled to retirement pay.

Retirement cost is computed based on ½ month salary for every year of service, a fraction of six months being considered as one whole year. The term ½ month salary shall mean 15 days plus 1/12 of the 13th month pay and the cash equivalent of not more than five days' service incentive leaves. The recorded accrued retirement liability is the aggregate of the present value of the benefit obligation at the end of the reporting period.

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 form 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 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 consolidated 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 separate statements of financial position.

Distinction between Provisions and Contingencies
Judgment is exercised by management to distinguish between provisions and contingencies. As of December 31, 2018 and 2017, 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.

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.

Non-consolidation of Entities in which the Group Holds More than 50% ownership
HCPHI, one of the subsidiaries, had ownership interest of 68.11% in Harbour Centre Port Terminal Inc. In making the assessment of whether it has control over the relevant activities of HCPTI, management considers the legal dispute involving the ownership of the said entity.

HCPHI was involved in a legal case involving ownership of HCPTI subsequent to 2013. The dispute on ownership resulted to loss of control by HCPHI in HCPTI and restricted access to HCPTI financial records that caused the delay in preparing the consolidated financial statements of the Group. Accordingly, the consolidated financial statements of the Group as at December 31, 2018 and 2017 do not include HCPTI.

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. See note 3.

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 ₱232,836,530 and ₱238,903,161, as of December 31, 2018 and 2017, respectively. No allowance for impairment was recognized in 2018 and 2017.

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, 2018 and 2017, the carrying amounts of the depreciable property and equipment amounted to ₱35,794 and nil respectively as disclosed in Note 10.

In Philippine Peso

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 P35,794 and nil as of December 31, 2018 and 2017, respectively, as disclosed in Note 10.

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
Officer and stockholders		Key management personnel

As disclosed in Notes 3 and 6, the court approved and adopted the settlement agreement in its decision on October 24, 2018. As a result, the loss of control by HCPHI in HCPTI, the management decided to derecognize its interest over HCPTI's assets, liabilities and interest over entities in consolidated level. 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, 2018 and 2017.

Accordingly, HCPTI was not recognized by the Group as related party in these consolidated financial statements.

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, 2018 and 2017.

In Philippine Peso

The Group's transaction and balances with related parties as of December 31, 2018 and 2017 are as follows:

		Transaction	Balances		
Entity	**Year**	**Advertising and Promotion** – Note 15	**Advances to**	**Advances from**	**Terms and conditions**
a) Sultan 900 Capital, Inc.	**2018**	**6,066,631**	**232,836,530**	**110,000,000**	no fixed term; non-interest bearing, unsecured
	2017	6,066,631	238,903,161	–	
b) Stockholder	**2018**	–	–	**78,012,313**	non-interest bearing, unsecured, payable on demand
	2017	–	–	72,655,982	
	2018	**6,066,631**	**232,836,530**	**188,012,313**	
	2017	6,066,631	238,903,161	72,655,982	

In Philippine Peso

a) The Group has entered into an advertising and marketing agreement with its Ultimate Parent, 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 15)

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 (see note 15). As of December 31, 2018 and 2017, the total advances to Sultan 900 Capital, Inc. amounted to ₱37,836,530 and ₱43,903,161, respectively.

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

	2018	2017
Balance, beginning of year	**238,903,161**	49,969,792
Offsetting	**(6,066,631)**	(6,066,631)
Addition to advances (a.1)	–	195,000,000
Balance, end of year	**232,836,530**	238,903,161
Current portion	**37,836,530**	43,903,161
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.

Advances from Group Ultimate Parent
During the year, 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 15.

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 Board of Directors in a meeting on February 18, 2019 considered the offer of the Ultimate Parent to apply the advances on its unpaid contributions. (Note 24)

a.1) Receivable from Related Party
In 2017, HCPHI's investment in stocks to Manila North Harbour Port, Inc. (MNHPI) was disposed to another company not related to the Group. The same was motivated by the pendency of the dispute involving HCPTI and other companies. The proceeds amounting to ₱195,000,000 was received by Sultan 900 (the 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 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.

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.

In Philippine Peso

The movements in the account is as follows:

	2018	2017
Balance, beginning of year	**72,655,982**	61,723,503
Advances made during the year	**12,263,197**	12,385,069
Payments made during the year	**(6,906,866)**	(1,452,590)
Balance, end of year	**78,012,313**	72,655,982

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. 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. 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 ₱1,282,885 and ₱1,249,444 as at December 31, 2018 and 2017, respectively.

Cash in banks earn interest at the respective bank deposit rates. Interest income earned for the years ended December 31, 2018 and 2017 amounted to ₱2,809 and ₱379, respectively as disclosed in Note 16.

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

The Group's exposure to credit and foreign currency risks related to cash in banks is disclosed in Note 19 to the consolidated financial statements.

In Philippine Peso

Components of share capital are as follows:

	2018		2017	
	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 and paid up				
Subscribed				
Ordinary shares at ₱1 par	**2,325,000,000**	**2,325,000,000**	2,325,000,000	2,325,000,000
Less:				
Subscription receivable	168,749,100	168,749,100	168,749,100	168,749,100
Paid up capital	**2,156,250,900**	**2,156,250,900**	2,156,250,900	2,156,250,900

On October 12, 2011, the SEC approved the Parent Company's increase in authorized share capital through stock split from ₱100 million to ₱2.1 billion, and the reduction in the par value from ₱100 to ₱1 per share

The SEC approved the additional increase in authorized share capital from ₱2.1 billion to ₱3 billion on November 29, 2012. The proceeds from the increase in authorized share capital were used to finance the Parent Company's investments plans and undertakings. As at December 31, 2018 and 2017, the Parent Company is 89.18% owned by Sultan 900.

Book value per share
Book value per share amounted to (₱0.006) and ₱0.045 in 2018 and 2017, respectively.

Treasury shares
This consists of 201,500 common shares, stated at acquisition cost of ₱595,111 as of December 31, 2018 and 2017.

13. REVENUE

The Group's generated revenue from its operation amounting to nil and nil and ₱3,928,571 in 2018, 2017 and 2016, respectively.

14. COST OF SERVICES

This account consists of:

	Note	2018	2017	2016
Outside services		–	–	5,426,144
Repair and maintenance		–	–	1,318,202
Personnel costs	17	–	–	404,170
Other expenses		–	–	181,438
		–	–	7,329,954

In Philippine Peso

15. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

	Notes	2018	2017	2016
Project development expense	7,20	**98,300,000**	–	–
Professional fees		**7,346,020**	10,020,943	17,961,009
Advertising and promotion	7	**6,066,631**	6,066,631	6,066,746
Representation expense		**2,942,474**	130,193	515,404
Penalties and interest		**1,209,660**	1,995,141	3,159,241
Membership and association dues		**280,000**	288,960	563,360
Taxes and licenses		**31,839**	26,434	1,033,067
Meal expenses		**24,211**	–	–
Office supplies		**17,876**	18,979	35,471
Transportation and travel		**4,125**	272,827	130,905
Service fee		**3,794**	–	–
Fuel expense		**3,000**	11,474	24,099
Depreciation expense	10	**2,105**	–	99,486
Personnel costs	17	–	1,844,633	7,285,083
Repairs and maintenance		–	943,048	31,590
Rent expense		–	45,030	91,253
Utilities expense		–	28,983	54,198
Security services		–	–	11,067
Other expenses		**3,011,158**	1,051,568	675,756
		119,242,883	22,745,244	37,737,735

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 airport terminal project and the management of thermal plants. (Note 20)

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:

	2018	2017	2016
Legal	**6,776,020**	9,360,943	17,301,009
Others	**570,000**	660,000	660,000
	7,346,020	10,020,943	17,961,009

16. OTHER INCOME

This account consists of:

	Notes	2018	2017	2016
Interest income	8	**2,809**	379	226
Income on reversal of payables		–	47,155,042	–
		2,809	47,155,421	226

In Philippine Peso

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

17. PERSONNEL COST

The account is composed of the following expenses:

	2018	2017	2016
Salaries and wages	–	1,637,370	6,988,626
Employee benefits	–	143,869	700,627
Government contributions	–	63,394	–
	–	1,844,633	7,689,253

Personnel cost is distributed as follows:

	Notes	2018	2017	2016
Cost of services	14	–	–	404,170
General and administrative expenses	15	–	1,844,633	7,285,083
		–	1,844,633	7,689,253

18. INCOME TAXES

Income Tax Recognized in Profit or Loss

Components of income tax expense (benefit) are as follows

	2018	2017	2016
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 2018 and 2017 follows:

	2018	2017	2016
Accounting profit (loss)	(119,240,074)	24,410,177	(41,138,892)
Tax expense at the statutory rate of 30%	(35,772,022)	7,323,053	(12,341,668)
Adjustments for income subjected to lower income tax rates	1,054	142	85
Tax effect of expenses that are not deductible:			
Penalties and surcharges	319,500	574,690	947,772
Bidding costs	29,490,000	–	–
Professional fees	–	82,669	–
Applied MCIT	–	51,291	–
Representation expense	882,742	–	154,621
Other non-deductible expenses	–	2,508,443	–
Effect of unrecognized NOLCO*	5,078,726	2,259,539	11,239,190
	–	12,799,827	–

* *by the Parent Company and HCPH, 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.

In Philippine Peso

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, 2018:

Year Incurred	Amount	Applied current year	Expired	Unapplied	Balance	Expiry Date
2014	25,649,082	–	–	25,649,082	40,184,636	2017
2015	12,522,510	–	–	12,522,510	52,707,146	2018
2016	37,463,967	–	(14,535,664)	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

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.

19. FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

Overview
The Group's financial instruments consist of cash, advances to related parties, trade and other payables and advances from related parties. The primary purpose of these financial instruments is to finance the Group's investments and operations

The Group has exposure to the following risks from its use of financial instruments:
- Credit Risk
- Liquidity Risk

Risk Management Framework
The Board has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

There were no changes in the Group's objectives, polices and processes for managing the risk and the methods used to measure the risk from previous year.

Credit Risk

Credit risk is the risk of financial loss to the Group if a timeshare purchaser or any counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk arises principally from the Group's advances to related parties. The Group's exposure to credit risk on advances to related parties is minimal. The management has established a policy for credit risk assessment and collection. The Group manages the level of credit risk it accepts by the following:
- Setting up the exposure limits of each counterparty;
- Determining right of offset, where counterparties are both creditor and debtor
- Monitoring compliance with credit risk policy as well as reviewing the existing risk policy for pertinence and changing environment

The Group also transacts with related companies and it does not require collateral in granting cash advances to these parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group did not have any significant concentration of credit risk.

In Philippine Peso

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date pertains only to cash in banks amounting to ₱1,282,685 and ₱1,249,444.

The Group does not hold any collateral or other credit enhancements to cover this credit risk.

Risk concentration of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

Below are the credit qualities of the Group's financial assets as of December 31, 2018 and 2017:

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	195,000,000	–	–	–	–	195,000,000
	196,282,685	–	–	–	–	196,282,685

2017	Neither past due nor impaired					
	High Grade	Standard Grade	Substandard Grade	Past due but not impaired	Impaired	Total
Cash	1,249,444	–	–	–	–	1,249,444
Advances to related party	195,000,000	–	–	–	–	195,000,000
	196,249,444	–	–	–	–	196,249,444

High grade accounts are accounts considered to be high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Financial assets are current and collectible.

