CR02231-2019

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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
   Dec 31, 2018
2. SEC Identification Number
   165539
3. BIR Tax Identification No.
   000-157-237
4. Exact name of issuer as specified in its charter
   CYBER BAY CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   Suite 2402 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City
   Postal Code
   1605
8. Issuer's telephone number, including area code
   632) 633 9757
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Commom	6,806,878,853
Preferred	6,467,950,603

11. Are any or all of registrant's securities listed on a Stock Exchange?
    ◉ Yes ○ No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange / common shares
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

- [x] Yes
- [ ] No

(b) has been subject to such filing requirements for the past ninety (90) days

- [x] Yes
- [ ] No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

PhP2,340,800,000.00 (Based on closing market price of PhP0.38 on 28 December 2018).

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

- [ ] Yes
- [x] No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

Consolidated and Separate (Parent) Annual Financial Statements for the year ended 31 December 2018

(b) Any information statement filed pursuant to SRC Rule 20

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

Cyber Bay Corporation
CYBR

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2018
Currency	PhP (in thousands)

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2018	Dec 31, 2017
Current Assets	614,127	613,560
Total Assets	615,343	614,580
Current Liabilities	2,128,442	2,125,599
Total Liabilities	2,128,442	2,125,599
Retained Earnings/(Deficit)	-11,385,253	-11,383,173
Stockholders' Equity	-1,513,099	-1,511,019
Stockholders' Equity - Parent	-1,513,099	-1,511,019
Book Value Per Share	-0.22	-0.22

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2018	Dec 31, 2017
Gross Revenue	0	0
Gross Expense	2,081	5,885
Non-Operating Income	1	1
Non-Operating Expense	0	3,317
Income/(Loss) Before Tax	-2,080	-5,884
Income Tax Expense	0	0
Net Income/(Loss) After Tax	-2,080	-5,884
Net Income/(Loss) Attributable to Parent Equity Holder	-2,080	-5,884
Earnings/(Loss) Per Share (Basic)	-0	-0
Earnings/(Loss) Per Share (Diluted)	-0	-0

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2018	Dec 31, 2017
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	0.29	0.29
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.29	0.29
Solvency Ratio	**Total Assets / Total Liabilities**	0.29	0.29
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	3.46	3.46
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	-1.41	-1.41
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	-	-
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	-0.41	-0.41
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	-	-
Net Profit Margin	**Net Profit / Sales**	-	-
Return on Assets	**Net Income / Total Assets**	-	-
Return on Equity	**Net Income / Total Stockholders' Equity**	-	-
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	-	-

Other Relevant Information

The Company notes the disclaimer of opinion in its Audited Financial Statements has been part of the Company's Annual Report since 31 December 2008. Despite this, the Securities and Exchange Commission (SEC) has consistently accepted the Company's Annual Report without any notice or advice to the Company that the disclaimer violates the Securities Regulation Code (SRC).

The Company undertakes to provide the Exchange with the SEC's confirmation that the Annual Report does not violate the SRC as soon as it becomes available.

Filed on behalf by:

Name	Jordan Zafra
Designation	Assistant Compliance Officer

COVER SHEET

1 6 5 5 3 9

SEC Registration No.

C Y B E R B A Y C O R P O R A T I O N

(Company's Full Name)

2 4 0 2 D I S C O V E R Y C E N T E R , 2 5 A D B
A V E N U E , O R T I G A S C E N T E R , P A S I G
C I T Y

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

Atty. Cheryl S. Saldaña-de Leon	**(632) 633-9757**
Contact Person	Company Telephone Number

1 2	3 1	**17-A**	1 2	2 0
Month	Day	Form Type	Month	Day
Fiscal Year			Annual Meeting	

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles number / section

No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

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

2. SEC Identification Number: **165539**

3. BIR Tax Identification No.: **000-157-237-000**

4. Exact name of issuer as specified in its charter: **CYBER BAY CORPORATION**

5. **Mandaluyong City, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **Suite 2402 Discovery Center, 25 ADB Avenue Ortigas Center, Pasig City** — **1605**
   Address of principal office — Postal Code

8. **(632) 6339757**
   Issuer's telephone number, including area code

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

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	Php6,160,000,000.00

*Note: The Total issued and outstanding shares are:

Common	6,806,878,853
Preferred	6,467,950,603

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

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding (12) months (or for such shorter period that the Company 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 the voting stock held by non-affiliates of the Company. Php2,340,800,000.00 (Based on closing market price of Php0.38 on 28 December 2018)

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Company's 2018 Annual Report to Stockholders are incorporated by reference into Parts II and III of this report.

THE CORPORATION UNDERTAKES TO PROVIDE WITHOUT CHARGE TO EACH PERSON, ON THE WRITTEN REQUEST OF ANY PERSON, COPY OF CYBER BAY CORPORATION ANNUAL REPORT ON SEC FORM 17-A.

Written request for a copy of the Annual Report on SEC Form 17-A should be addressed to:

ATTY. CHERYL S. SALDAÑA-DE LEON
Corporate Secretary
Suite 2402 Discovery Center, 25 ADB Avenue
Ortigas Center, Pasig City

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Cyber Bay Corporation (the Company) was organized to undertake real estate development (except real estate subdivision) and reclamation. The Company was incorporated on 06 July 1989. The Company has changed its name from First Lepanto Corporation to Guoco Land (Philippines), Inc. in 1994, to Centennial City Inc. in 1996, and to Cyber Bay Corporation in 2000.

On 30 March 1996, the Company, Central Bay Reclamation and Development Corporation (Central Bay) and certain of shareholders Central Bay's shareholders entered into a Memorandum of Agreement which involved the restructuring of the Company and the consolidation of certain businesses and assets of the Company and Central Bay.

The restructuring of the Company entailed the transfer to Prime Orion Philippines, Inc. (formerly Guoco Holdings Philippines, Inc.) of the Company's investments in the following corporations: Tutuban Properties Inc., Guoco Property Development Inc., Manila Southcoast Development Corporation, Mandaue Resources and Realty Corporation, Luck Hock Venture Holdings, Inc., First Lepanto Ceramic Wares Inc. and First Lepanto Realty Inc. and the settlement of all intercompany liabilities relating to such corporations.

The business consolidation involved the issuance by the Company of 4 billion shares of stock (with par value of Php1.00 per share) to certain Central Bay shareholders in exchange for 4.8 million Central Bay shares of stock (with par value of Php100.00 per share) held by the Central Bay shareholders. Upon completion of the business consolidation, the Company assumed full ownership of Central Bay, including its Joint Venture Agreement (JVA) with the Public Estates Authority (PEA) (now known as the Philippine Reclamation Authority) to reclaim 750 hectares of land along Manila Bay (the Cyber Bay Project) as its new property core holding.

Aside from the aforementioned business consolidation, no other material reclassification, Merger, Consolidation or Purchase has been implemented. However, ten (10) floors of the BA Lepanto Building owned by the Company was the subject of a *Dacion en Pago* arrangement with the Philippine National Bank in 1999.

With the Cyber Bay Project, the Company is afforded a unique flagship waterfront development; at 750 hectares, it was supposed to be a substantial fully integrated township that can spearhead the redevelopment of the Manila Bay in tandem with the government's progressive Bay City Development.

A controversy on the validity of the JVA arose and several investigations and fact-finding committees were created to determine its validity. Finally, on 28 May 1999, the JVA was amended and approved by the Office of the President and the Government Corporate Monitoring and Coordinating Committee.

After having obtained all the government approvals and endorsements under two Administrations (Presidents Fidel Ramos and Joseph Estrada) and pursuant to the Amended JVA, Central Bay conducted a review of all contracts and project plans in preparation for the resumption of the long delayed implementation of the Reclamation Project. Preparations included the re-bidding of the dredging and reclamation contract, which were previously suspended. In addition, Central Bay urgently settled the squatters issue and incurred huge operational expenses in securing the cleared islands within the project site. These expenditures were undertaken by Central Bay in the ordinary course of business pursuant to its JVA/AJVA with respondent and done in utmost good faith.

However, on 09 July 2002, after having invested heavily into the Reclamation Project, including the cash advances given to PRA and the cost for the relocation of informal settlers in the area, not to mention the funds that were injected to run the operations of Central Bay from 1995 to 2002, the Supreme Court promulgated a decision in the case of Chavez v. PEA and Amari Coastal Bay Development Corporation (G.R. No. 133250, July 9, 2002, 384 SCRA 152), permanently enjoining PEA and Central Bay from implementing and declaring the Amended JVA as null and void ab initio. Central Bay's Motion for Reconsideration was denied.

The Supreme Court stated that "Despite the nullity of the Amended JVA, Central Bay is not precluded from recovering from the PEA in the proper proceedings, on a quantum merit basis, whatever Central Bay may have incurred in implementing the Amended JVA, prior to its declaration of nullity.

On 20 November 2009, the Company sent a letter to the PEA (now PRA) for the payment of approximately Php13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by Central Bay computed as of September 2009 pursuant to the Amended JVA.

In a letter dated 8 February 2010, PRA, through its former General Manager and CEO, Andrea D. Domingo, acknowledged that of the claims for reimbursement made by Central Bay, PRA was able to verify the total amount of Php1,004,439,048.45 as the amount due for reimbursement and PRA did not, at that time, find any sufficient basis for the payment of Central Bay's other claims including cost of money, reimbursement of professional and legal fees, interest and bank charges on loan, foreign exchange losses on loans, pre-operating and operating expenses, input tax, and documentary stamp tax. Central Bay then conducted a more thorough internal review of pertinent documents and re-computation of its claims vis-a-vis the findings of PRA.

Thus, on 13 December 2010, Central Bay filed a Petition with the COA to claim for reimbursement with the revised amount due totaling Php11,527,573,684.12 (down from the initial claim of Php13,385,972,469) and not merely Php1,004,439,048.45 as initially determined by the PRA. Considering that PRA has already validated and acknowledged Central Bay's claim for reimbursement in the amount of Php1,004,439,048.45, the only issue submitted to the COA is whether or not the other claims of Central Bay which were initially found by PRA to be without sufficient basis are likewise rightful items for reimbursement in light of recognized government accounting standards.