Standard grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counter parties generally respond to credit actions and update their payments accordingly. These financial assets need to be followed up.

Substandard grade accounts 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 recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent or objective evidence of individual impairment. A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment. Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write offs; (b) losses which are likely to occur but has not yet occurred, and (c) the expected receipts and recoveries once impaired.

In Philippine Peso

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 liablities.

The following are the contractual maturities of financial liabilities:

2018	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 – 12 months**	**Over 1 year**
Trade and other payables	**50,801,267**	**50,801,267**	**50,801,267**	**–**	**–**
Advances from related parties	**188,012,313**	**188,012,313**	**188,012,313**	**–**	**–**
	238,813,580	**238,813,580**	**238,813,580**	**–**	**–**

2017	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	Over 1 year
Trade and other payables	52,915,120	52,915,120	52,915,120	–	–
Advances from related parties	72,655,982	72,655,982	72,655,982	–	–
	125,571,102	125,571,102	125,571,102	–	–

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

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)

In Philippine Peso

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:

	2018	2017
Total liabilities	**250,378,965**	137,136,487
Total capital deficiency	**(14,626,300)**	104,613,774
Debt to equity ratio	**(17.12 : 1)**	1.31 : 1

The Group is not subject to externally imposed capital requirements.

20. SIGNIFICANT EVENTS

During the year, the Group actively participated in different infrastructure projects to attain financial sustainability and strengthen the Group's financial position.

One of the Group's major project it has participated in bidding was for the Clark International Airport Project (Operations and Maintenance) administered by the Bases Conversion and Development Authority (BCDA).

As of December 31, 2018, and 2017, the total project development costs incurred by the Group amounted to ₱98,300,000 and nil, 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, 2018, the Group's market capitalization is ₱15,739,160,620.

During the years 2018 and 2017, the Group has recognized provisions for the accrual of penalties, interest and surcharges for the unfiled PSE and SEC reportorial requirements amounting to ₱1,065,000 and ₱ 1,915,632, 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 consolidated 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. 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

In Philippine Peso

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, 2018 including the results of operations for the year ended December 31, 2018 is shown in the table below:

RESULT OF OPERATIONS

	Dredging	Port operations	Head offices	Consolidated
Revenues				
External sales	–	–	–	–
Total	–	–	–	–
Results				
Segment results	–	–	–	–
Interest income	–	–	2,230	2,230
Net income (loss)	–	–	**2,230**	**2,230**

SEGMENT ASSETS AND LIABILITIES

	Dredging	Port operations	Head offices	Consolidated
Segment assets	–	451,256	1,830,890	2,282,146
Segment liabilities	72,725,670	63,688,694	2,036,557	138,450,921

23. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

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

	2018	2017
Net loss attributable to equity holders of the Parent (a)	**(118,901,989)**	11,931,006
Weighted average number of shares outstanding (b)	**2,324,798,500**	2,324,798,500
Basic/diluted earnings (loss) per share (a/b)	**(0.051)**	0.005

As at December 31, 2018 and 2017, the Group has no dilutive debt or equity instruments.

24. EVENTS AFTER THE REPORTING DATE

The Board of Directors in a meeting on February 18, 2019 considered the offer of the Ultimate Parent to apply the advances on its unpaid contributions. (Note 7)

On November 22, 2019, Sultan 900 (Ultimate Parent Company) subscribe additional 10,000,000 common shares from unissued portion of authorized capital stocks with par value of ₱1 per share.

The subscriber (Sultan) will pay in cash amounting to ₱1,000,000,000 within one year from the date of subscription. (Note 1)

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 CONSOLIDATED 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, 2018 and December 31, 2017, in accordance with Philippine Standards on Auditing, on which we have rendered the attached report dated December 7, 2020.

Our audits were conducted for the purpose of forming an opinion on the consolidated 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. 08-001026-000-2018, issued on January 25, 2018; effective until January 24, 2021

By:

DANILO T. ALAS
Partner
CPA License No. 0027120
SEC A.N. (Individual) 1529-AR-1, issued on February 7, 2019; effective until February 6, 2022
TIN 132-466-021-000
BIR A.N. 08-001026-001-2018, issued on January 25, 2018; effective until January 24, 2021
PTR No. 8117109, issued on January 2, 2020, Makati City

December 7, 2020
Makati City, Philippines

Alas Oplas & Co., CPAs

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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, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016, and have issued our report thereon dated December 7, 2020. 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, 2018 and 2017 and no material exceptions were noted.

ALAS, OPLAS & CO., CPAs
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December 7, 2020
Makati City, Philippines

GLOBALPORT 900, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2018

*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 consolidated financial statements or in the notes thereto.

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION

As of December 31, 2018

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

Ratio	Formula		As at 2018	2017
Liquidity Ratio:				
Current ratio	Total Current Assets divided by Total Current Liabilities		**0.16:1**	0.34:1
	Total Current Assets	40,716,871		
	Divide by: Total Current Liabilities	250,378,965		
	Current ratio	0.16		
Quick ratio	Quick Assets (*Cash add Receivables – net*) divided by Total Current Liabilities		**0.16:1**	0.33:1
	Quick Assets	39,119,215		
	Divide by: Total Current Liabilities	250,378,965		
	Quick ratio	0.16		
Solvency Ratio:				
Debt ratio / Debt-to-asset ratio	Total Liabilities divided by Total Assets		**(1.06):1**	0.57:1
	Total Liabilities	250,378,965		
	Divide by: Total Assets	235,752,665		
	Debt-to-asset ratio	1.06		
Debt-to-equity ratio	Total Liabilities divided by Total Equity		**(17.12):1**	1.31:1
	Total Liabilities	250,378,965		
	Divide by: Total Equity	(14,626,300)		
	Debt-to-equity ratio	(17.12)		
Asset-to-equity ratio	Total assets divided by Total Equity		**(16.12):1**	2.31:1
	Total Assets	235,752,665		
	Divide by: Total Equity	(14,626,300)		
	Asset-to-equity ratio	(16.12)		
Interest Rate Coverage Ratio:	Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA) divided by Interest Expenses		**0.00:1**	0.00:1
	EBITDA	(119,242,179)		
	Divide by: Interest Expenses	–		
	Interest rate coverage ratio	0.00		

SCHEDULE III

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE OF EFFECTIVE STANDARDS AND INTERPRETATIONS
UNDER THE PFRS AS AT DECEMBER 31, 2018

[illegible]		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*	Not yet effective		
	Amendments to Clarify the Definition of a Business*	Not yet effective		
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	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	✓		

		Adopted	Not Adopted	Not Applicable
	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*	Not yet effective		
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 *	Not yet effective		
PFRS 17	Insurance Contracts*	Not yet effective		
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		

		Adopted	Not Adopted	Not Applicable
	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	✓		
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*	Not yet effective		
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*	Not yet effective		
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			✓

[illegible]		Adopted	Not Adopted	Not Applicable
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PAS 28: Clarifying certain Fair Value Measurements	✓		
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures *	Not yet effective		
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	✓		
	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			✓

		Adopted	Not Adopted	Not Applicable
	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	✓		
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	Not yet effective		
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, 2018.*

SCHEDULE IV
GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2018

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, 2018

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Sultan 900 Capital Inc	238,903,161	–	6,066,631	–	37,836,530	195,000,000	232,836,530

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE C
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED
DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOT APPLICABLE

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE D
LONG TERM DEBT
DECEMBER 31, 2018

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, 2018

Name of the Related Party	Balance at beginning of period	Balance at end of period
Sultan 900 Capital Inc.	-	110,000,000
Stockholders	72,655 982	76,012,313

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE F
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2018

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 filed	Nature of guarantee

NOT APPLICABLE

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE G
CAPITAL STOCK
DECEMBER 31, 2018

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	2,325,000,000	–	2,219,499,500	900	105,499,600

ANNEX "E"

203242129979303

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines
Tel:(632) 818-0921 Fax:(632) 818-5293 Email: mis@sec.gov.ph

Barcode Page

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Receiving Branch:	SEC Head Office
Receipt Date and Time:	March 19, 2021 08:24:00 AM
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Company Representative

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Company Information

SEC Registration No.	PW00000225
Company Name	GLOBALPORT 900, INC.
Industry Classification	WATER TRANSPORT
Company Type	Stock Corporation

Document Information

Document ID	203242129979303
Document Type	17-A (FORM 11-A:AANU)
Document Code	17-A
Period Covered	December 31, 2017
No. of Days Late	
Department	
Remarks	VIA: JRS

Date: 2021-11-25 Time: 08:32:10 AM

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Page 1 of 22 pages
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Verified by: D. ABAD

OR

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 **31 December 2017**

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**   **1605**
   Address of principal office   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 Stock	Number of Shares of Common Outstanding
Common Shares	2,324,798,500

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 [ ] No [X]

    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. (the "Company") voting stocks held by non-affiliates is 233,179,700, for market price ₱7.30 per share on 16 May 2014. The Company's trading has been suspended since May 2014.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development.

(i) The Company

The Company was incorporated on 1 May 1933 as Metropolitan Insurance Company to engage in the insurance business and was listed on 9 June 1948.

On 15 February 1999, the Board of Directors of the Company approved the (a) change in the corporate name from Metropolitan Insurance Company to MIC Holdings Corporation; (b) change in the primary purpose from insurance to that of a holding company; and (c) removal of pre-emptive rights, which changes were approved by the Securities and Exchange Commission ("SEC") on 7 July 1999. Consequently, the Insurance Commission cancelled the license of the Company to transact any insurance business effective 21 July 1999.

On 4 August 2011, Sultan 900 Capital Inc. ("Sultan 900") acquired Five Hundred Sixteen Thousand Two Hundred Seventeen (516,217) shares representing Ninety-Five and 22/100 Percent (95.22%) of the total issued and outstanding capital stock of the Company.

On 28 September 2011, the stockholders and the Board of Directors of the Company approved (a) the increase in the Company's authorized capital stock from One Hundred Million Pesos (₱100,000,000.00) to Two Billion One Hundred Million Pesos (₱2,100,000,000.00); (b) implementation of the 2008 stockholder resolution changing the par value of the Company's shares from One Hundred Pesos (₱100.00) to One Peso (₱1.00) per share; (c) increase in the number of directors from seven (7) to nine (9), which changes were approved by the SEC on 12 October 2011.

On 25 November 2011, the stockholders of the Company approved the (a) change in corporate name from MIC Holdings Corporation to Globalport 900, Inc.; (b) change in the primary purpose to "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 and outside the Philippines for the same purposes herein set forth including those incidental thereto and to guarantee obligations of these subsidiaries and affiliates and those of any entity in which the Corporation has lawful interest;" and (c) addition of "to promote, establish, operate, manage, hold, own or invest in any and all kinds of business enterprise or property, or assist or participate in the organization, merger or consolidation thereof and in connection with such activities to subscribe, to purchase or otherwise acquire shares of stock or other evidence of equity participation in any business enterprise or to purchase or otherwise acquire all or part of the asset franchise, concession, licenses or goodwill of any firm or establishment and assume or otherwise provide for the settlement of its obligation and liabilities without acting as stock broker or dealer in securities" as of the Company's secondary purposes, which changes were approved by the SEC on 7 December 2011.

The stockholders, in the annual stockholders' meeting held on 7 June 2012, and the Board of Directors, in its special meeting held on 4 May 2012, approved the (a) increase in the Company's authorized capital stock from Two Billion One Hundred Million Pesos (₱2,100,000,000.00) to Three Billion Pesos (₱3,000,0000,000.00); (b) deletion of Article II of the Company's by-laws pertaining to the investment of the Company of its capital in accordance with the Insurance Code; and (c) amendment of Article III Section 3 pertaining to the notices being sent within five (5) days to make the provision confirm with the requirements of the Securities Regulation Code (SRC) and its Implementing Rules and Regulations (IRR), which changes were approved by the SEC on 28 November 2012.

(ii) Subsidiaries

The direct subsidiaries of the Company as of 31 December 2017 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, 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. HCPHI had Sixty-Eight and 11/100 Percent (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.

- **Platinum Dredging Inc. ("PDI")** is a stock corporation incorporated in the Philippines and registered with the SEC on 15 August 2007, primarily to engage in general construction and general building, such as dredging and reclamation works as general contractor for port harbor and road, highway pavement, railway, airport horizontal structure and bridges, dam reservoir and tunneling, 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.

Business of Issuer. As a consequence of the change in the corporate name and primary purpose of the Company and as of 31 December 2011, it has explored possibilities of investing in companies engaged in the ports and shipping industry.

On April 4, 2012, the Company bought Ninety-Six and 32/100 (96.32%) Percent of HCPHI, a domestic holding company which is involved in port operations and management as well as One Hundred Percent (100%) of PDI, a domestic corporation engaged in the construction and dredging business related to ports.

The Company continues to look for other business ventures in port management, operations and management, 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 it had the most area to accommodate bulk and break-bulk cargoes in Manila.

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 will comply with the governmental regulations and seek 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. The effect on the Company of any probable government regulation could not be determined until the specific provisions of such regulation are known.

Research and Development. As of the date of this report, the Company is studying the possibilities of expanding its investments in other ports, shipping industries and possibly in infrastructure projects or investment within the country.

Employees. The Company has no employees as of reporting date but intended to hire its required manpower requirement when 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 and shipping industries 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 and financial advisors in the industry to do the 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 nil as of December 31, 2017 and December 31, 2016. 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 Ninety-Five and 22/100 Percent (95.22%) of the total issued and outstanding capital stock of the Company, the shares of the Company have not been actively trading since 31 December 1996, 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 Ventcap, 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 company's last recorded price per share in 2017 is as follows:

	High	Low
1st Quarter	7.30	7.30
2nd Quarter	7.30	7.30
3rd Quarter	7.30	7.30
4th Quarter	7.30	7.30

The closing price of the Company's common shares since May 16, 2014 is Seven and 30/100 Pesos (₱7.30).

The Company's public float is Ten and 82/100 Percent (10.82%) as of 31 December 2017.

Holders. The Company's capital stock consists of unclassified common shares. As of 31 December 2017, Ninety-Four and 15/100 Percent (94.15%) is owned by Filipinos while Five and 84/100 Percent (5.85%) is owned by other nationalities.

There are sixty-one (61) stockholders as of 31 December 2017 and the common shares outstanding is Two Billion Three Hundred Twenty-Four Million Seven Hundred Ninety-Eight Thousand Five Hundred (2,324,798,500) (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 (20) stockholders as of 31 December 2017 were as follows:

Shareholder's Name	Nationality	No. of Shares[1]	Percentage
Sultan 900	FIL	1,922,868,800	89.176
Aspac Logistics & Trading Pty Ltd	BVI/Foreign	126,000,000	5.843
Sherwin Mendiola	Fil	35,700,000	1.656
Emilio Tiu	Fil	34,755,000	1.612
Chris Ryan Cruz	Fil	20,580,000	0.954
Fausto Tiu	Fil	13,755,000	0.638
PCD Nominee Corporation	Fil	1,876,700	0.087
Antonio T. Deblois	Fil	211,800	0.010
Juanita E. Vda De Cacho	Fil	49,400	0.002
Nieves C. Santos Reyes	Fil	43,300	0.002
Paz G. Vda De Cacho	Fil	36,300	0.002
Jose Luis Abad	Fil	34,700	0.002
Juanita / Isabela Garcia	Fil	22,900	0.001
Roman R. Oblena Jr.	Fil	22,900	0.001
Josefina Coromina	Fil	17,500	0.001

[1] Based on paid-up capital

Leon Ma. Guerrero	Fil	17,500	0.001
Federico Elizalde	Fil	7,300	0.000
Lorenzo M. Tañada	Fil	6,400	0.000
PCD Nominee Corporation	Foreign	4,900	0.000
Pacifico De Ocampo	Fil	4,500	0.000

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. From the change in the corporate name and primary purpose of the Company in 2011, the Company has explored possibilities of investing in companies engaged in the ports operation and related industries.

On 4 April 2012, the Company bought Ninety-Six and 32/100 Percent (96.32%) of HCPHI, a domestic holding corporation which owned Sixty-Eight and 112/1000 Percent (68.112%) of HCPTI, as well as One Hundred Percent (100%) of PDI, a domestic corporation engaged in the construction business related to ports.

As of the date of this report, the Company has plans to expand its investment in other port related business with the end goal of being able to manage and/or operate or provide services to these ports, invest in various infrastructure projects, subject to the approval of the Board and the stockholders.

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 2017 with comparative figures of the previous years and as of end of year for 2015 and 2016.

	31 December 2015	**31 December 2016**	**31 December 2017**
Income Statement Data			
Total Revenue	–	3,928,571	–
Gross Profit	–	(3,401,383)	–
Earnings Before Interest and Tax (EBIT)	(35,411,210)	(41,138,892)	24,410,177
Net Income (Loss)	(35,411,210)	(41,138,892)	11,610,350
Depreciation	239,460	99,486	–
Taxes	–	–	12,799,827
Interest expense	–	–	–
Balance Sheet Data			
Total Current Assets	60,293,893	54,487,917	241,750,261
Property and Equipment – net	99,486	–	–
Total Assets	255,444,670	249,539,208	241,750,261
Current Liabilities	121,303,254	156,536,684	137,136,487
Total Liabilities	121,303,254	156,536,684	137,136,487
Stockholders' Equity	134,141,416	93,002,524	104,613,774
Total Liabilities & Stockholders' Equity	255,444,670	249,539,208	241,750,261
Current Ratio	0.497	0.348	1.763
Solvency Ratio	0.475	0.627	0.567

Debt to Equity Ratio	0.904	1.683	1.311
Interest rate coverage ratio	–	–	–
Gross Profit Margin	0.00%	-1.97%	0.00%
Net Profit Margin	0.00%	-10.47%	0.00%

Based on the above table, the following are the key performance indicators of the Company for 2017, 2016, and 2015:

(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 2017.

Platinum Dredging Inc., (PDI), one of the subsidiaries, incurred capital deficiency due to accumulated losses from the past years. It's management decided to cease its operations starting April 2017 and filed 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. It is hoped that with the recent stockholders meeting and change of it's Board of Directors last September 2017, there will be improvements in the Company's performance.

Item 7. Financial Statements

The 2017 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 10 July 2018 as the Company's independent external auditor for the years 2016, 2017, and 2018 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**	**2017**	**2016**
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	₱280,000
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 2017, are as follows:

Name	Age	Positions and Offices	Citizenship	Period Served
Edwin Joseph G Galvez	50	Member, Chairman of the Board of Directors ("BOD")	Filipino	29 Sept 2017 – present
Mervee M. Espejo	44	Member, BOD, President	Filipino	29 Sept 2017 – present
Agnes H. Maranan	57	Member, BOD, Corporate Secretary	Filipino	29 Sept 2017 – present
Frederick M. Arejola	36	Member, BOD, Treasurer	Filipino	29 Sept 2017 – present
E. Hans S. Santos	54	Member, BOD, Compliance Office	Filipino	29 Sept 2017 – present
Anthony Rolando T. Golez, Jr.	44	Member, BOD	Filipino	29 Sept 2017 – present
Leonardo M. Galang	36	Member, BOD	Filipino	29 Sept 2017 – present
Dorothy S. Cajayon (Independent Director)	68	Member, BOD	Filipino	29 Sept 2017 – present
Jose Marie E. Fabella (Independent Director)	41	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 2017 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 2017, are as follows:

EDWIN JOSEPH G. GALVEZ (Fifty (50) years old, Filipino) has more than Twenty-Eight (28) years of experience in the field of finance and banking operations, more than Eighteen (18) years in management, corporate and project finance, investment banking, and treasury functions in the port, shipping, construction, real estate, waste management, and power and energy industries. He is the Chairman and President of Sultan 900. He is likewise is a member of the Board of Directors and the Chief Finance Officer of HCPHI, a member of the Board of Directors of Zamboanga City Integrated Port Services, Inc. He served as 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 and Far East Bank & Trust Co. He took up his MBA from Asian Institute of Management and finished BSC – Business Management from the De La Salle University, Manila.

MARVEE M. ESPEJO (Forty-Four (44) years old, Filipino) is currently the Executive Vice President of Z.C. Integrated Port Services, Inc. and Vice President of Mikro-Tech Capital Inc. He served as the Vice President and Treasurer of Pacifica, Inc., He was likewise the 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, 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 (57) 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 (36) 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.

ANTHONY ROLANDO R. GOLEZ, M.D., MBAH (Forty-Four (44) years old, Filipino) is the CEO of Globalcity Mandaue Corporation. He served as the Representative of the Lone District of Bacolod City in 2010. While a Representative, he was the Senior Vice Chairman of the Health Committee and the Vice Chairman of the National Defense Committee. He principally authored 236 House Bills and

Resolutions and was considered as the "champion" of health care reforms for the country. He was Most Outstanding Congressman in 2011 and 2012, which award was given by the Superbrands Marketing Incorporated. He was Senior Deputy Press Secretary and the Deputy Presidential Spokesperson in 2007. He also served as the Deputy Administrator of the Office of Civil Defense and the Official Government Spokesperson of the National Disaster Coordinating Council in 2004. He was also educated in Bioterrorism and Crisis Management being a recipient of numerous trainings he underwent in the United States as a scholar of the US State Department and attended trainings and lectures at Pacific Command Pearl Harbor Hawaii, Pentagon-Washington and Federal Emergency Management Agency-FEMA. In October 2007, he was named as one of the Ten Outstanding Yong Men of the Philippines in the field of disaster management. In 2002, he entered the Department of Health as the Executive Assistant of Secretary Manuel Dayrit. He obtained his Masters in Business Administration in Health from the Ateneo Graduate School of Business and his Doctor of Medicine and Surgery from the University of Sto. Tomas.

E. HANS S. SANTOS (Fifty-Four (54) 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 (35) 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 (68) 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 Zamboaga 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. None of the directors and officers are not related by consanguinity or affinity.