On 03 February 2014, the Company received a letter from the PRA which states that in addition to the amount verified by your Reclamation Group of Php1,004,439,048.45, the Company is entitled to additional reimbursements in the amount of Php22,592,435.34.

On October 14, 2016, Central Bay and PRA entered into a Compromise Agreement where PRA shall cede to Central Bay parcels of land with value equal to the validated claim of P1.027 billion. In exchange, Central Bay shall waive all other claims subject of the pending petition with the COA and any other claims arising from or in connection with the Amended JVA. The Compromise Agreement shall become effective upon approval of the COA.

On November 11, 2016, Central Bay and PRA filed a Joint Motion for Judgment based on the Compromise Agreement before the COA to seek its approval. The parties are still waiting for COA's decision on the Joint Motion.

With respect to the Company's settlement of its outstanding obligations, the Company secured Stockholders' approval and ratification of the issuance of shares as a result of the conversion of liabilities to equity during as shown below during its annual meeting held on 24 November 2010. As a first step, the Company amended its Articles of Incorporation amending the par value of the unissued preferred shares from Php1.00 to Php0.10, among others. The Commission approved the Amended Articles of Incorporation on 04 May 2011.

The Commission likewise approved the Confirmation of Valuation in relation to the debt to equity conversion on 13 November 2012 as follows:

(a) Conversion of Stockholders' Advances to Equity

    The advances which were converted to 646,878,853 common shares were utilized to finance the reclamation and horizontal development of the Cyber Bay Project.

The 646,878,853 common shares were issued to the following:

One Bacolod Express Holdings, Inc.	364,577,424
Primera Commercio, Holdings, Inc.	167,578,190
Cosco Land Corporation	56,132,206
Guoco Securities (Philippines), Inc.	42,924,628
Prime Orion Philippines, Inc.	15,666,405
Total	646,878,853

(b) Conversion of Bank Loans to Equity

The liabilities which were converted to 6,467,950,603 preferred shares arose from the Company's bank loans to Philippine National Bank (PNB) and Bangkok Bank. The PNB Loan was assigned to Opal Investments Portfolio [SPV-AMC], Inc. and the latter assigned the loan obligation to One Bacolod Express Holdings, Inc. On the other hand, the Bangkok Bank Loan, which is the subject of Civil Case No. 01-1094, was assigned to Allied Enterprise Co., Ltd. and the latter assigned it to New Bond Corporation (NBC). On 22 February 2011, the Company filed a manifestation in Civil Case No. 01-1094 that it has no objection to the substitution of Primera Commercio Holdings, Inc. for NBC as plaintiff in the case. In a Judgment dated 14 September 2011, the trial court approved the parties' Joint Motion for Judgment Based on Compromise that was filed on 26 August 2011.

The 6,467,950,603 preferred shares were issued to the following:

One Bacolod Express Holdings, Inc.	1,609,359,778
Primera Commercio, Holdings, Inc.	4,858,590,825
Total	6,467,950,603

The Company continues to implement measures to reduce its operational expenses and, through the efforts of its outsourced service provider, consolidate all the records pertaining to the claim for reimbursement from the PRA.

Amount Spent on Development Activities

The amount spent on development activities during the last three (3) fiscal years and its percentage to revenues are as follows: (*Amounts in Thousands*)

As of	Amount	Total Revenue for the Period	% to Revenues
Dec. 31, 2018	Php 0.0	Php 0	0.0%
Dec. 31, 2017	0.0	0	0.0%
Dec. 31, 2016	0.0	0	0.0%

As of December 31, 2018, the Company has no employees and has outsourced its reportorial and compliance requirements to GSE Management Services, Inc. So far, the Company has no plans to hire employees in the ensuing twelve months.

As of the moment there are no major risks that the company and its subsidiary are involved in. The Company is currently discussing with PRA the details of its claims pursuant to the Amended JVA and the Supreme Court Decision.

Item 2. Properties

Cyber Bay Project

The Company's Cyber Bay Project encompasses 750 hectares involving the reclamation and development of an integrated and comprehensive urban township that is envisioned to be a 21st century metropolis. The reclamation project is located Southwest of Manila along Manila-Cavite Coastal Road, within the cities of Parañaque, Las Piñas and the municipality of Bacoor, Cavite. This project has been shelved due to the Supreme Court decision nullifying the JVA with the PRA.

In 1999, Cyber Bay settled part of its loans with the Philippine National Bank with a *Dacion en Pago* of its 10 Floors in the BA Lepanto Building, located along Paseo de Roxas, Makati City.

The Company has no other property holdings.

Transactions with and/or dependence on Related Parties

The Company's transaction with stockholders i.e. Italian-Thai (BVI) Development Co., Ltd., Prime Orion Philippines, Inc., and other stockholders consists mainly of non-interest bearing advances which were uses to finance the initial phase of the Cyber Bay Project.

The Company obtains cash advances from a shareholder to support its day-to-day operations. These advances are payable on demand. As at December 31, 2018, the Company has yet to decide on what option to take to settle the outstanding payable.

Item 3. Legal Proceedings

1. *Cyber Bay Corporation vs. Island Country Telecommunications, Inc. at the Regional Trial Court of Makati City, Branch 58, instituted on June 20, 2001*

    The Company owned three (3) floors of the BA Lepanto Building in Makati City. Island Country Telecommunications, Inc. (ICTI) was engaged in the operation of paging services. In 1996, ICTI leased the floors owned by the Company. ICTI failed to pay its rental obligation to the Company despite demands.

    In a Decision dated 22 February 2008, the Regional Trial Court (RTC) of Makati, Branch 143 ruled in favor of the Company and ordered ICTI to pay the Company the following amounts:

    a. Php 8,589,518.24 as arrears from the rented premises, i.e. 8^{th}, 9^{th}, and 14^{th} floors with interest at 12% per annum from 25 September 2000 until the sum is fully paid;
    b. Php 1,895,162.50 as rental for the 8^{th} and 9^{th} floors minus the security deposit or a total of Php 418,412.25 with interest at 12% per annum from 25 September 2000 until fully paid; and,
    c. Costs of suit and Php 200,000.00 for attorney's fees.

    From said Decision, ICTI filed its Notice of Appeal. In a Decision dated 29 September 2009, the Court of Appeals denied ICTI's appeal. The Decision of the RTC was affirmed with modification in that ICTI is ordered to pay the Company the following amounts:

    a. Php 5,452,114.64 as rent arrears up to period of November 1998 with interest at 12% per annum from 25 September 2000 until the sum is fully paid; and
    b. Php 418,412.50 as rent arrears for the period of 01 September 1999 to 15 December 1999 with interest at 12% per annum from 25 September 2000 until fully paid.

    On 12 October 2009, ICTI filed a Motion for Partial Reconsideration which was denied by the Court of Appeals in its Resolution dated 28 January 2010. Consequently, the Decision became final and executory on 21 February 2010.

    The Company filed a Motion for Issuance of Writ of Execution dated 25 June 2010 which was granted by the RTC on 02 July 2010. The Company is now in the process of enforcing the Writ of Execution. However, as of this date, the Company could not locate any property of ICTI for levy.

3. *Central Bay Reclamation and Development Corporation v. Philippine Reclamation Authority, instituted on 13 December 2010*

    Central Bay filed a Petition for money claims with the Commission on Audit arising from a Joint Venture Agreement (JVA) entered into by the Public Estates Authority [PEA] (now the Philippine Reclamation Authority [PRA]) with Amari Coastal Bay Development Corporation (ACBDC) for the development of Three Islands (the "Reclamation Project") on 25 April 1995. By virtue of a Notice to Proceed issued by the PEA on 27 September 1996, Central Bay proceeded with the implementation of the Reclamation Project after having obtained presidential approval, all the government licenses, environmental and other permits and approvals necessary for the reclamation.

    The Supreme Court declared the Amended JVA as null and void ab initio and after several Motions for Reconsideration denied by the Supreme Court, the decision of the Court became final and executory.

Nevertheless, the Supreme Court decreed that the nullification of the JVA does not affect Central Bay's right to recover reimbursement from PEA (now PRA).

On 20 November 2009, the Company sent a letter to the PEA now PRA for the payment of approximately Php13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by Central Bay computed as of September 2009 pursuant to the Amended JVA. In a letter dated 8 February 2010, PRA, through its former General Manager and CEO, Andrea D. Domingo, acknowledged that of the claims for reimbursement made by Central Bay, PRA was able to verify the total amount of Php1,004,439,048.45 as the amount due for reimbursement.

Thus, Central Bay filed a Petition with the COA to claim for reimbursement with the revised amount due totaling Php11,527,573,684.12 (down from the initial claim of Php13,385,972,469) and not merely Php1,004,439,048.45 as initially determined by the PRA. Considering that PRA has already validated and acknowledged Central Bay's claim for reimbursement in the amount of Php1,004,439,048.45, the only issue submitted to the COA is whether or not the other claims of Central Bay which were initially found by PRA to be without sufficient basis are likewise rightful items for reimbursement in light of recognized government accounting standards.

Central Bay had several several meetings with the PRA Panel to reconcile the accounts and provide supporting data for its claim for reimbursement.

After the validation process, which was concluded in October 2011, the PRA, in a letter dated 03 February 2014 signed by its incumbent General Manager and CEO Peter Anthony A. Abaya, informed Central Bay that PRA has verified an additional amount for reimbursement equivalent to Twenty-Two Million Five Hundred Ninety-Two Thousand Four Hundred Thirty-Five and 34/100 Pesos (Php22,592,435.34), bringing the total amount validated by PRA to One Billion Twenty-Seven Million Thirty-One Thousand Four Hundred Eighty-Three and 79/100 Pesos (Php1,027,031,483.79).

On October 14, 2016, Central Bay and PRA entered into a Compromise Agreement where PRA shall cede to Central Bay parcels of land with value equal to the validated claim of P1.027 billion. In exchange, Central Bay shall waive all other claims subject of the pending petition with the COA and any other claims arising from or in connection with the Amended JVA. The Compromise Agreement shall become effective upon approval of the COA.