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 SEC 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 Group's key management personnel amounted to nil in 2017

The Company 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	2017	2016	2015
–	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	2017	2016	2015
Globalport 900, Inc	N/A	–	–	–
Platinum Dredging, 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 2017, the persons known to the Company to be directly or indirectly the record or beneficial owner of more than Five Percent (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 P1.00 par value per share	Ownership
Common Shares	Sultan 900 Capital, Inc., R-100 Vitas Tondo, Manila (Stockholder)	N/A	Filipino	2,091,617,900	89.18%
Common Shares	Aspac Logistics & Trdg. Pty Ltd, PO Box 2234 IFS Chambers, Rd	N/A	Foreign	126,000,000	5.84%

	Town, BVI (Stockholder)				
Notes: (1)	Sultan 900 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 2017.

(1) Title of Class	(2) Name of Beneficial Owner	(3) Amount and nature of Beneficial Ownership at P1.00 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. Maranan	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%
	Dorothy S. Cajayon	100	Filipino	0.00%
	Jose Ma. E. Fabella	100	Filipino	0.00%
Directors and Executive Officers as a Group Common Shares		900	Filipino	0.00%

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

Changes in Control. The Company did not have change in control since its acquisition of Sultan 900 from Venicap, 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 owning Eighty-Nine and 18/100 Percent (89.18%) 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 Revised Manual on Corporate Governance on 30 July 2014.

Pursuant to the provisions of said Revised Manual on Corporate Governance (Manual), the Company has been monitoring its compliance as follows:

a. Compliance with SEC Memorandum Circular No. 2 dated 5 April 2002, as well as relevant Circulars on Corporate Governance have been monitored

b. The Company, its directors, officers, and employees complied with all the leading practices and principles on good corporate governance as embodied in the manual.

c. The Company has also complied with the appropriate performance for self-rating assessment and performance evaluation system to determine and measure compliance with the Manual.

d. The following sets for the explanations for incompleteness in the delay in compliance with the Manual:

Leading Practices and Principles on Good Corporate Governance	Explanation for Incompleteness or Delay in Compliance
(1) Management: Strategy Setting and Planning	The management has taken initiatives in setting its goals, strategic actions and plans but still in its initial stage.
(2) Organizational and Procedural Controls: (a) There is a professional development program for employees and officers and a succession plan for senior management. (b) The Company has formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration, if any of officers. (c) Develop a transparent financial management system in sufficient detail to ensure the integrity of internal control activities throughout the Company.	The management has plans to develop its organization and procedural controls. It will consider implementation of policies and procedures that will strengthen its system of checks and balances and will continue to keep abreast with and implement all rules and regulations on corporate governance as soon as it becomes operational.

The Corporation and its signatories manifest that due to circumstances beyond its control, the corporation and its authorized representatives have endeavored to complete this report based on the best information and documents available to the Corporation as of the date of the report. Further, the paucity of information for the year 2017 likewise appears to have arisen as the Corporation only had limited operations in 2017. The Corporation reserves the right to update this report should subsequent information becomes available.

The Company is likewise setting its strategic action plans, formulating the necessary policies and controls to strengthen its compliance and corporate governance as may be required by law, existing regulations and/or its Manual.

In addition to the actions taken above, 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 refer only to the Audited Financial Statements of the Company and its Subsidiaries and Reports on SEC Form 17-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 (6) months of 2017 follows:

Date	Particulars
20 July 2017	Item 9: Others – Notice and Agenda of the Annual Stockholders' Meeting
17 August 2017	Item 9: Others – Amended Schedule of the Annual Stockholders' Meeting
03 October 2017	Item 9: Others – Annual Stockholders' Meeting Approvals

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SEC FORM 17-A

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	49,969,792	238,903,161

Notes:

1. See Note 7 of the Notes to Consolidated Financial Statements
2. The Company made cash advances to its parent for investment purposes in 2012. The Company and Sultan 900, agreed to offset the recharges of marketing expenses by the latter to the Company as payment to its advances. The amount of ₱43,903,161 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.
3. The amount of ₱195,000,000 pertains to the proceeds from the sale of investment to MNHPI which was received by Sultan 900 during the year as part of HCPHI's investment diversification strategy and to carry on business development activities as concurred by both parties in an Intercompany Agreement. The amounts outstanding are non-interest bearing, unsecured, payable within five (5) years and will be settled through cash.

SCHEDULE F- Indebtedness to Related Parties

Name of Related Party (1)	Balance at Beginning of Period	Balance at End of Period (2)
Subsidiary*	47,155,042	–
Stockholders	61,723,503	72,655,982
Total	108,878,545	72,655,982

**Unconsolidated subsidiary. Refer to Note 3 of the Notes to Consolidated Financial Statements for details.*

Notes:

1. See Note 7 of the Notes to Consolidated Financial Statements
2. The advances from related parties 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 14 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 ~~MAR 1 2~~, 20 2021.

Issuer: **GLOBALPORT 900, INC.**

EDWIN JOSEPH G. GALVEZ
Chairman of the Board

FREDERICK M. AREJOLA
Treasurer

AGNES H. MARANAN
Corporate Secretary

PASIG CITY

SUBSCRIBED AND SWORN to before this _____ day of MAR 1 2 2021, affiant(s). Exhibiting to me their valid identifications, as follows:

NAMES	IDENTIFICATION INFORMATION
Edwin Joseph G. Galvez	SSS ID NO. 03-9369562-7
Frederick M. Arejola	Driver's License NO. N02-98-363745
Agnes H. Maranan	UMID CRN-0111-7398389-1

Doc. No. 272
Page No. 56
Book No. 191
Series of 2021

ATTY. CESAR D. AMORANTO
Notary Public
Pasig, San Juan, Pateros, M.M.
Until December 31, 2022
686 B Shaw Blvd, Kapitolyo, Pasig City
PTR No. 5242795 Jan. 4, 2021
IBP No. 131122 Oct. 23, 2020 Roll No. 6637
MCLE EXEMPT - Until April 14, 2022
Appointment No. 18 (2021-2022)

COVER SHEET
for
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

P W 0 0 0 0 0 2 5

COMPANY NAME

G L O B A L P O R T 9 0 0 , I N C .
A N D S U B S I D I A R I E S
(F o r m e r l y M I C H o l d i n g s , I n c .)

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

U N I T 2 7 0 1 O N E C O R P O R A T E C E N T R E
J U L I A V A R G A S A V E . , O R T I G A S
C E N T E R P A S I G C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
bo_galvez@yahoo.com		

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	bo_galvez@yahoo.com	+632) 637 8851	9178625232

Unit 2701 Corporate Centre Julia Vargas, Ortigas Center, Pasig City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within 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, 2017 AND 2016

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, 2017 and 2016**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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

Marvee M. Espejo
President

Frederick M. Arejola
Treasurer

Signed this 7th day of December 2020

SUBSCRIBED AND SWORN TO BEFORE ME THIS FEB 08 2021 AT PASIG CITY, AFFIANT EXHIBITED HIS/HER GOVERNMENT EVIDENCE OF IDENTITY

DOC. NO. 66
PAGE NO. 15
BOOK NO. 189
SERIES OF 2021

ATTY. CESAR D. AMORANTO
Notary Public
Pasig, San Juan, Pateros, M.M.
Until December 31, 2022
686 B Shaw Blvd, Kapitolyo, Pasig City
PTR No. 5242295 Jan. 4, 2021
IBP No. 131122 Oct. 23, 2020 Roll No. 6637
MCLE EXEMPT - Unit April 14, 2022
Appointment No. 18 (2021-2022)

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

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Signed this 7th day of December 2020

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66

DOC. NO. 15
PAGE NO. 4
BOOK NO. 89
SERIES OF 2021

ATTY. CESAR D. AMORANTO
Notary Public
Pasig, San Juan, Pateros, M.M.
Until December 31, 2022
686 B Shaw Blvd, Kapitolyo, Pasig City
PTR No. 5242795 Jan. 4, 2021
IBP No. 131122 Oct. 23, 2020 Roll No. 6637
MCLE EXEMPT - Unit April 14, 2022
Appointment No. 18 (2021-2022)

Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs
23/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
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www.alasoplascpas.com

Independent Member of
B K R International

INDEPENDENT AUDITORS' 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 years ended December 31, 2017 and 2016, on which we have rendered our report dated December 7, 2020.

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. 08-001026-000-2018, issued on January 25, 2018; effective until January 24, 2021

By:

Dan T. Alas

DANILO T. ALAS
Partner
CPA License No. 0027120
SEC A.N. (Individual) 1529-AR-1, issued on February 7, 2019; effective until February 6, 2022
TIN 132-466-021-000
BIR A.N. 08-001026-001-2018, issued on January 25, 2018; effective until January 24, 2021
PTR No. 8117109, issued on January 2, 2020, Makati City

December 7, 2020
Makati City, Philippines

Alas Oplas & Co., CPAs
Unit D F. Jack Building, 156 Aguinaldo Highway
San Agustin II, Dasmariñas City,
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INDEPENDENT AUDITOR'S REPORT

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

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, 2017 and 2016, 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, 2017 and 2016, 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 consolidated financial statements in the Philippines, and we have fulfilled our other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Without qualifying our opinion, we draw your attention on the Parent Company's trading suspension as disclosed in Note 1 to the consolidated financial statements. On May 9, 2014, the trading of the Parent's securities was suspended by the Philippine Stock Exchange (PSE) until further notice. As at reporting date, the trading of the Parent'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.

Investment in Stocks

During the year, the investment in stocks to Manila North Harbour Port, Inc. (MNHPI) was transferred to another company not related to the Group. The proceeds amounting to ₱195,000,000 related to this transfer of ownership was 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. In our view, this matter is significant to our audit because the amount of the receivable is material to the consolidated financial statements representing 80% of Group's total consolidated assets.

Audit Response
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. In addition, we assessed the sufficiency of disclosures in the consolidated financial statements related to these matters.

Derecognition of Subsidiary

Harbour Centre Port Holdings Inc. (HCPHI), one of the subsidiaries had direct ownership of 68.11% in Harbour Centre Port Terminal Inc. (HCPTI), subsequent to year 2013, HCPHI was involved in a legal case involving ownership of HCPTI. 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 settlement agreement was adopted and approved by the court in its decision on October 24, 2018, as a result, HCPHI lost its control over HCPTI. Following the loss of control by HCPHI, the management decided 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 HCPTI 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. We have obtained adequate audit evidence to corroborate the judgments made by the Management with respect to derecognition of its subsidiary. We obtained a copy of settlement agreement approved by the court and the board resolution for the management decision on derecognition of HCPTI.

Recoverability of Advances to Related Party
As at December 31, 2017, the Group has outstanding advances from related party amounting to ₱43,903,161. 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. The Management disclosure about the transaction and recoverability of the amount is included in Note 7 of the consolidated financial statement.

Audit Response
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 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 Group.

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, 2017 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, 2017 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 Standard, 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 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.

Alas Oplas & Co., CPAs

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 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
SEC A.N. (Firm) 0321-FR-1, issued on February 7, 2019; effective until February 6, 2022
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By:

DANILO T. ALAS
Partner
CPA License No. 0027120
SEC A.N. (Individual) 1529-AR-1, issued on February 7, 2019; effective until February 6, 2022
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December 7, 2020
Makati City, Philippines

GLOBALPORT 900, INC. AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016
In Philippine Peso

	Notes	2017	2016
ASSETS			
Current Assets			
Cash	8	**1,249,444**	1,492,857
Trade and other receivables	9	**–**	584,000
Advances to related parties	7	**43,903,161**	49,969,792
Prepayments and other current assets	10	**1,597,656**	2,441,268
Total Current Assets		**46,750,261**	54,487,917
Non-Current Assets			
Advances to related parties	7	**195,000,000**	–
Investment in stocks	11	**–**	195,000,000
Deferred tax assets	20	**–**	51,291
Total Non-Current Assets		**195,000,000**	195,051,291
TOTAL ASSETS		**241,750,261**	249,539,208
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	**52,915,120**	94,813,181
Advances from related parties	7	**72,655,982**	61,723,503
Income tax payable		**11,565,385**	–
Total Liabilities		**137,136,487**	156,536,684
Equity			
Share capital	14	**2,156,250,900**	2,156,250,000
Additional paid-in-capital	14	**268,309**	268,309
Treasury shares	14	**(595,111)**	(595,111)
Deficit		**(2,056,484,213)**	(2,068,415,219)
Equity attributable to the equity holders of the Parent		**99,439,885**	87,507,979
Non-controlling interests	3	**5,173,889**	5,494,545
Total Equity		**104,613,774**	93,002,524
TOTAL LIABILITIES AND EQUITY		**241,750,261**	249,539,208

See Notes to Consolidated Financial Statements.

GLOBALPORT 900, INC. AND SUBSIDIARIES
(Formerly MIC Holdings, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015
In Philippine Peso

	Notes	**2017**	2016	2015
Revenue	15	–	3,928,571	–
Cost of services	16	–	(7,329,954)	–
Gross profit		–	(3,401,383)	–
General and administrative expenses	17	**(22,745,244)**	(37,737,735)	(35,413,037)
Other income	13	**47,155,421**	226	1,827
Income (loss) for the year		**24,410,177**	(41,138,892)	(35,411,210)
Income tax expense	20	**12,799,827**	–	–
Net income (loss) for the year		**11,610,350**	(41,138,892)	(35,411,210)
Other comprehensive income		–	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**11,610,350**	(41,138,892)	(35,411,210)
Comprehensive income (loss) attributable to:				
Equity holders of the Parent		**11,931,006**	(40,539,890)	(34,749,356)
Non-controlling interests	3	**(320,656)**	(599,002)	(661,854)
BASIC/DILUTED INCOME (LOSS) PER SHARE	24	**0.005**	(0.017)	(0.015)

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, 2017, 2016 AND 2015
In Philippine Peso

	Attributable to equity holder of the parent						
	Share capital – Note 14	Additional paid-in capital	Treasury shares – Note 14	Deficit	Total	Non-controlling interests – Note 3	Total
Balance at December 31, 2014	2,156,250,000	268,309	(595,111)	(1,993,125,973)	162,797,225	6,755,401	169,552,626
Total comprehensive loss	–	–	–	(34,749,356)	(34,749,356)	(661,854)	(35,411,210)
Balance at December 31, 2015	2,156,250,000	268,309	(595,111)	(2,027,875,329)	128,047,869	6,093,547	134,141,416
Total comprehensive loss	–	–	–	(40,539,890)	(40,539,890)	(599,002)	(41,138,892)
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 – Note 14	**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**

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, 2017, 2016 AND 2015
In Philippine Peso

	Notes	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**24,410,177**	(41,138,892)	(35,411,210)
Adjustments for:				
Depreciation	12	**–**	99,486	239,450
Advertising and promotion	7, 17	**6,066,631**	6,066,746	–
Extinguished liability	13	**(47,155,042)**	–	–
Interest income	18	**(379)**	(226)	(1,827)
Operating loss before working capital changes		**(16,678,613)**	(34,972,886)	(35,173,587)
Decrease (increase) in operating assets:				
Trade and other receivables	9	**584,000**	82,005	8,633,833
Prepayments and other current assets	10	**(339,539)**	(158,402)	(427,683)
Increase (decrease) in operating liabilities:				
Trade and other payables	13	**5,256,981**	(16,386,835)	19,150,528
Cash used in operations		**(11,177,171)**	(51,436,118)	(7,816,909)
Interest received	18	**379**	226	1,827
Net cash used in operating activities		**(11,176,792)**	(51,435,892)	(7,815,082)
CASH FLOWS FROM INVESTING ACTIVITY				
Collection from advances to related parties	7	**–**	–	100,500
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash advances from related parties	7	**12,385,069**	51,653,265	7,841,161
Payments made to related parties	7	**(1,452,590)**	(33,000)	–
Proceeds from issuance of capital	14	**900**	–	–
Net cash generated from financing activities		**10,933,379**	51,620,265	7,841,161
NET INCREASE (DECREASE) IN CASH		**(243,413)**	184,373	126,579
CASH AT BEGINNING OF YEAR	8	**1,492,857**	1,308,484	1,181,905
CASH AT END OF YEAR	8	**1,249,444**	1,492,857	1,308,484

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 and with the Bureau of Internal Revenue (BIR) on January 22, 1997. The Parent Company is a public company whose shares are listed in Philippine Stock Exchange (PSE). 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 incidental thereto. On December 7, 2011, the SEC approved the change in corporate name of the Parent to Globalport 900, Inc. and the primary purpose of business.

On August 4, 2011, Sultan 900 Capital, Inc. ("Sultan 900" or "the Ultimate Parent Company"), a corporation registered with the SEC, acquired the ownership interest of Ventcap, Inc. ("Ventcap") in the Parent Company, including the deposit for future share subscription.

The Parent Company increased its authorized share capital through stock split from ₱100 million to ₱2.1 billion, and the reduction in the par value from ₱100 to ₱ 1 per share as approved by the Securities and Exchange Commission (SEC) on October 12, 2011. On November 29, 2012, the SEC approved another increase in authorized share capital from ₱2.1 billion to ₱3 billion. The proceeds from the increase in authorized share capital were used to finance the Parent Company's investments plans and undertakings. As at December 31, 2017, the Parent Company is 89.18% owned by Sultan 900.

Thru a share purchase agreement executed between the Parent Company and Sultan 900 (ultimate Parent) on April 4, 2012, 96.32% equity interest in Harbour Centre Port Holdings, Inc. (HCPHI) was acquired by the Parent Company from Sultan 900 for ₱1.638 billion. HCPHI is a domestic corporation registered with the SEC on September 12, 2007 as a holding company. HCPHI had 6.5% interest ownership over Manila North Harbour Port, Inc. (MNHPI), an entity engaged primarily to own, invest, manage, develop, maintain and operate the Manila North Harbour, and other port properties.

On April 4, 2012, a share purchase agreement was also executed between the Parent Company and Sultan 900, where the former acquired the latter's 100% equity interest in Platinum Dredging Inc. (PDI), with the consideration of ₱300 million. PDI is a domestic corporation registered with the SEC on August 15, 2007, primarily to engage in dredging and rehabilitation works, and general construction and general building such as but not limited to ports, roads, water supply, sewerage and sewage treatment/disposal plant.

The Parent Company and its subsidiaries (HCPHI and PDI) 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, 2017, 2016 and 2015 were reviewed by and authorized for issuance by the Board of Directors on December 7, 2020.

Status of Operation
On May 9, 2014, the trading of the Parent Company's securities was suspended by the PSE until further notice due to the Company's failure to comply with the structured reportorial requirements of the Exchange. As at reporting date, the trading of the Parent Company's securities is still suspended.

As at December 31, 2017, 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 consolidated 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. As of the date of this report, the Group has plans to expand its investment in other various business with the end goal of being able to manage and/or operate subject to the approval of the Board.

In Philippine Peso

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, 2017, 2016 and 2015.

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 income and net assets not held by the Parent and are presented separately in the consolidated statement of comprehensive income 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 subsidiaries as follow:

Name of Subsidiaries	Place of incorporation	Principal activities	Ownership interest
Harbour Centre Port Holdings Inc. (HCPHI)	Quezon City	Holding company	96.32%
Platinum Dredging Inc. (PDI)	Manila	General construction	99.99%

Harbour Centre Port Holdings Inc. (HCPHI) and Platinum Dredging Inc. (PDI) were 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.

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 Philippine Peso

Subsequent to 2013, HCPHI was involved in a legal case involving the ownership of HCPTI. The dispute on the ownership of HCPTI restricted HCPHI's access to HCPTI financial records and caused the delay in preparing the consolidated financial statements of the Group. Accordingly, the consolidated financial statements of the Group as at December 31, 2017 and 2016 do not include HCPTI.

On September 5, 2018, the parties involved in the ownership dispute entered into a settlement agreement and this was embodied in a court order on October 24, 2018. The settlement agreement irrevocably waived, relinquished and renounced any and all interest over any and all shares of stock, assets and business in all the companies which the parties have common ownership including HCPTI. Consequently, the said investment to HCPTI was derecognized and was not included in the consolidated financial statements.

The separate financial statements of Harbour Centre Port Holdings Inc. (HCPHI) for the years ended December 31, 2017 and 2016 were audited by other independent auditors (other than Alas, Oplas & Co. CPAs) whose report dated October 10, 2018 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	2017	2016
Harbour Centre Port Holdings Inc. (HCPHI)	Quezon City	**3.68%**	3.68%

Accumulated Losses of Material Non-controlling Interests

	2017	2016
Harbour Centre Port Holdings, Inc. (HCPHI)	**(57,326,112)**	(57,005,455)

Net Loss Attributable to Material Non-controlling Interests

	Years Ended December 31		
	2017	2016	2015
Harbour Centre Port Holdings, Inc. (HCPHI)	**(320,656)**	(599,002)	(661,854)

The summarized financial information of HCPHI are provided in the succeeding section.

Summarized Statements of Financial Position

	2017	2016
Cash	**365,156**	365,156
Receivable from related party	**195,000,000**	–
Prepayments and other current assets	**925,571**	586,085
Investments in stocks	–	195,000,000
Current liabilities	**54,065,497**	45,012,520

Summarized Statements of Comprehensive Income

	Years Ended December 31		
	2017	2016	2015
General and administrative expenses	**(8,713,491)**	(16,277,216)	(17,985,167)
Loss before income tax	**(8,713,491)**	(16,277,216)	(17,985,167)
Provision for income tax	–	–	–
Net loss	**(8,713,491)**	(16,277,216)	(17,985,167)
Other comprehensive income	–	–	–
Total comprehensive loss	**(8,713,491)**	(16,277,216)	(17,985,167)

In Philippine Peso

Summarized Statements of Cash Flows

	Years Ended December 31		
	2017	2016	2015
Operating	**(9,052,977)**	(45,560,996)	(71,812)
Investing	-	-	-
Financing	**9,052,977**	45,560,996	71,812
	-	-	-

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.

Due to PDI's accumulated losses from the past years, the Company resulted to capital deficiency as of December 31, 2017 and 2016. The management of PDI decided to cease its operations starting April 2017 and go into voluntary liquidation. Consequently, the court declared PDI as insolvent through liquidation order received by the Company on September 27, 2019.