On November 11, 2016, Central Bay and PRA filed a Joint Motion for Judgment based on the Compromise Agreement before the COA to seek its approval. The parties are still waiting for COA's decision on the Joint Motion.

No updates have been received from PRA and COA as at December 31, 2016 with regards to the status of the Joint Motion for Judgment based on Compromise Agreement.

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

There were no matters submitted during the period covered by this report to a vote of security holders through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

(1) Market Information

The Company's common equity is traded at the Philippine Stock Exchange

Stock Prices

Fiscal Year 2015	High	Low
1st Quarter	₱0.53	₱0.45
2nd Quarter	₱0.485	₱0.44
3rd Quarter	₱0.49	₱0.41
4th Quarter	₱0.66	₱0.44

Fiscal Year 2016		
1st Quarter	₱0.55	₱0.52
2nd Quarter	₱0.71	₱0.63
3rd Quarter	₱0.60	₱0.58
4th Quarter	₱0.57	₱0.55
For the Year 2017		
1st Quarter	₱0.68	₱0.52
2nd Quarter	₱0.56	₱0.50
3rd Quarter	₱0.55	₱0.47
4th Quarter	₱0.51	₱0.43
For the Year 2018		
1st Quarter	₱0.53	₱0.42
2nd Quarter	₱0.475	₱0.39
3rd Quarter	₱0.495	₱0.385
4th Quarter	₱0.415	₱0.365

(2) Holders

The number of shareholders of record as of 31 December 2018 is Six Hundred Thirty-Three (633). Common shares outstanding as of the same period are Six Billion One Hundred Sixty Million (6,160,000,000) shares. The Closing Market price as of Php0.38 on 28 December 2018.

Top 20 Common Stockholders
As of 31 December 2018

Name of Stockholder	No. of Shares	%
PCD Nominee Corp. (Filipino)	2,013,385,289	15.17%
Primera Commercio Holdings, Inc.	1,629,578,190	12.28%
Guoco Holdings (Phils.), Inc	1,320,116,000	9.95%
UCPBTA #99-0196	1,000,000,000	7.53%
One Bacolod Express Holdings, Inc.	364,577,424	2.75%
Amari Holdings, Corp.	215,500,000	1.62%
PCD Nominee Corporation (Non-Filpino)	54,105,611	0.41%
David Go Securities Corporation	43,526,968	0.33%
Prime Orion Phils., Inc.	17,985,405	0.14%
HLG Capital Phil., Inc.	14,000,000	0.11%
Urban Leisure and Development Corp.	12,000,000	0.09%
Roger C. Ang	9,000,000	0.07%
Katherine Marie Ybanez Sy	5,000,000	0.04%
Securities And Exchange Commission FAO Various	4,111,324	0.03%
William L. Perez	3,470,000	0.03%
Q-Tech Alliance Holdings, Inc.	3,143,000	0.02%
Benito Keh	2,500,000	0.02%
Alexander Uy	2,190,000	0.02%
Pl Lim Investments, Inc.	2,000,000	0.02%
Rosa Allyn G. Sy	2,000,000	0.02%

(3) Dividends

No dividends were declared in 2018.

(4) Recent Sales of Unregistered Securities

There are no sales of unregistered securities of the Company within the past three (3) years.

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

Plan of Operation

Due to the Decision of the Supreme Court, which rendered a decision nullifying the Joint Venture Agreement (JVA) with the PEA, the Corporation has suspended all works and negotiations. The Company has exhausted almost all possible legal courses of action.

The Company through Central Bay filed a Petition with the COA to claim for reimbursement of the amount of Php11,527,573,684.12 and not merely Php1,004,439,048.45 as initially determined by the PRA. The PRA, in a letter dated 03 February 2014 signed by its incumbent General Manager and CEO Peter Anthony A. Abaya, informed Central Bay that PRA has verified an additional amount for reimbursement equivalent to Twenty-Two Million Five Hundred Ninety-Two Thousand Four Hundred Thirty-Five and 34/100 Pesos (Php22,592,435.34), bringing the total amount validated by PRA to One Billion Twenty-Seven Million Thirty-One Thousand Four Hundred Eighty-Three and 79/100 Pesos (Php1,027,031,483.79).

On October 14, 2016, Central Bay and PRA entered into a Compromise Agreement where PRA shall cede to Central Bay parcels of land with value equal to the validated claim of P1.027 billion. In exchange, Central Bay shall waive all other claims subject of the pending petition with the COA and any other claims arising from or in connection with the Amended JVA. The Compromise Agreement shall become effective upon approval of the COA.

At present, the Corporation is operating using funds sourced externally or advanced by its major stockholders.

There are no expected major purchases or sale of plant and equipment nor significant changes in the number of employees of the Corporation.

There were no material changes in financial condition and results of operation for each of the last three fiscal years.

- There are no known trends, demands, commitments, events or uncertainties that will have a material effect on the Corporation’s liquidity.
- There are no material commitments for capital expenditures.
- There are no significant elements of income or loss that did not arise from the Corporation’s operations.
- All expenses of the Corporation are current and the Corporation does not expect any direct or contingent financial obligation that is substantial or material.
- There are no seasonal aspects that have a material effect on the financial condition or results of operations.
- The Board and Management of the Corporation are continuously and actively looking for other projects and businesses that the Corporation may venture into. In the meantime, all project-related operations are still suspended.

The Corporation’s Top 5 key performance indicators/financial soundness indicators:

Performance Indicators	**FORMULA**	**2018** (figures used are in thousands)	**2017** (figures used are in thousands)
Current Ratio	Current Assets/Current Liabilities	0.289 : 1	0.289 : 1
		614,127 / 2,128,442	613,560 / 2,125,599
Debt to Equity Ratio	Total Liabilities / Stockholders Equity	-1.407 : 1	-1.407 : 1
		2,128,442 / (1,513,099)	2,125,599 / (1,511,019)
Equity to Debt Ratio	Stockholders Equity / Total Liabilities	-0.711 : 1	-0.711 : 1
		(1,513,099) / 2,128,442	(1,511,019) / 2,125,599

Performance Indicators	FORMULA	2018 (figures used are in thousands)	2017 (figures used are in thousands)
Book value per share	Stockholders Equity / Total number of shares	-0.222	-0.222
		(1,513,099) / 6,806,879	(1,511,019) / 6,806,879
Income (Loss) per share	Net Income / Total number of shares	-0.0003	-0.0008
		(2,080) / 6,806,879	(5,884) / 6,806,879

At present, there are no known trends, demands, commitments or uncertainties in the Company. All operational expenses of the Company are sustained by sourcing externally or advanced by its major stockholders.

All expenses of the company are current and the Company does not expect any direct or contingent financial obligation that is substantial or material.

Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

External Audit Fees and Services

The aggregate fees billed and paid by the Company in favor of its External Auditors for Audit and Audit Related Fees is Three Hundred Sixty-Eight Thousand Pesos (Php368,000.00) for the years 2017 and 2018. These fees comprise the audit and audit-related services rendered to the Company and its subsidiary.

Except for the fees indicated above, there were no tax fees or all other fees billed or paid to the Company's External Auditors for the last two (2) fiscal years.

The audit plan, including the corresponding audit fees, is submitted by the External Auditors to the Company's Audit Committee for review. The Audit Committee evaluates and approves the audit fees on the basis of reasonableness, scope of work and the prevailing market price for audit services in the industry. If the Audit Committee finds the audit plan and fees are in order, it is presented and recommended for final approval of the Board of Directors. In the event that other services aside from the audit of financial statements, the scope of and payment for the same are subject to review, evaluation and approval by the Board of Directors.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with accountants on accounting and financial disclosure during the two most recent fiscal years.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Company

(1) Directors and Executive Officers – Position/Other Directorships

The present directors of the Company were elected during the Annual Stockholders Meeting held on 20 December 2018.

The directors serve for a term of one (1) year until the election and acceptance of their qualified successors.

The list below includes the directorships/officerships held by the Company's directors in other corporations. Most of these directorships/officerships have been held by the directors for the past five (5) years to the present.

Name	Age	Directorships in Other Companies	Citizenship	Business Experience for the Past Five Years
Oscar L. Paras Jr.	60	Soled Instyle Enterprises, Inc.	Filipino	Partner:

Name	Age	Directorships in Other Companies	Citizenship	Business Experience for the Past Five Years
Chairman Independent Director, November 2010 to December 2012 Chairman, December 2012 to present				Aguirre, Abano, Panfilo, Paras, Pineda & Agustin Law Offices Chief of Staff: Office of Monetary Board Member – Raul A. Boncan (until April 2010) Senior Consultant: Civil Aviation Authority of the Philippines (until December 2008) Senior Assistant General Manager: Manila International Airport Authority (until June 2008)
Raul G. Gerodias Director, December 2012 to present President, December 2012 to present	55	AB Leisure Exponent, Inc Ashwell Holdings, Inc. Assetvalues Holding Company, Inc. Banh Mi Kitchen Services Inc. Central Bay Reclamation and Development Corporation Cyberbay Corporation Elegant Infoventures, Inc. Fritz & Macziol Asia, Inc. Fujitsu Ten Corporation of the Philippines Globalpeak Holdings, Inc. Kewalram Philippines, Inc. Kyani Philippines, Inc. Metro Promo Concepts Corp.MUSIC Group Limited MUSIC Group Commercial BM Ltd. MUSIC Group Services SG (Pte.) Ltd. MUSIC Group Services US Inc. MUSIC Group Services EU GmbH MUSIC Group Commercial HK Limited MUSIC Group Services JP K.K. MUSIC Group Macao Commercial Offshore Limited Music Group Macao Commercial Offshore Limited (Philippines) ROHQ MUSIC Group Commercial PH Inc. MUSIC Group Services NV Inc. MUSIC Group IP Ltd. MUSIC Group Research UK Limited Turbosound Ltd.,Behringer International Service Centre Limited, Zhongshan Eurotec Electronics Limited Zhongshan Eurotec Electronics Limited (Shenzhen Branch) MUSIC Group Commercial BM Ltd. (Philippines) ROHQ and Music Group Services PH Corp. (PEZA) ParexGroup Inc.	Filipino	*Chairman*: ALK Holdings and Management, Inc. Skytrooper Charter Phils., Inc. AirMaverick Inc *President & Chairman:* GSE Management Services, Inc., Terramino Holdings, Inc. Alpha Point Property Holdings, Inc. AB Fiber Corp. *President:* Central Bay Reclamation and Development Corporation Pixiedust, Inc. Continuitas Corporation *Treasurer and Corporate Secretary:* Swiss Sense Worldwide, Inc. *Director and Treasurer:* Swiss Sense, Inc. *Director and Corporate Secretary*: AB Food and Beverages Phils. Inc. Fujitsu Ten Corporation of the Philippines Kiden Development Corporation Diez Corporation TKG Corporation Unitel Productions, Inc. Quento Media, Inc. T Information Systems Philippines, Inc., TD Outsourcing Philippines, Inc. Adventure Bay Resort and Theme Park, Inc. Ashwell Holdings, Inc. Musungu, Inc. *Resident Agent:* Music Group Macao Commercial Offshore Limited (Philippines) ROHQ Shinko Electric Industries Co., Ltd.

Name	Age	Directorships in Other Companies	Citizenship	Business Experience for the Past Five Years
		Sanctuary Holdings Corp. Swiss Sense Worldwide, Inc. Terrabay Holdings, Inc. The European Hair Factory Inc. Board of Trustees: Community Waterhope Foundation, Inc. Ateneo Law Alumni Association, Inc.		*Corporate Secretary:* AB Leisure Exponent, Inc. (Bingo Bonanza Corporation) AB Leisure Global, Inc. Fujitsu Die-Tech Corporation of the Philippines Fujitsu Ten Solutions Philippines, Inc. Harada Automotive Antenna (Philippines), Inc. Harada Phils. Development and Management, Inc. Universal Leaf Philippines, Inc. Unistar Land and Property Corporation Union Leaf Holdings Corporation UUU Realty Holdings, Inc. One World Connections, Inc. Eco Fuel Land Development, Inc. I & Lu Tobacco Company, Inc. Coastal Training Philippines Corp. DBA DuPont Sustainable Solutions Philippine Bio-Ethanol & Energy Investment Corp. Teleaccess, Inc. Straight Shooters Media, Inc. Healthwealth International Corp. Middleby Philippines Corporation Middleby Worldwide Phils., Inc. Ferrier Hodgson Philippines, Inc. FH Corporate Services, Inc. FH Asset Management Corp. Ferrier Hodgson Management Services, Inc. FTI Consulting Administrative Services, Inc. Macondray Finance Corporation Paragon Trading & Services Corporation Masagana Realty Co., Inc. Silver Finance, Inc. Silver CDO Finance, Inc. Five Star Finance Corporation Silver WDC Finance Corporation Silver Holdings Groups, Inc. Ashwell Holdings, Inc. Techno Holdings Corporation Technolux Equipment & Supply Corporation HKR Equipment Corporation The Turf Company, Inc. The Finix Corporation Steltz International, Inc. Geyser Global Sourcing Corporation Culinary Best Source, Inc. Createch Wellness Corp. A & L Equities, Inc. DACS Holdings, Inc. La Deca Farm Corporation LLF Farms, Inc.
Raul Tito Maxelmo A. Estrella	49	AB Fiber Corp. Airmaverick Inc.	Filipino	President: PDC Global PTY Ltd.

Name	Age	Directorships in Other Companies	Citizenship	Business Experience for the Past Five Years
Director, 2011 to present		ALK Holdings & Management, Inc. Alpha Point Property Holdings, Inc. Assetvalues Holding Company, Inc. Countrybreeze Corporation Evander Holdings Corporation Gracall International MNL, Inc. GSE Management Services, Inc. Halfen-Moment Inc. Highgarden Holding Corp. Marbleslate Holdings, Inc. PDC Asia-Pacific Inc. (formerly 4D Global Group Inc.) Pedalmax Holdings, Inc. Pixiedust Inc. Skytrooper Charter Phils. Inc. Terramino Holdings, Inc.		Halfen-Moment Inc. (Chairman/President) Weldon Offshore Strategic Limited Incorporated (Chairman/President) Sunshore Holdings Corporation (Chairman/President) Corporate Secretary: PDC Asia-Pacific Inc. (formerly 4D Global Group Inc.) Gracall International MNL, Inc. GSE Management Services, Inc. Terramino Holdings, Inc. Hi-Frequency Telecommunication, Inc. MTM Ship Management (Philippines) Inc. Taal Lake Land Holdings, Inc. Terramino Holdings Treasurer: Evander Holdings Corporation Resident Agent: Goltens Philippines PDC Global PTY Ltd.
Cheryl S. Saldaña-de Leon Director, October 2010 to present Corporate Secretary and Compliance Officer, November 2010 to present	40	AB Fiber Corp. Central Bay Reclamation and Development Corporation Countrybreeze Corporation Music Group Limited Music Group Services SG (Pte.) Ltd. Behringer Macao Commercial Offshore Limited Music Group Services EU GmbH Music Group Commercial PH Inc. Pedalmax Holdings, Inc. Pook Ligaya Shell Inc. Privado Holdings Corp. Sealoch Holdings, Inc. Smartventures Inc. Strategic Investment & Dev't. Holdings, Inc. Sunspear Holdings, Inc. Valhalla Investment & Dev't. Holdings, Inc. Wiselink Investment Holdings, Inc.	Filipino	Treasurer: Pook Ligaya Shell Inc. Music Group Commercial PH Inc. Somete Logistics & Development Corporation Tigerlion, Inc. Wiselink Investment Holdings, Inc. Corporate Secretary: AB Fiber Corp. AuEnergy, Inc. Central Bay Reclamation and Development Corporation DHI Investment, Inc. DHI Group Inc. Ecofuel Land Development Inc. Globalpeak Holdings, Inc. Green Future Innovations, Inc. Music Group Commercial PH Inc. Privado Holdings Corp. Strategic Investment & Dev't. Holdings, Inc. Somete Logistics & Dev't. Corp. Synergy88 Studios, Inc. Synergy 88 Digital, Inc. Synergy88 Productions, Inc. Tigerlion, Inc. Terrabay Holdings, Inc. Valhalla Investment & Dev't. Holdings, Inc. Weldon Offshore Strategic Limited Incorporated Wiselink Investment Holdings, Inc.

Name	Age	Directorships in Other Companies	Citizenship	Business Experience for the Past Five Years
Limuel P. Leal Director, December 2016 to present	27	Cyber Bay Corporation Central Bay Reclamation and Dev't. Corp. Synergy Grid & Dev't. Philippines, Inc. OneTaipan Holdings, Inc. Monte Oro Grid Resources Corporation	Filipino	Compliance Officer: Synergy Grid & Dev't. Philippines, Inc. Treasurer: Synergy Grid & Dev't. Philippines, Inc. Central Bay Reclamation and Dev't. Corp.
Jose Martin A. Loon Director, January 2017 to present	32	Cyber Bay Corporation	Filipino	Aquende Yebra Aniag Loon and Associates, Partner Vamos Holdings Inc., Consultant Enrique Zobel Inc., Consultant Inigo & Mercedes Zobel, Executive Assistant ZEE1 Resources Inc., Consultant
Luis A. Vera Cruz, Jr. Independent Director, January 2017 to present	68	Cyber Bay Corporation Eagle Cement Corporation Philippine Resources Savings Banking Corporation	Filipino	Angara Abello Concepcion Regala & Cruz, Of Counsel San Miguel Corporation, Legal Consultant Chemical Industries of the Philippines, Inc., Corporate Secretary ACCRA Holdings, Inc. Director and President ACCRA Investment, Inc, Corporate Secretary
Rhogel S. Gandingco Independent Director, December 2017 to present	50	Fortman Cline Capital Markets Phils., Inc. Pacific Nickel Phils., Inc. Philnico Industrial Corporation	Filipino	San Miguel Energy Corporation, President and Director Top Frontier Holdings Corp., President and Director Global 5000 Corporation, Treasurer and Director
Ryan V. Romero Director, March 2018 to present	36	Broadreach Media Holdings, Inc. Deity Holdings Corporation Grand Trackway, Inc. Synergy Grid & Development Phils., Inc. Thunderbird Poro Development Ventures, Inc.	Filipino	Broadreach Media Holdings, Inc., Corporate Secretary Deity Holdings Corporation, Corporate Secretary, and Treasurer Globalpeak Holdings, Inc., Assistant Corporate Secretary Grand Trackway, Inc., Corporate Secretary Steltz International, Inc., Assistant Corporate Secretary

(2) Significant Employees

The Company has no employees.

(3) Family Relationships

The directors, executive officers, or persons nominated or chosen by the Company to become directors or executive officers are not related up to the fourth civil degree either by consanguinity or affinity.

(4) Involvement in Certain Legal Proceedings

There has been no occurrence of any of the following events during the past five years up to the latest date that are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer or control person of the Company:

a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

b) Any conviction by final judgment, 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) 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 his involvement in any type of business, securities, commodities or banking activities and;

d) 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 other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Information as to the aggregate compensation paid or accrued during the last two completed fiscal years and ensuing year to the Company's Chief Executive Officer and four most highly compensated executive officers

SUMMARY COMPENSATION TABLE

Year 2016-2018 Annual Compensation

Name and Principal Position	Year	Compensation	Bonuses	Other Compensation
The Directors/Officers of the Company are not receiving any form of compensation	2018 2017 2016	N.A.	N.A.	N.A.

10.1 **Compensation of Directors**

(a) There is no standard arrangement pursuant to which directors of the Company are compensated or are to be compensated, directly or indirectly, for any services provided as a director, including any additional amounts payable for committee participation or special assignments, for the last completed fiscal year and the ensuing year.