The financial statements of Platinum Dredging Inc. (PDI) for the years ended December 31, 2017 and 2016 were audited by other independent auditors (other than Alas, Oplas & Co. CPAs) whose report dated July 26, 2019 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.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2017. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)

  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

  Adoption of these amendments did not have any impact on the Group's consolidated financial statements.

  These amendments are not expected to have any impact of the Group.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*

  The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

  Adoption of these amendments did not have any impact on the Group's financial position, performance or disclosures.

  The Group has provided the required information elsewhere to the consolidated financial statements. As allowed under the transition provisions of the standard, the Group did not present comparative information for the year ended December 31, 2017.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions upon the reversal of the deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

New and Revised PFRSs in Issue 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 will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share based Payment Transactions*

  The amendments to PFRS 2 address the three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity method.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective applications are permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

These amendments are not expected to have any impact on the Group's financial reporting.

- PFRS 9, *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting and on the amount of its credit losses. The Group is currently assessing the impact of adopting this standard.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

  The amendments are not applicable to the Group since the Group has no activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for all annual periods beginning on or after January 1, 2018.

  PFRS 15 is more prescriptive than the current PFRS for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive. The standard will affect entities across all industries. Adoption will be a significant undertaking for most entities with potential changes to their current accounting systems and processes.

Therefore, a successful implementation will require an assessment of and a plan for managing the change.

The Group is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of Annual Improvements to PFRS 2014 – 2016 Cycle)

  The amendments clarify than entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself and investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain fair value measurement applied by that investment entity associate or joint venture to the investment entity associates' or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advances consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advances consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation of the beginning of a prior reporting period presented as a comparative information in the consolidated financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

- 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 (e.g., personal computers) and short-term leases (i.e., 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 will be also required to remeasure 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 remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

  Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

  The Group is currently assessing the impact of adopting PFRS 16.

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

  The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

- 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 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.

The Group is currently assessing the impact of adopting this interpretation.

Deferred effectivity

- Amendments to PFRS 10 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 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, Business Combinations. 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 of joint ventures.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed 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 amendments are not applicable since the Group does not have any sale or transfer of investments in other entities.

5. SUMMARY OF 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 Assets

Date of Recognition
The Group recognizes a financial asset in the statements of financial position when it becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets on initial recognition and, where applicable and appropriate, re-evaluates this designation at each reporting date. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

Regular way purchases or sales of financial assets require delivery of assets within the period generally established by regulations or convention in the marketplace.

Initial Recognition
Financial assets are initially measured at cost, which is the fair value at inception. Transaction costs are expense as incurred.

Classification
Subsequent to initial recognition, the Group classifies its financial assets into the following categories: 'financial assets 'at fair value through profit or loss' (FVPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets, and loans and receivables.

The classification depends on the nature and purpose for which the financial assets are acquired and is determined at the time of initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of December 31, 2017, and 2016, the Group has no financial assets at FVPL and held-to-maturity investments.

Available-for-sale (AFS) financial assets.
This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from income taxes. Fair value is determined based on the quoted closing market prices on the last market day of the financial year.

When the asset is disposed or determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from revaluation reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Reversal of impairment loss is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented in the consolidated statements of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

The Available-for-sale (AFS) financial asset of the Group pertains to the investment in shares of stocks of Harbour Centre Port Holdings, Inc. to Manila North Harbour Port, Inc. which was previously accounted for as investment in joint venture.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or FVPL financial assets.

Loans and receivables are classified under current assets if it is expected to be received within twelve (12) months from the reporting date. Otherwise, these are classified under noncurrent assets.

The Group's loans and receivables consist of cash, trade and other receivables and advances to related parties.

Cash
In the consolidated statements of cash flows, cash includes cash in banks. The Group recognized cash as current assets when the cash is not restricted from being exchanged or used to settle liability for at least twelve months after the end of the reporting period.

Cash is valued at face value. Cash in foreign currency is valued at the current exchange rate. Cash in banks are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. If a bank holding the funds of the Group is in bankruptcy or financial difficulty, cash should be written down to estimated realizable value if the amount recoverable is estimated to be lower than the face amount.

Trade and other receivables
Trade and other receivables are amounts due from customers for services rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment.

Advances to Related Parties
Advances to related parties are the aggregate amount of receivables to be collected from 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 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.

Determination of Fair Value
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 to 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.

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 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.

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

Impairment of Financial Assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset (a loss event), and the estimated future cash flows of the financial asset that can be reliably estimated have been affected by such loss event.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 120 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

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

Derecognition of Financial Assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its right to receive cash flow from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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 or the maximum amount of consideration that the Group could be required to repay.

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognized directly in the statements of changes in equity in the statements of comprehensive income.

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 statement of financial position. Otherwise, it is classified as non-current asset. Other current assets recognized by the Group include prepaid insurance, prepaid income tax and 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

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 ta 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 it's 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, 2017 and 2016.

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, it's 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. Treasure 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.

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 consolidated statements 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 consolidated 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, 2017, and 2016, 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.

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.

Non-consolidation of Entities in which the Group Holds More than 50% ownership
HCPHI, one of the subsidiaries, had ownership interest of 68.11% in Harbour Centre Port Terminal Inc. In making the assessment of whether it has control over the relevant activities of HCPTI, management considers the legal dispute involving the ownership of the said entity.

Subsequent to 2013, HCPHI was involved in a legal case involving ownership of HCPTI. The dispute on ownership restricted access by HCPHI to HCPTI's financial records that caused the delay in preparing the consolidated financial statements of the Group. Accordingly, the consolidated financial statements of the Group as at December 31, 2017 and 2016 do not include HCPTI.

Judgment on the outcome of legal dispute
HCPHI, one of the subsidiaries, was involved in legal proceedings relating to its ownership over HCPTI. The estimate of the probable costs for the resolution of possible claims have been developed in consultation with the external defense counsel handling the matter and is based upon an analysis of potential results. The litigations in which one of the subsidiaries was involved into was expected to have a material adverse impact on the Group's financial condition and results of operations.

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. See note 3.

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 Financial Assets
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 financial assets.

The carrying amount of financial assets tested for impairment amounted to ₱238,903,160 and ₱50,553,792 which consists of advances to related parties and trade and other receivables, as of December 31, 2017 and 2016, respectively as disclosed in Note 7 and 9. No allowance for impairment was recognized in 2017 and 2016 except to what has been provided for impairment loss in the past years.

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 investment in stocks 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 nil and ₱195,000,000 as of December 31, 2017 and 2016, respectively, as disclosed in Notes 11.

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.

In Philippine Peso

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 statements 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
Officer and stockholders		Key management personnel

As disclosed in Notes 3 and 6, the court approved and adopted the settlement agreement in its decision on October 24, 2018. As a result, HCPHI, one of the subsidiaries, has no control over Harbour Centre Port Terminal, Inc (HCPTI). Following this, the management decided to derecognize its interest over HCPTI's assets, liabilities and interest over entities in consolidated level. 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 and 2016.

Accordingly, HCPTI was not recognized by the Group as related party in these consolidated financial statements.

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 years ended December 31, 2017 and 2016.

In Philippine Peso

The Group's transaction and balances with related parties as of December 31, 2017 and 2016 are as follows:

		Transaction	Balances		Terms and conditions
Entity	**Year**	**Advertising and Promotion** – Note 17	**Advances to**	**Advances from**	
a) Sultan 900 Capital, Inc.	**2017**	**6,066,631**	**238,903,161**	**–**	no fixed term; non-interest bearing, unsecured
	2016	6,066,746	49,969,792	–	
b) Stockholder	**2017**	**–**	**–**	**72,655,982**	non-interest bearing, unsecured, payable on demand
	2016	–	–	61,723,503	
	2017	**6,066,631**	**238,903,161**	**72,655,982**	
	2016	6,066,746	49,969,792	61,723,503	

In Philippine Peso

a) The Group has entered into an agreement on January 2016 to share in advertising and marketing with its Ultimate Parent, Sultan 900 Capital, Inc. (see Note 17)

Offsetting

The Group made a 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 (see note 17). As of December 31, 2017, and 2016, the total advances to Sultan 900, Inc., amounted to ₱238,903,161 and ₱49,969,792, respectively.

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

	2017	2016
Balance, beginning of year	**49,969,792**	56,036,538
Offsetting	**(6,066,631)**	(6,066,746)
Addition to advances (a.1)	**195,000,000**	–
Balance, end of year	**238,903,161**	49,969,792
Current portion	**43,903,161**	49,969,792
Non-current portion (a.1)	**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 guarantees have been received and no provisions have been made for any impaired amount owed by related parties.

a.1) Receivable from Related Party

During the year, HCPHI's investment in stocks to Manila North Harbour Port, Inc. (MNHPI) was disposed to another company not related to the Group. The same was motivated by the pendency of the dispute involving HCPTI and other companies. The proceeds amounting to ₱195,000,000 was received by Sultan 900 (the 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 receivable is non-interest bearing and will be repayable within five (5) years from the date of agreement and will be payable in cash. Sultan has the option to repay all or any portion of it at any time or from time to time.

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 movement in the account is as follows:

	2017	2016
Balance, beginning of year	**61,723,503**	10,103,238
Advances made during the year	**12,385,069**	51,653,265
Payments made during the year	**(1,452,590)**	(33,000)
Balance, end of year	**72,655,982**	61,723,503

The amounts outstanding are non-interest bearing, unsecured, payable on 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.

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

In Philippine Peso

Lease Agreement
The Group entered into an agreement with Mikro-Tech Capital, Inc. 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.

The Group has no employees holding managerial position as of December 31, 2017 and 2016. There was no member of the Board of Directors whom 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. CASH

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

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

Cash in banks pertain to savings account with local banks which amounts to ₱1,249,444 and ₱1,492,857 as at December 31, 2017 and 2016, respectively.

Cash in banks earn interest at the respective bank deposit rates. Interest income earned for the years ended December 31, 2017 and 2016 amounted to ₱379 and ₱226, respectively as disclosed in Note 18.

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

The Group's exposure to credit and foreign currency risks related to cash in banks is disclosed in Note 21 to the consolidated financial statements.

9. TRADE AND OTHER RECEIVABLES

This account consists of:

	2017	2016
Trade receivables	**17,550,263**	17,550,263
Allowance for doubtful accounts	**(17,550,263)**	(17,550,263)
	–	–
Advances for liquidation	–	584,000
	–	584,000

Trade receivables are usually due within 30 to 90 days and are non-interest bearing.

In 2014, the management of HCPHI has provided an allowance for impairment loss on the outstanding balance of receivables of the Group amounting to ₱17,550,263 due to non-collectability of accounts.

Advances for liquidation account pertains to the advances given to officers and employees that serves as revolving fund for day-to-day operations and expenses such as transportation and supplies. These advances to officers and employees are short-term, unsecured and non-interest bearing and are settled through salary deduction or liquidation.

In Philippine Peso

10. PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2017	2016
Input VAT	**1,597,656**	1,258,170
Creditable withholding tax	-	1,183,098
	1,597,656	2,441,268

Input tax can be applied against output tax. Management believes that the amount is fully realizable in the future.

Creditable withholding tax pertain to the excess tax credit to be credited to the next quarter or taxable year.