(b) There are no other arrangements, including consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

There is no action to be taken with regard to the following:

(a) any bonus, profit sharing, or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the Company will participate;

(b) any pension or retirement plan in which any person will participate; or

(c) granting or extension to any such person of any options, warrants or rights to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners
(*As of 31 December 2018*)

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Ownership
Common	PCD Nominee Corp. (Filipino) 37/F Tower I The Enterprise Center 6766 Ayala Avenue cor. Paseo de Roxas, Makati City	*	Filipino	2,013,385,289	15.17%
Common	Primera Commercio Holdings, Inc. 7064 Wilson St., Pio Del Pilar, Makati City	Record Holder same as Beneficial Owner	Filipino	1,462,000,000	12.28%
Preferred	Primera Commercio Holdings, Inc. 7064 Wilson St., Pio Del Pilar, Makati City	Record Holder same as Beneficial Owner	Filipino	4,858,590,925	36.60%
Preferred	One Bacolod Express Holdings, Inc. 2nd Floor Highway 54 Plaza, 986 Standford St., EDSA, Mandaluyong City	Record Holder same as Beneficial Owner	Filipino	1,609,359,778	12.12%

** There are no beneficial owners under PCD Nominee Corporation which holds more than 5% shares in the Company.*

The following represent for each of the above-named company:

1. Primera Commercio Holdings, Inc. — Jose A. Wingkee, Jr.
2. One Bacolod Express Holdings, Inc. — Nicolas P. Tayag

(2) Security Ownership of Management (Other than Nominees)
(*as of 31 December 2017)*

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Common	Oscar L. Paras, Jr.	1 (direct) 30,000 shares (indirect)	Filipino	0.00023%
Common	Raul G. Gerodias	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Raul Tito Maxelmo A. Estrella	999 shares (direct) 0 (indirect)	Filipino	0.00001%
Common	Cheryl S. Saldaňa-de Leon	996 shares (direct) 0 (indirect)	Filipino	0.00001%
Common	Rhogel S. Gandingco	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Ryan V. Romero	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Limuel P. Leal	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Jose Martin A. Loon	1 (direct) 0 (indirect)	Filipino	0.00000%
Common	Luis A. Vera Cruz, Jr.	1 (direct) 0 (indirect)	Filipino	0.00000%
Total		32,002 shares		0.00025%

(3) Voting Trust Holders of 5% or More

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

(4) Changes in Control

There are no arrangements, which may result in changes in control of Company, during the period covered by this Form 17-A.

Item 12. Certain Relationships and Related Transactions

There were no transactions or proposed transactions during the last two years, or proposed transactions, to which the Corporation was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest:

(a) Any director or executive officer of the Corporation;
(b) Any nominee for election as a director;
(c) Any security holder named above; and
(d) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the officers, directors, or a security holder of the Company.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Further to the Securities and Exchange Commission's Memorandum Circular No. 15, Series of 2017, the Corporation's Annual Corporate Governance Report will be submitted by 30 May 2019.

PART V - EXHIBITS AND SCHEDULES

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

(1) Exhibits – See accompanying Index to Exhibits

(2) Reports on SEC Form 17-C

a. 28 March 2018 – Resignation of Independent Director
b. 20 December 2018 - Results of the Annual Stockholder's Meeting.

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 the __th day of April 2019.

OSCAR L. PARAS, JR.
Chairman

RAUL G. GERODIAS
President

LIMUEL P. LEAL
Treasurer

Cheryl S. Saldaña - de Leon

CHERYL S. SALDAÑA-DE LEON
Corporate Secretary

12 APR 2019

SUBSCRIBED AND SWORN to before me this __th day of April 2019, affiants exhibiting to me the following:

Name	CTC/ Passport No. / SSS No. Date and Place of Issuance	Competent Evidence of Identity
Oscar L. Paras, Jr.		TIN 168-499-479
Raul G. Gerodias	CTC No. 11734851/01/10/2019/Pasig	TIN 129-434-349
Cheryl S. Saldaña-de Leon	CTC No. 11734857/01/10/2019/Pasig	TIN 210-789-117
Limuel P. Leal	CTC No. 11737893/01/15/2019/Pasig	TIN 416-070-614

Doc. No. 292;
Page No. 60;
Book No. VII;
Series of 2019.

ARVY BRIAN M. UY
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2019
2404 Discovery Center 25 ADB Ave., Ortigas Center Pasig City
APPT. No. 114 (2018-2019)-Roll No. 68925
PTR No. 5230611; 01-10-2019; Pasig City
IBP No. 0648260; 01-08-2019; Makati

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

					1	6	5	5	3	9

COMPANY NAME

CYBER BAY CORPORATION AND A SUBSIDIARY

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

Suite 2402, Discovery Centre
ADB Avenue, Ortigas Center
Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
NONE	**636-6980/633-9757**	**NONE**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
633	December 21, 2017	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
Cheryl S. Saldana-De Leon Limuel P. Leal	loydeleon@gselawfirm.com lem@gsemsi.com	633-9757	

CONTACT PERSON's ADDRESS

24th Floor GSE Law, Suite 2402, Discovery Centre, ADB Avenue, 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.

CYBER BAY CORPORATION AND A SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2018, 2017 and 2016

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **CYBER BAY CORPORATION** (Company) is responsible for all the information and representations contained in the **consolidated** financial statements for the years ended December 31, 2018 and 2017. The **consolidated** financial statements have been prepared in conformity with generally accepted accounting principles in the Philippines and reflect amounts that are based on the best estimates and informed judgement of the Management with an appropriate consideration to materiality.

In this regard, the Management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the Company's audit committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves the Management or other employee who exercise significant roles in internal controls.

The Board of Directors reviews the **consolidated** financial statements before such statements are approved and submitted to the stockholders of the Company.

R.G. Manabat, CPA, the independent auditor appointed by the stockholders for the period December 31, 2018 and 2017, respectively, has examined the **consolidated** financial statements of the Company in accordance with Philippine Standards on Auditing, and in his reports to stockholders, has expressed his opinion on the fairness of presentation upon completion of such examination.

Signed under the oath by the following:

OSCAR L. PARAS, JR.
Chairman

RAUL G. GERODIAS
President

LIMUEL P. LEAL
Treasurer

Signed this 8th day of April 2019.

SUBSCRIBED AND SWORN TO BEFORE ME, this 15th day of April 2019 at Pasig City, affiant exhibiting to me the following as competent proof of their identity and known to me to be the same persons who executed the foregoing docment:

Name	Competent Evidence of Identity
Oscar L. Paras, Jr.	TIN 168-499-479
Raul G. Gerodias	TIN 129-434-349
Limuel P. Leal	TIN 416-070-614

Doc. No. 240;
Page No. 44;
Book No. I;
Series of 2019.

ANNABELLE P. VILLANOZA
Notary Public for the Cities of Pasig, San Juan
And Municipality of Pateros
Commission until 31 December 2020
2404 Discovery Center 25 ADB Ave., Ortigas Center Pasig City
APPT. No. 113 (2019-2020) – Roll No.70582
PTR No. 5230612; 01-10-2019; Pasig City
IBP No. 064831; 01-08-2019; RSM

KPMG

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
Email ph-inquiry@kpmg.com.ph

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Cyber Bay Corporation and a Subsidiary
Suite 2402, Discovery Centre, ADB Avenue
Ortigas Center, Pasig City

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Cyber Bay Corporation and a Subsidiary ("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 each of the three years in the period ended December 31, 2018, and notes, comprising significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements

Basis for Disclaimer of Opinion

We draw attention to Note 1 to the consolidated financial statements. Central Bay Reclamation and Development Corporation (the "Subsidiary") entered into a Joint Venture (JV) Agreement with the Philippine Reclamation Authority (PRA), formerly Public Estates Authority, for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the "Project") and has made significant investments in the Project. However, the Supreme Court declared that the JV Agreement was null and void. The Subsidiary filed motions for reconsideration which were denied by the Supreme Court.

Due to the cessation of the Project, the Group failed to honor its loan commitments and has incurred significant losses from accumulating interests and penalties. The accumulated deficit as at December 31, 2018 and 2017 amounted to P11.4 billion. The Group's capital deficiency as at December 31, 2018 and 2017 amounted to P1.5 billion.

Despite declaring the JV Agreement null and void, the Supreme Court decision provides that the Subsidiary is not precluded from recovering from the PRA in the proper proceedings whatever costs the Subsidiary may have incurred in implementing the JV Agreement prior to its declaration of nullity.

Pursuant to the Supreme Court's decision, the Group filed a claim for reimbursement with the PRA amounting to P11.5 billion, the realization of which is uncertain except for P1.027 billion which was verified and acknowledged in writing by the PRA. As at December 31, 2018 and 2017, the Subsidiary recognized a receivable from the PRA amounting to P0.6 billion without any allowance for impairment losses as management assessed this to be fully recoverable, and Project Development Cost of P3.0 billion which is fully provided with allowance for impairment.

On October 14, 2016, the Subsidiary and the PRA entered into a Compromise Agreement where the PRA shall cede to the Subsidiary parcels of land with value equal to the validated claim of the Subsidiary amounting to P1.027 billion. In exchange, the Subsidiary shall waive all other claims which is the subject of the pending petition filed by the Group with the Commission on Audit (COA) and any other claims arising from or in connection with the JV Agreement. The Compromise Agreement shall become effective upon approval by the COA.

On November 22, 2016, the Subsidiary and the PRA filed a Joint Motion for Judgment ("Joint Motion") based on the Compromise Agreement with COA. As at April 8, 2019, no formal response on the Joint Motion has been received by the parties from COA.

Management intends to utilize any reimbursement that the Group may obtain from the PRA to fund other business and development ventures and sustain the continuing operations of the Group. Accordingly, the consolidated financial statements are prepared on a going concern basis. However, due to the uncertainty over the Compromise Agreement, particularly its approval and the value of the parcels of land to be ceded in settlement of the Subsidiary's claims, and the uncertainty of any reimbursement should the Compromise Agreement not materialize, the continuance of operations cannot be assured. This raises significant doubt about the Group's ability to continue as a going concern.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Philippine Standards on Auditing and to issue an auditors' report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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 ethical responsibilities in accordance with these requirements and the Code of Ethics.