11. INVESTMENT IN STOCKS

The Group's investment consists of investment in shares of stock representing the ownership interest of Harbour Centre Port Holdings, Inc. (HCPHI) to Manila North Harbour Port, Inc. (MNHPI). MNHPI is a domestic corporation engaged in the development and operations of port facilities.

The Group's ownership interest to MNHPI was 19.5%. In the year 2013 and 2014, the interest in MNHPI was accounted as investment in shares of stock and the carrying amount of the investment amounted to ₱195,000,000, as presented in the consolidated statements of financial position.

In February 18, 2015, the Securities and Exchange Commission (SEC) approved MNHPI's increase in authorized capital stock. MNHPI increased it's authorized capital stock by ₱2 billion or from ₱1 billion divided into 10 million shares to ₱3 billion divided into 30 million shares with par value of ₱100 per share.

Consequently, the shareholdings structure has changed, and the Group's ownership was diluted from 19.5% ownership interest (Harbour Centre Port Holdings, Inc. to Manila North Harbour Port, Inc.) to 6.5% ownership interest as at December 31, 2015.

No dividends received from this investment as at December 31, 2017 and 2016.

Receivable from Related Party
During the year, HCPHI's investment in stocks to Manila North Harbour Port, Inc. (MNHPI) was disposed to another company not related to the Group. The same was motivated by the pendency of the dispute involving HCPTI and other companies. The proceeds amounting to ₱195,000,000 was received by Sultan 900 (the 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 receivable is non-interest bearing and will be repayable within five (5) years from the date of agreement and will be payable in cash. Sultan has the option to repay all or any portion of it at any time or from time to time. (see Note 7)

In Philippine Peso

12. PROPERTY AND EQUIPMENT – NET

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

2017	Machinery and equipment	Transportation equipment	Furniture and fixtures	Total
Cost at beginning of year	359,542,025	1,200,000	9,290,041	370,032,066
Derecognition	(359,542,025)	–	–	(359,542,025)
At end of year	–	1,200,000	9,290,041	10,490,041
Accumulated depreciation				
At beginning of year	359,542,025	1,200,000	9,290,041	370,032,066
Derecognition	(359,542,025)	–	–	(359,542,025)
At end of year	–	1,200,000	9,290,041	10,490,041
Carrying Amount	–	–	–	–

2016	Machinery and equipment	Transportation equipment	Furniture and fixtures	Total
Cost	359,542,025	1,200,000	9,290,041	370,032,066
Accumulated depreciation				
At beginning of year	359,542,025	1,200,000	9,190,555	369,932,580
Depreciation	–	–	99,486	99,486
At end of year	359,542,025	1,200,000	9,290,041	370,032,066
Carrying Amount	–	–	–	–

The depreciation expense recognized amounted to nil and P99,486 in 2017 and 2016, respectively as disclosed in Note 17.

The property and equipment were majority owned by PDI, one of the subsidiaries which is currently under liquidation process as disclosed in note 3.

During the year machineries and equipment of PDI which were already impaired were derecognized.

As of December 31, 2017, and 2016, 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 aside from the impairment loss recognized in the past years.

There are no property and equipment items as at December 31, 2017 and 2016 that are pledged as security to liabilities.

In Philippine Peso

13. TRADE AND OTHER PAYABLES

This account consists of:

	2017	2016
Outside parties	**40,135,674**	39,941,392
Accrued expenses	**5,485,692**	3,221,698
Payable to government agencies	**4,593,754**	4,495,049
Other payables	**2,700,000**	47,155,042
	52,915,120	94,813,181

Trade payable includes obligations to the suppliers which are related to the services rendered to the Group.

Accrued expenses generally include professional fees, penalties and interest and other expenses that were incurred but not yet paid as at reporting date.

Other payables refer to advances of PDI, one of the subsidiaries from its former related entity. This amount was previously recorded as advances from affiliate, however, due to finalized settlement agreement on October 24, 2018 by the court as disclosed in Notes 3, 6 and 7, the management decided to reclassify this amount as other payable in December 31, 2016. The payable amount of ₱47,155,042 was derecognize and reported as other income by PDI as at December 31, 2017 as disclosed in Note 18.

14. SHARE CAPITAL

The share capital of the Group is as follows:

	2017	2016
Share capital	**2,156,250,900**	2,156,250,000
Additional paid-in-capital	**268,309**	268,309
	2,156,519,209	2,156,518,309

Components of share capital are as follows:

	2017		2016	
	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 and paid- up				
Subscribed				
Ordinary shares at ₱1 par	**2,325,000,000**	**2,325,000,000**	2,325,000,000	2,325,000,000
Less:				
Subscription receivable	**168,749,100**	**168,749,100**	168,750,000	168,750,000
Paid-up capital	**2,156,250,900**	**2,156,250,900**	2,156,250,000	2,156,250,000

On October 12, 2011, the increase in the number of authorized shares and reduction in par value of share was approved by the SEC. The increase in authorized share capital of the Parent Company was through a stock split from ₱100 million to ₱2.1 billion, and the reduction in the par value from ₱100 to ₱1 per share.

On November 29, 2012, the SEC approved another increase in authorized share capital from ₱2.1 billion to ₱3 billion. The proceeds from the increase in authorized share capital were used to finance the Parent Company's investments plans and undertakings. As at December 31, 2017 and 2016, the Parent Company is 89.18% owned by Sultan 900.

Book value per share
Book value per share amounted to ₱0.045 and ₱0.040 in 2017 and 2016, respectively.

In Philippine Peso

Treasury shares
This consists of 201,500 common shares, stated at acquisition cost of ₱595,111 as of December 31, 2017 and 2016.

15. REVENUE

The Group's generated revenue from its operation amounting to nil and ₱3,928,571 and nil in 2017, 2016 and 2015, respectively.

16. COST OF SERVICES

This account consists of:

	Note	2017	2016	2015
Outside services		–	5,426,144	–
Repair and maintenance		–	1,318,202	–
Personnel costs	19	–	404,170	–
Other expenses		–	181,438	–
		–	7,329,954	–

17. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

	Notes	2017	2016	2015
Professional fees		**10,020,943**	17,961,009	18,530,715
Advertising and promotion	7	**6,066,631**	6,066,746	–
Penalties and interest		**1,995,141**	3,159,241	320,000
Personnel costs	19	**1,844,633**	7,285,083	6,291,716
Repairs and maintenance		**943,048**	31,590	791,819
Membership and association dues		**288,960**	563,360	–
Transportation and travel		**272,827**	130,905	426,183
Representation expense		**130,193**	515,404	4,803,059
Rent expense		**45,030**	91,253	41,393
Utilities expense		**28,983**	54,198	33,705
Taxes and licenses		**26,434**	1,033,067	330,126
Office supplies		**18,979**	35,471	–
Fuel expense		**11,474**	24,099	88,210
Depreciation expense	12	–	99,486	239,450
Security services		–	11,067	381,768
Communication expense		–	–	54,198
Outside services		–	–	10,000
Other expenses		**1,051,968**	675,756	3,070,675
		22,745,244	37,737,735	35,413,037

Advertising and promotion pertain to the recharges of marketing expenses by Parent Group (see Note 7). Penalties pertains to accrued fees and charges of government regulatory agencies such as Philippine Stock Exchange (PSE), Philippine Securities of Exchange Commission (SEC), and Bureau of Internal Revenue (BIR).

Professional fees pertain to the following expenses:

	2017	2016	2015
Legal	**9,360,943**	17,301,009	18,010,715
Others	**660,000**	660,000	520,000
	10,020,943	17,961,009	18,530,715

In Philippine Peso

18. OTHER INCOME

	Notes	2017	2016	2015
Income on reversal of payables	13	**47,155,042**	–	–
Interest income	8	**379**	226	1,827
		47,155,421	226	1,827

The income on reversal of payables pertains to an adjustment of advances of PDI from its former related party Harbour Centre Port Terminal, Inc. (HCPTI) as disclosed in Note 13.

19. PERSONNEL COST

The account is composed of the following expenses of the subsidiaries:

	2017	2016	2015
Salaries and wages	**1,637,370**	6,988,626	6,022,389
Employee benefits	**143,869**	700,627	–
Government contributions	**63,394**	–	269,327
	1,844,633	7,689,253	6,291,716

20. INCOME TAXES

Income Tax Recognized in Profit or Loss

Components of income tax expense (benefit) by the Group were as follows:

	2017	2016	2015
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 2017, 2016 and 2015 are as follows:

	2017	2016	2015
Accounting profit (loss)	**24,410,177**	(41,138,892)	(35,411,210)
Tax expense at the statutory rate of 30%	**7,323,053**	(12,341,668)	(10,623,363)
Adjustments for income subjected to lower income tax rates:	**142**	85	685
Tax effect of expenses that are not deductible:			
Penalties and surcharges	**574,690**	947,772	96,000
Professional fees	**82,669**	–	5,329,007
Applied MCIT	**51,291**	–	–
Representation expense	–	154,621	1,440,918
Other non-deductible expenses	**2,508,443**	–	–
Effect of unrecognized NOLCO*	**2,259,539**	11,239,190	3,756,753
	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 during the year from which the MCIT can be applied.

In Philippine Peso

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, 2017:

Year Incurred	Amount	Applied current year	Expired	Unapplied	Balance	Expiry Date
2013	14,535,554	–	–	14,535,554	14,535,554	2016
2014	25,649,082	–	–	25,649,082	40,184,636	2017
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**

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.

The Group deferred tax asset recognized in the consolidated statements of financial position in 2016 pertains to the recognized MCIT from the Group gross profit in 2014 amounting to ₱51,291. This deferred tax asset was utilized during the year.

21. FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

Overview
The Group's financial instruments consist of cash, advances to related parties, trade and other payables and advances from related parties. The primary purpose of these financial instruments is to finance the Group's investments and operations.

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

- Credit Risk
- Liquidity Risk

Risk Management Framework
The Board has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

There were no changes in the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk from previous year.

Credit Risk

Credit risk is the risk of financial loss to the Group if a timeshare purchaser or any counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk arises principally from the Group's advances to related parties. The Group's exposure to credit risk on advances to related parties is minimal. The management has established a policy for credit risk assessment and collection. The Group manages the level of credit risk it accepts by the following:

- Setting up the exposure limits of each counterparty;
- Determining right of offset, where counterparties are both creditor and debtor
- Monitoring compliance with credit risk policy as well as reviewing the existing risk policy for pertinence and changing environment

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group has significant concentration of credit risk as the majority of Group's receivable were from Sultan 900, the Ultimate Parent.

In Philippine Peso

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Notes	2017	2016
Cash in banks	8	**1,249,444**	1,492,857
Trade and other receivables	9	**17,550,263**	18,134,263
Advances to related parties	7	**238,903,160**	49,969,791
		257,702,867	69,596,911

The Group does not hold any collateral or other credit enhancements to cover this credit risk.

Risk concentration of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

Below are the credit qualities of the Group's financial assets as of December 31, 2017 and 2016:

2017	**Neither past due nor impaired**					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past due but not impaired**	**Impaired**	**Total**
Cash	**1,249,444**	**–**	**–**	**–**	**–**	**1,249,444**
Trade and other receivables	**–**	**–**	**–**	**–**	**17,550,263**	**17,550,263**
Advances to related parties	**238,903,160**	**–**	**–**	**–**	**–**	**238,903,160**
	240,152,604	**–**	**–**	**–**	**17,550,263**	**257,702,867**

2016	Neither past due nor impaired					
	High Grade	Standard Grade	Substandard Grade	Past due but not impaired	Impaired	Total
Cash	1,492,857	–	–	–	–	1,492,857
Trade and other receivables	584,000	–	–	–	17,550,263	18,134,263
Advances to related parties	49,969,791	–	–	–	–	49,969,791
	52,046,648	–	–	–	17,550,263	69,596,911

High grade accounts are accounts considered to be high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Financial assets are current and collectible.

Standard grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as

the counter parties generally respond to credit actions and update their payments accordingly. These financial assets need to be followed up.

Substandard grade accounts 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.

In Philippine Peso

Impairment assessment
The Group recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures.

Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent or objective evidence of individual impairment. A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances.

The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment. Impairment losses are estimated by taking into consideration the following deterministic information: (a) historical losses/write offs; (b) losses which are likely to occur but has not yet occurred; and (c) the expected receipts and recoveries once impaired.

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:

2017	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6 – 12 months**	**Over 1 year**
Trade and other payables	**52,915,120**	**52,915,120**	**52,915,120**	**–**	**–**
Advances from related parties	**72,655,982**	**72,655,982**	**72,655,982**	**–**	**–**
	125,571,102	**125,571,102**	**125,571,102**	**–**	**–**

2016	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	Over 1 year
Trade and other payables	94,813,181	94,813,181	94,813,181	–	–
Advances from related parties	61,723,503	61,723,503	61,723,503	–	–
	156,536,684	156,536,684	156,536,684	–	–

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

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).

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:

	2017	2016
Total liabilities	**137,136,487**	156,536,684
Total equity	**104,613,774**	93,002,524
Debt to equity ratio	**1.31 : 1**	1.68 : 1

The Group is not subject to externally imposed capital requirements.

22. PROVISION AND CONTINGENCIES

On May 9, 2014, the trading of the Group's securities was suspended until further notice by the Philippine Stock Exchange (PSE) and as at reporting date, the trading of the Group's securities is still suspended. As at December 31, 2017, the Group's market capitalization is ₱15,739,160,620.

During the years 2017 and 2016, the Company has recognized provisions for the accrual of penalties, interest and surcharges for the unfiled PSE and SEC reportorial requirements amounting to ₱1,915,632 and ₱609,584, 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 consolidated 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.

In Philippine Peso

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, 2017 including the results of operations for the year ended December 31, 2017 is shown in the table below:

RESULT OF OPERATIONS

	Dredging	Port operations	Head offices	Consolidated
Revenues				
External sales	–	–	–	–
Total	–	–	–	–
Results				
Segment results	–	–	–	–
Interest income	174	–	205	379
Net income (loss)	**174**	–	**205**	**379**

SEGMENT ASSETS AND LIABILITIES

	Dredging	Port operations	Head offices	Consolidated
Segment assets	–	196,290,727	45,459,534	241,750,261
Segment liabilities	72,509,155	54,065,496	10,561,836	137,136,487

24. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

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

	2017	2016
Net income (loss) attributable to equity holders of the Parent (a)	**11,931,006**	(40,539,890)
Weighted average number of shares outstanding (b)	**2,324,798,500**	2,324,798,500
Basic/diluted earnings (loss) per share (a/b)	**0.005**	(0.017)

As at December 31, 2017 and 2016, the Group has no dilutive debt or equity instruments.

25. EVENTS AFTER THE REPORTING DATE

The outcome of legal dispute against the ownership of the companies in which HCPHI, one of the subsidiaries has interest into was released on October 24, 2018 by the court. The result has material impact to the Group consolidated financial statements as of December 31, 2017. Certain adjustments were made to this consolidated financial statement as a result of the settlement agreement. See Note 3 and 6.

No other events after the reporting date were identified except on the paragraph stated above 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

Alas Oplas & Co., CPAs
Makati Head Office
10/F Philippine AXA Life Centre
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Independent Member of
BKR International

REPORT ON THE ADDITIONAL COMPONENTS OF CONSOLIDATED 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, 2017 and December 31, 2016, in accordance with Philippine Standards on Auditing, on which we have rendered the attached report dated December 7, 2020.

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. 08-001026-000-2018, issued on January 25, 2018; effective until January 24, 2021

By:

DANILO T. ALAS
Partner
CPA License No. 0027120
SEC A.N. (Individual) 1529-AR-1, issued on February 7, 2019; effective until February 6, 2022
TIN 132-466-021-000
BIR A.N. 08-001026-001-2018, issued on January 25, 2018; effective until January 24, 2021
PTR No. 8117109, issued on January 2, 2020, Makati City

December 7, 2020
Makati City, Philippines

Alas Oplas & Co., CPAs

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, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015, and have issued our report thereon dated December 7, 2020. 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, 2017 and 2016 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
TIN 002-013-406-000
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By:

DANILO T. ALAS
Partner
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SEC A.N. (Individual) 1529-AR-1, issued on February 7, 2019; effective until February 6, 2022
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PTR No. 8117109, issued on January 2, 2020, Makati City

December 7, 2020
Makati City, Philippines

GLOBALPORT 900, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2017

*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 consolidated financial statements or in the notes thereto.

SCHEDULE I
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION

As of December 31, 2017

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**	**2017**	2016
Liquidity Ratio:			
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 46,750,261 Divide by: Total Current Liabilities 137,136,487 Current ratio 0.34	**0.34:1**	0.35:1
Quick ratio	Quick Assets (*Cash add Receivables – net*) divided by Total Current Liabilities Quick Assets 45,152,605 Divide by: Total Current Liabilities 137,136,487 Quick ratio 0.33	**0.33:1**	0.33:1
Solvency Ratio:			
Debt ratio / Debt-to-asset ratio	Total Liabilities divided by Total Assets Total Liabilities 137,136,487 Divide by: Total Assets 241,750,261 Debt-to-asset ratio 0.57	**0.57:1**	0.63:1
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 137,136,487 Divide by: Total Equity 104,613,774 Debt-to-equity ratio 1.31	**1.31:1**	1.68:1
Asset-to-equity ratio	Total assets divided by Total Equity Total Assets 241,750,261 Divide by: Total Equity 104,613,774 Asset-to-equity ratio 2.31	**2.31:1**	2.68:1
Interest Rate Coverage Ratio:	Earnings Before Interest, Taxes and Depreciation and Amortization (EBITDA) divided by Interest Expenses EBITDA (24,410,177) Divide by: Interest Expenses – Interest rate coverage ratio 0.00	**0.00:1**	0.00:1

Ratio	Formula	As at 2017	2016
Profitability Ratios:			
Return on assets	Net Income divided by Average Total Assets (*Total Assets as of December 31, 2016 add Total Assets as of December 31, 2015 divided by two*) Net Income 11,610,350 Divide by: Average Total Assets 245,644,735 Return on assets 4.73%	**4.73%**	(16.29%)
Return on equity	Net Income divided by Average Total Equity (*Total Equity as of December 31, 2016 add Total Equity as of December 31, 2015 divided by two*) Net Income 11,610,350 Divide by: Avg. Total Equity 98,808,149 Return on equity 11.75%	**11.75%**	(36.22%)
Gross profit margin	Gross Profit (*Revenues less Direct Expenses*) divided by Revenues Gross Profit – Divide by: Revenues – Gross profit margin 0%	**0%**	(86.58%)
Activity Ratio:			
Asset turnover	Revenues divided by Average Total Equity (*Total Equity as of December 31, 2016 add Total Equity as of December 31, 2015 divided by two*) Revenues – Divide by: Avg. Total Equity 98,808,149 Asset turnover 0.03	**0.00:1**	0.03:1

SCHEDULE III
GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER THE PFRS AS AT DECEMBER 31, 2017

		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Consolidated 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"	✔		
PFRS 2	Share-based Payment			✔
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✔
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✔
	Definition of Vesting Condition			✔
PFRS 3 (Revised)	Business Combinations			✔
	Accounting for Contingent Consideration in a Business Combination			✔
	Scope Exceptions for Joint Arrangements			✔
PFRS 4	Insurance Contracts			✔
	Amendments to PFRS 4: Financial Guarantee Contracts			✔
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			✔

		Adopted	Not Adopted	Not Applicable
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) *	Not yet effective		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation *	Not yet effective		
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		✔	
PFRS 12	Disclosure of Interests in Other Entities	✔		
	Amendments to PFRS 12: Investment Entities	✔		
PFRS 13	Fair Value Measurement	✔		
	Amendment to PFRS 13: Short term Receivable and Payable	✔		
	Portfolio Exception	✔		

		Adopted	Not Adopted	Not Applicable
PFRS 14	Regulatory Deferral Accounts		✔	
PFRS 15	Revenue from Contracts with Customers*	Not yet effective		
PFRS 16	Leases *	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	✔		
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	✔		
PAS 10	Events after the Reporting Period	✔		
PAS 11	Construction Contracts			✔
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	✔		
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		✔	
PAS 18	Revenue	✔		
PAS 19	Employee Benefits		✔	
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		✔	
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate		✔	
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			✔

		Adopted	Not Adopted	Not Applicable
PAS 23 (Revised)	Borrowing Costs			✔
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		✔	
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures *	Not yet effective		
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		✔	
	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		✔	

		Adopted	Not Adopted	Not Applicable
	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 Investment Property	Not yet effective		
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*		✔	
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			✔

		Adopted	Not Adopted	Not Applicable
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			✔
Philippine Interpretations – Standing Interpretations Committee (SIC)				
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✔
SIC-12	Consolidation - Special Purpose Entities			✔
	Amendment to SIC - 12: Scope of SIC 12			✔
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✔
SIC-15	Operating Leases - Incentives		✔	
SIC-21	Income Taxes – Recovery of Revalued Non-Depreciable Assets			✔
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✔
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✔
SIC-29	Service Concession Arrangements: Disclosures.			✔
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✔
SIC-32	Intangible Assets - Web Site Costs		✔	

**These standards are not yet effective as of December 31, 2017.*

SCHEDULE IV

GLOBALPORT 900, INC. AND SUBSIDIARIES

SCHEDULE A

FINANCIAL ASSETS

DECEMBER 31, 2017

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, 2017

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Sultan 900 Capital Inc.	49,969,792	195,000,000	6,066,746	–	43,903,161	195,000,000	238,903,161

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE C
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOT APPLICABLE

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE D
LONG TERM DEBT
DECEMBER 31, 2017

Name of issuer and type of obligation	Total Outstanding Balance	Amcunt 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, 2017

Name of the Related Party	Balance at beginning of period	Balance at end of period
Stockholders	61,723,503	72,655,982

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE F
GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2017

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 filted	Nature of guarantee

NOT APPLICABLE

GLOBALPORT 900, INC. AND SUBSIDIARIES
SCHEDULE G
CAPITAL STOCK
DECEMBER 31, 2017

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	2,325,000,000	–	2,219,499,500	900	105,499,600