The engagement partner on the audit resulting in this independent auditors' report is Mr. John Molina.

R.G. MANABAT & CO.

John Molina

JOHN MOLINA
Partner
CPA License No. 0092632
SEC Accreditation No. 1101-AR-2, Group A, valid until August 10, 2020
Tax Identification No. 109-916-107
BIR Accreditation No. 08-001987-23-2016
Issued October 18, 2016; valid until October 17, 2019
PTR No. MKT 7333627
Issued January 3, 2019 at Makati City

April 8, 2019
Makati City, Metro Manila

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue, Makati City
Philippines 1226
Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
Email ph-inquiry@kpmg.com.ph

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

The Board of Directors and Stockholders
Cyber Bay Corporation and a Subsidiary
Suite 2402, Discovery Centre, ADB Avenue
Ortigas Center, Pasig City

We were engaged to audit the accompanying consolidated financial statements of Cyber Bay Corporation and a Subsidiary (collectively referred to as the "Group") as at and for each of the three years in the period ended December 31, 2018, included in this form 17-A, on which we have rendered our report thereon dated April 8, 2019.

We were engaged for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management. Such additional components include:

- Schedule of Philippine Financial Reporting Standards
- Supplementary Schedules of Annex 68-E

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the consolidated financial statements. Such information is the responsibility of management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on the information referred to above.

R.G. MANABAT & CO.

JOHN MOLINA
Partner
CPA License No. 0092632
SEC Accreditation No. 1101-AR-2, Group A, valid until August 10, 2020
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Issued January 3, 2019 at Makati City

April 8, 2019
Makati City, Metro Manila

CYBER BAY CORPORATION AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

		December 31	
	Note	**2018**	2017
ASSETS			
Current Assets			
Cash in banks	*4*	**P1,696**	P1,129
Receivables - net	*4, 5*	**611,850**	611,850
Prepaid income tax		**581**	581
Total Current Assets		**614,127**	P613,560
Noncurrent Assets			
Project development cost:	*1, 6*		
Cost		**6,612,964**	6,612,964
Allowance for impairment in value		**(6,612,964)**	(6,612,964)
		-	-
Other noncurrent assets - net	*4, 7*	**1,216**	1,020
Total Noncurrent Assets		**1,216**	1,020
		P615,343	P614,580
LIABILITIES AND CAPITAL DEFICIENCY			
Current Liabilities			
Accounts payable and accrued expenses	*4, 8*	**P21,594**	P21,595
Amounts owed to related parties	*4, 9*	**2,106,848**	2,104,004
Total Current Liabilities		**2,128,442**	2,125,599
Capital Deficiency			
Capital stock	*10*	**6,970,081**	6,970,081
Additional paid-in capital	*10*	**2,902,073**	2,902,073
Deficit	*1*	**(11,385,253)**	(11,383,173)
Total Capital Deficiency		**(1,513,099)**	(1,511,019)
		P615,343	P614,580

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Amounts in Thousands)

		Years Ended December 31		
	Note	**2018**	2017	2016
REVENUES				
Interest income		**P1**	P1	P2
EXPENSES				
General and administrative expenses	*11*	**2,081**	2,568	1,917
Interest expense	*9*	**-**	3,317	2,884
		2,081	5,885	4,801
LOSS BEFORE INCOME TAX		**(2,080)**	(5,884)	(4,799)
INCOME TAX EXPENSE	*12*	**-**	-	-
NET LOSS/TOTAL COMPREHENSIVE LOSS		**(P2,080)**	(P5,884)	(P4,799)
BASIC AND DILUTED LOSS PER SHARE	*13*	**(P0.0003)**	(P0.001)	(P0.001)

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY

(Amounts in Thousands, Except Par Value and Number of Shares)

							Years Ended December 31
		2018		2017		2016	
	Note	**Number of Shares**	**Amount**	Number of Shares	Amount	Number of Shares	Amount
PREFERRED STOCK	*10*						
Preferred stock - P0.10 par value							
Authorized		**7,000,000,000**		7,000,000,000		7,000,000,000	
Preferred shares issued and outstanding at beginning and end of year		**6,467,950,603**	**P646,795**	6,467,950,603	P646,795	6,467,950,603	P646,795
COMMON STOCK	*10*						
Common shares - P1 par value							
Authorized		**7,300,000,000**		7,300,000,000		7,300,000,000	
Common shares issued and outstanding		**5,985,061,853**	**5,985,062**	5,985,061,853	5,985,062	5,985,061,853	5,985,062
Subscribed shares (net of subscriptions receivable of P483,593)		**821,817,000**	**338,224**	821,817,000	338,224	821,817,000	338,224
Balance at beginning and end of year		**6,806,878,853**	**6,323,286**	6,806,878,853	6,323,286	6,806,878,853	6,323,286
			6,970,081		6,970,081		6,970,081
ADDITIONAL PAID-IN CAPITAL							
Balance at beginning and end of year	*10*		**2,902,073**		2,902,073		2,902,073
DEFICIT							
Balance at beginning of year			**(11,383,173)**		(11,377,289)		(11,372,490)
Net loss/total comprehensive loss for the year			**(2,080)**		(5,884)		(4,799)
Balance at end of year			**(11,385,253)**		(11,383,173)		(11,377,289)
			(P1,513,099)		(P1,511,019)		(P1,505,135)

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

		Years Ended December 31		
	Note	**2018**	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(P2,080)**	(P5,884)	(P4,799)
Adjustments for:				
Interest income		**(1)**	(1)	(2)
Interest expense	*9a*	**-**	3,317	2,884
Operating loss before working capital changes		**(2,081)**	(2,568)	(1,917)
Decrease in accounts payable and accrued expenses		**(1)**	(189)	(13)
Net cash absorbed by operations		**(2,082)**	(2,757)	(1,930)
Interest received		**1**	1	2
Net cash used in operating activities		**(2,081)**	(2,756)	(1,928)
CASH FLOWS FROM AN INVESTING ACTIVITY				
Increase in other noncurrent assets		**(196)**	(284)	(173)
CASH FLOWS FROM A FINANCING ACTIVITY				
Increase in amounts owed to related parties		**2,844**	3,415	1,822
NET INCREASE (DECREASE) IN CASH IN BANKS		**567**	375	(279)
CASH IN BANKS AT BEGINNING OF YEAR	*4*	**1,129**	754	1,033
CASH IN BANKS AT END OF YEAR	*4*	**P1,696**	P1,129	P754

See Notes to the Consolidated Financial Statements.

1. Reporting Entity and Status of Operations

a. Reporting Entity

Cyber Bay Corporation (the "Parent Company") and its subsidiary, Central Bay Reclamation and Development Corporation ("Central Bay" or "Subsidiary") [collectively referred to as the "Group"] were incorporated in the Philippines.

Parent Company
The Parent Company was incorporated in 1989 and is involved in real estate development (except real estate subdivision) and reclamation. The Parent Company's shares are listed at the Philippine Stock Exchange (PSE) under the stock symbol "CYBR" since March 19, 1991.

The registered office address of the Parent Company is at Suite 2402, Discovery Centre, ADB Avenue, Ortigas Center, Pasig City.

Subsidiary
The Subsidiary was registered with the Philippine Securities and Exchange Commission (SEC) on December 5, 1994 to engage in real estate development (except real estate subdivision) and reclamation. As at December 31, 2018, the Company has not yet started commercial operations. However, it is not subject to the provision in Section 22 of the Corporation Code of the Philippines, Effects on non-use of corporate charter and continuous inoperation of a Corporation, since the failure to organize or commence the transactions of its businesses or the construction of its works or to continuously operate is due to causes beyond the control of the Subsidiary.

Update on Operations of the Group
On April 25, 1995, the Subsidiary entered into a Joint Venture Agreement (JVA) with the Philippine Reclamation Authority (PRA), formerly Public Estates Authority, for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the "Project") consisting of three partially reclaimed and substantially eroded islands (the "Three Islands") along Emilio Aguinaldo Boulevard in Paranaque and Las Piñas, Metro Manila with a combined total area of 157.8 hectares, another area of 242.2 hectares contiguous to the Three Islands and, at the Subsidiary's option as approved by the PRA, an additional 350 hectares more or less to regularize the configuration of the reclaimed area. The Subsidiary proceeded with the implementation of the Project after having obtained all the government licenses, environmental and other permits and approvals necessary for the reclamation.

On March 30, 1996, the Parent Company, the Subsidiary and certain shareholders of the Subsidiary entered into a Memorandum of Agreement which involved the restructuring of the Parent Company and the consolidation of certain businesses and assets of the Parent Company and the Subsidiary.

The restructuring of the Parent Company entailed the transfer to Prime Orion Philippines, Inc. (POPI) of the Parent Company's investments in the following corporations: Tutuban Properties Inc., Guoco Property Development Inc., Manila Southcoast Development Corporation, Mandaue Resources and Realty Corporation, Luck Hock Venture Holdings, Inc., First Lepanto Ceramic Wares Inc. and First Lepanto Realty, Inc. and the settlement of all intercompany liabilities relating to such corporations.

The business consolidation involved the issuance by the Parent Company of 4 billion shares of stock (with par value P1.00 per share) to certain Central Bay shareholders in exchange for 4.8 million Central Bay shares of stock (with par value of P100.00 per share) held by the Central Bay shareholders. Upon completion of the business consolidation, the Parent Company assumed full ownership of the Subsidiary, including the latter's JVA with the PRA to reclaim the "Three Islands" with a total area of 750 hectares along Manila Bay as its new property core holding.

However, as ruled and decided by the Supreme Court on July 9, 2002 and after filing for motion for reconsideration and motion for re-deliberation, the JVA is considered to be null and void *ab initio* on the ground that the reclaimed parcels of land are part of the public domain and cannot be disposed of by the PRA to private corporations.

Despite the nullity of the JVA, the Subsidiary is not precluded by the Supreme Court from recovering from the PRA, costs and expenses incurred in implementing the JVA prior to its nullification.

The Subsidiary has spent a considerable amount on the Project which continues to be charged with interest costs. Without prejudice to any other rights and remedies to which the Subsidiary may be entitled to pursuant to the JVA and/or the law, the claims for reimbursements must be submitted to the PRA.

The Parent Company and the Subsidiary pursued the filing of the claims with the PRA for the reimbursements of the total project development cost, project-related receivables and the corresponding interest thereon.

On August 10, 2007, the Parent Company, on behalf of the Subsidiary, filed its claim for reimbursement with the PRA amounting to P10.23 billion for the initial payment of all costs, losses, liabilities and expenses computed as at December 31, 2006. On August 17, 2007, the PRA requested for the details and supporting documents of the claims which the Parent Company provided on September 5, 2007.

On July 15, 2008, the Parent Company requested for an update on the status of the claim, and on July 18, 2008, the PRA responded that it is still evaluating the claim with the supporting documents submitted by the Parent Company.

On November 20, 2009, the Parent Company, through a letter sent to the PRA, demanded for the payment of approximately P13.4 billion. This amount represents all costs, losses, liabilities and expenses incurred by the Subsidiary computed as at September 2009 pursuant to the JVA.

On February 8, 2010, the PRA, through a letter, informed the Subsidiary that based on the books and records of the PRA, it was able to verify a total amount of P1.004 billion of the Subsidiary's claims which are still subject to audit by the Commission on Audit (COA). In this regard, the Subsidiary is directed to furnish PRA with a duly certified details of the said amount including all supporting documents, official receipts and other proof of payments as well as audited financial statements. The Subsidiary provided the requested documents on March 5, 2010. Management intends to cooperate with the PRA in order to process its claims.

On December 13, 2010, the Subsidiary filed a petition with the COA to claim for reimbursement the revised amount of P11.5 billion (from the initial claim of P13.4 billion) and not P1.004 billion as initially verified by the PRA. Considering that the PRA has already validated and acknowledged the Subsidiary's claim for reimbursement amounting to P1.004 billion, the only issue submitted to the COA is whether or not the other claims are likewise rightful items for reimbursement. The Subsidiary and the PRA panel engaged in weekly meetings and discussions from May to October 2011 in order to discuss and validate the Parent Company's claim for reimbursement for project costs. The Subsidiary has submitted its final report on November 8, 2011.

On February 3, 2014, the PRA informed the Subsidiary that it has verified an additional amount for reimbursement bringing the total validated amount to P1.027 billion.

On October 14, 2016, the Subsidiary and the PRA entered into a Compromise Agreement where the PRA shall cede to the Subsidiary parcels of land with value equal to the Subsidiary's validated claim of P1.027 billion. In exchange, the Subsidiary shall waive all other claims which is the subject of the pending petition with the COA and any other claims arising from or in connection with the JVA. The Compromise Agreement shall become effective upon approval by the COA.

On November 22, 2016, the Subsidiary and the PRA filed a Joint Motion for Judgment ("Joint Motion") based on the Compromise Agreement with COA. As at April 8, 2019, no formal response on the Joint Motion has been received by the parties from COA.

b. Status of Operations

For the years 2018, 2017 and 2016, the Parent Company continues to reduce its operational expenses and, through the efforts of its limited personnel and utilizing very restricted resources, the Group was able to consolidate all the records pertaining to the Project from its local and foreign partners.

Due to the cessation of the Project, the Group failed to honor its loan commitments and has incurred significant losses from accumulating interest costs and penalties. Net losses incurred for the years ended December 31, 2018, 2017 and 2016 amounted to P2.1 million P5.9 million and P4.8 million, respectively. The accumulated deficit as at December 31, 2018 and 2017 amounted to P11.4 billion. The capital deficiency as at December 31, 2018 and 2017 amounted to P1.5 billion.

Despite the nullification of the JVA, management still intends to continue the Group's operations and utilize any reimbursement that the Group may obtain from the PRA to fund other business and development ventures.

The ability of the Group to continue as going concern entities will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any business that the Group may undertake. All of these matters indicate the existence of a material uncertainty which casts significant doubt about the ability of the Group to continue as going concern entities.

2. Basis of Preparation

Statement of Compliance
The consolidated financial statements include the accounts of the Parent Company and Central Bay, its 100%-owned subsidiary, and have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations, issued by the Philippine Financial Reporting Standards Council (FRSC).

The consolidated financial statements as at and for the year ended December 31, 2018 were approved and authorized for issuance by the Board of Directors (BOD) on April 8, 2019.

Basis of Measurement
The consolidated financial statements have been prepared on a historical cost basis of accounting.

Basis of Consolidation
A subsidiary is an entity controlled by the Parent Company. In accordance with PFRS 10, *Consolidated Financial Statements,* control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the Subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements are prepared for the same reporting period using uniform accounting policies for like transactions and other events in similar circumstances.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is the functional currency of the Parent Company. All financial information are rounded off to the nearest thousand Philippine peso, except when otherwise indicated.

Use of Judgments, Estimates and Assumptions
The preparation of consolidated financial statements in accordance with PFRS requires the Group to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. However, uncertainty about judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgment and estimates are revised and in any future periods affected.

Judgments
In the process of applying the accounting policies, the Group 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:

Going Concern
The Group has reported a deficit amounting to P11.4 billion as at December 31, 2018 and 2017. The ability of the Group to continue as a going concern will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any business that the Parent Company and the Subsidiary may undertake. Management assessed that the Subsidiary will be able to recover a sufficient amount of the Subsidiary's claims to allow the Parent Company and the Subsidiary to operate on a going concern basis. Accordingly, these consolidated financial statements are prepared on a going concern basis.

Provisions and Contingencies
The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account. As at December 31, 2018 and 2017, the Group does not have any legal or constructive obligations that require provision.

The Group is currently involved in various legal proceedings. The Group's estimate of the probable costs for the resolution of these claims has been developed in consultation with its legal counsel handling the prosecution and defense of these cases and is based upon an analysis of potential results. As at December 31, 2018 and 2017, the Group did not accrue any possible losses as a result of the legal claims as management has assessed these cases will not have a material effect on the Group's consolidated financial statements.

Estimates and Assumptions
The key estimates and assumptions used in the consolidated financial statements are based upon the Group's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Assessment of Expected Credit Loss (ECL) on Receivables (Upon Adoption of PFRS 9 (2014), Financial Instruments). The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for receivables. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group has assessed that the forward-looking default rate component of its ECL is not material because management and its legal counsel believe that the receivable is recoverable. The amount is supported by a Supreme Court decision (dated July 9, 2002) which provides for the reimbursement of expenses that benefited the PRA (Notes 1 and 5). Moreover, based on management's assessment, current conditions and forward-looking information does not indicate a significant increase in credit risk exposure of the Group from its receivables.

As at December 31, 2018, the Group's allowance for impairment losses on receivables amounted to P128.0 million (Note 5). As at December 31, 2018, the Group's allowance for impairment losses on receivables from related parties amounted to P0.2 million (Note 7).

Allowance for Impairment Losses on Receivables (Prior to the Adoption of PFRS 9). Provisions are made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with counterparties, the current credit status based on third party credit reports and known market forces, average age of accounts, collection experience, and historical loss experience. The amount and timing of the recorded expenses for any period would differ if the Group made different judgments or utilized different methodologies. An increase in the allowance for impairment losses would increase the recorded expenses and decrease current assets.

As at December 31, 2017, the Group's allowance for impairment losses on receivables amounted to P128.0 million (Note 5). As at December 31, 2017, the Group's allowance for impairment losses on receivables from related parties amounted to P0.2 million (Note 7).

Fair Value Measurements. The Group uses market observable data when measuring the fair value of an asset or liability. Where the fair values of financial assets and financial liabilities recognized in the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The Group uses judgments to select from a variety of valuation models and make assumptions regarding considerations of liquidity and model inputs such as correlation and volatility for longer dated financial instruments. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value.

Estimating Allowance for Impairment Losses on Nonfinancial Assets
The Group assesses impairment on project development costs, other noncurrent assets and other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;

- significant changes in the manner of use of the acquired assets or the strategy for overall business; and

- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

As discussed in Note 1, the Group has spent a considerable amount on the Project. However, due to the nullity of the JVA and the uncertainty of the claims from the PRA, the Group provided allowance for impairment in value of the project development cost. As at December 31, 2018 and 2017, allowance for impairment losses on project development cost amounted to P6.6 billion (Note 6). As at December 31, 2018 and 2017, allowance for impairment losses on other noncurrent assets amounted to P3.0 million (Note 7).

Estimating Realizability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred tax assets 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.

As at December 31, 2018 and 2017, the total amount of temporary differences and unused tax losses for which deferred tax assets have not been recognized is P6.8 billion (Note 12).

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of New and Amended Standards
The Group has adopted the following amendments to standards starting January 1, 2018 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's consolidated financial statements.

- PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement,* and supersedes the previously published versions of PFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets that reflects the business model in which assets are managed and their cash flow characteristics, including a new forward-looking ECL model for calculating impairment, and guidance on own credit risk on financial liabilities measured at fair value. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  The adoption of PFRS 9 has no significant effect on the classification and measurement of financial assets and financial liabilities of the Group. The adoption of ECL model has no significant impact on the carrying amounts of the Groups financial assets.

  Financial Assets. Cash in banks and receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as financial assets at amortized cost beginning January 1, 2018.

Financial Liabilities. There are no changes in the classification and measurement of the Group's financial liabilities.

- PFRS 15, *Revenue from Contracts with Customers*, replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers* and Standard Interpretation Committee 31, *Revenue - Barter Transactions Involving Advertising Services*. The new standard introduces a new and more comprehensive revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. PFRS 15 requires a contract with a customer to be legally enforceable and to meet certain criteria to be within the scope of the standard and for the general model to apply. It introduces detailed guidance on identifying performance obligations which requires entities to determine whether promised goods or services are distinct. It also introduces detailed guidance on determining transaction price, including guidance on variable consideration and consideration payable to customers. The transaction price will then be generally allocated to each performance obligation in proportion to its stand-alone selling price. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the entity's performance, or at a point in time, when control of the goods or services is transferred to the customer.

  The Group has not yet started commercial operations in 2018. As such, the adoption of PFRS 15 has no significant effect on the consolidated financial statements of the Group.

<u>New and Amended Standards, Interpretation and Framework Not Yet Adopted</u>
A number of new and amended standards, interpretation and framework are effective for annual periods beginning after January 1, 2019 and have not been applied in preparing the consolidated financial statements. Unless otherwise indicated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

The Group will adopt the following new and amended standards, interpretation and framework on the respective effective dates:

- PFRS 16, *Leases*, supersedes PAS 17, *Leases*, and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were also introduced.

PFRS 16 is effective for annual periods beginning on or after January 1, 2019 with several transition approaches and individual options and practical expedients that can be elected independently of each other. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

As at December 31, 2018, the Group is not a party to any lease agreements. As such, the adoption of PFRS 16 effective January 1, 2019 will not have any significant effect on the consolidated financial statements of the Group.

- Philippine Interpretation IFRIC 23*, Uncertainty over Income Tax Treatments.* The interpretation clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes*, when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the consolidated financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Group's chosen tax treatment. If the tax authority will accept the Group's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value. The interpretation also requires the reassessment of judgments and estimates applied if facts and circumstances change - e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

  The interpretation is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted. The interpretation can be initially applied retrospectively applying PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, if possible without the use of hindsight, or retrospectively with the cumulative effect recognized at the date of initial application without restating comparative information.

- Annual Improvements to PFRS Cycles 2015 - 2017 contain changes to the standard:

  - *Income Tax Consequences of Payments on Financial Instrument Classified as Equity* (Amendments to PAS 12)*.* The amendments clarify that all income tax consequences of dividends, including payments on financial instruments classified as equity, are recognized consistently with the transactions that generated the distributable profits - i.e., in profit or loss, other comprehensive income (OCI) or equity.

  - Borrowing Costs Eligible for Capitalization (Amendments to PAS 23, *Borrowing Costs*). The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale, or any non-qualifying assets, are included in that general pool.

    The amendments are effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. When an entity first applies those amendments, it shall apply them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

To be Adopted 2020

- Amendments to References to Conceptual Framework in PFRS Standards sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes: (a) a new chapter on measurement; (b) guidance on reporting financial performance; (c) improved definitions of an asset and a liability, and guidance supporting these definitions; and (d) clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee (IASC)'s Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

  These amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

- Definition of a Business (Amendments to PFRS 3, *Business Combinations)*. The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments:

  - confirmed that a business must include inputs and a process, and clarified that:

    - the process must be substantive; and

    - the inputs and process must together significantly contribute to creating outputs;

  - narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and

  - added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

  The amendments apply to business combinations and asset acquisitions in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

- Definition of Material (Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8) refine the definition of what is considered material. The amended definition of what is considered material states that such information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of what is considered material and its application by: (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence'; (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition; (c) clarifying that the users to which the definition refers are the primary users of general-purpose financial statements referred to in the Conceptual Framework; (d) clarifying the explanatory paragraphs accompanying the definition; and (e) aligning the wording of the definition of material across PFRS Standards and other publications.

  The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements.

  The amendments apply prospectively for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent.

Financial Instruments
Recognition and Initial 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.

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as financial assets at fair value through profit or loss (FVPL), includes transaction costs.

Financial Assets

Classification and Subsequent Measurement - Policy Applicable from January 1, 2018

The Group classifies its financial assets at the initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the 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.

The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to the Group:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

The Group has no financial assets at FVOCI and financial assets at FVPL as at December 31, 2018.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and

- its contractual terms 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 method and are subject to impairment. Gains and losses are recognized in the consolidated statements of comprehensive income when the financial asset is derecognized, modified or impaired.

The Group's cash in banks and receivables are included under this category (Note 5).

Classification and Subsequent Measurement - Policy Applicable before January 1, 2018

The Group classifies its financial assets, at initial recognition, in the following categories: financial assets at FVPL, loans and receivables, available-for-sale (AFS) financial assets and held-to-maturity (HTM) investments. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group has no HTM investments, AFS financial assets and financial assets and financial liabilities at FVPL as at December 31, 2017.

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 financial assets at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less any impairment in value. Any interest earned on loans and receivables is recognized as part of “Interest income” account in the consolidated statements of comprehensive income on an accrual basis. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The periodic amortization is also included as part of “Interest income” account in the consolidated statements of comprehensive income. Gains or losses are recognized in the consolidated statements of comprehensive income when loans and receivables are derecognized or impaired.

The Group’s cash in banks, which is stated at face value, and receivables are included under this category (Note 5).

Financial Liabilities
The Group classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group has no financial liabilities at FVPL as at December 31, 2018 and 2017.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

The Group’s accounts payable and accrued expenses and amounts owed to related parties are included under this category (Note 8).

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

- the 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 or has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; 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 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 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 the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the 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 is required to repay.

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

<u>Impairment of Financial Assets</u>

Policy Applicable from January 1, 2018

The Group recognizes allowance for ECL on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether these financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of comprehensive income.

Policy Applicable before January 1, 2018

The Group assesses, at the reporting date, whether a financial asset or group of financial assets is impaired.

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

For financial assets carried at amortized cost such as loans and receivables, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Group includes the asset as part of a group of financial assets with similar credit risk characteristics and collectively assesses the group for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in the collective impairment assessment.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material. If a loan or receivable has a variable rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. For collective impairment purposes, impairment loss is computed based on their respective default and historical loss experience.

The carrying amount of the asset is reduced either directly or through the use of an allowance account. The impairment loss for the period is recognized in the consolidated statements of comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statements of comprehensive income, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Classification of Financial Instruments between Liability and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

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

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

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Project Development Cost

Project development cost consists of costs directly and clearly associated with the acquisition, development and construction of the Project, less any impairment in value. It includes project mobilization costs, billings from contractors for project and land development, payments to the PRA, borrowing costs incurred during the construction period, professional and legal fees, documentary stamps, foreign exchange losses and other expenses.

Impairment of Nonfinancial Assets

The carrying amount of nonfinancial assets is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal 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. 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. Impairment losses of continuing operations are recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

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 had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of comprehensive income.

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Preferred Shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the Parent Company's option, and any dividends within equity upon approval by the Parent Company's BOD.

Preferred shares are classified as liability if they are redeemable on a specific date or at the option of the stockholders, or if dividend payments are not discretionary. Dividends thereon are recognized as “interest expense” in the consolidated statements of comprehensive income as accrued.

Additional Paid-in Capital
When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the “Additional paid-in capital” account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings (Deficit)
Retained earnings (deficit) represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

Interest Income
Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Expense Recognition
The consolidated financial statements are prepared on the accrual basis of accounting. Under this basis, expenses are recognized when they are incurred and are reported in the consolidated financial statements in the periods to which they relate.

Borrowing Costs
Borrowing costs are recognized as expenses when incurred, except to the extent capitalized. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

Income Taxes
Income tax expense is comprised of current and deferred tax and is recognized in the consolidated statements of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity in other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefit of net operating loss carryover (NOLCO). The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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

Related Parties

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) for the year attributable to equity holders of the Parent Company by the weighted average number of issued and outstanding common shares during the year, with retroactive adjustments for any stock dividends declared.

Diluted earnings (loss) per share is computed by adjusting the net income (loss) for the year attributable to equity holders of the Parent Company and the weighted average number of issued and outstanding common shares during the year, for the effects of all dilutive common shares.

The Group has no potential common shares with dilutive effect.

Provisions

Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) 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 assessment 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 interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements 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 in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date
Any event after the reporting date that provides evidence of conditions that existed at the end of the reporting date (adjusting event) is recognized in the consolidated financial statements. Any event after the reporting date that is not an adjusting event is disclosed in the notes to the consolidated financial statements when material.

4. Financial Risk Management

The Group's activities are exposed to a variety of financial risks. These are credit risk, liquidity risk and interest rate risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework, and for the development and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risk 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.

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. The Group's credit risk arises principally from cash in banks, receivables, and security deposits. Management and its legal counsel believe that the receivable from the PRA is collectible as the amount is supported by a Supreme Court decision (dated July 9, 2002), which provides for the reimbursement of expenses that directly benefited the PRA.

The aging of the Group's financial assets subject to credit risk is as follows:

2018

	Gross Carrying Amount	Neither Past Due nor Impaired	Past due but not Impaired	Overdue and Impaired
Cash in banks	P1,696	P1,696	P -	P -
Receivables	739,884	-	611,850	128,034
Receivables from related parties	196	-	-	196
Security deposits	140	-	-	140
	P741,916	P1,696	P611,850	P128,370

2017

	Gross Carrying Amount	Neither Past Due nor Impaired	Past due but not Impaired	Overdue and Impaired
Cash in banks	P1,129	P1,129	P -	P -
Receivables	739,884	-	611,850	128,034
Receivables from related parties	196	-	-	196
Security deposits	140	-	-	140
	P741,349	P1,129	P611,850	P128,370

High grade financial assets are those assessed as having minimal credit risk, otherwise, they are of standard quality.

As at December 31, 2018 and 2017, the credit quality of the Group's financial assets were determined as follows:

- Cash in banks - high grade, given that the credit risk for cash in banks is considered negligible, since the counterparties are reputable entities with high quality external credit rating.

- Receivables - high grade pertains to receivables that are secured or covered with collaterals; standard grade pertains to receivables that are unsecured but with good paying habits; low-grade pertains to receivables that are unsecured and with allowance for the uncollectibility.

Liquidity Risk
Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to the possibility that adverse changes in the business environment and/or operations would result in substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

As discussed in Note 1, the ability of the Group to continue as a going concern will depend on the recoverability of the Subsidiary's claims for reimbursement from the PRA and on the success of any business that the Group may undertake.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding impact of netting agreements:

		As at December 31, 2018				
	Note	**Carrying Amount**	**Contractual Cash Flow**	**6 Months or Less**	**6 - 12 Months**	**Over One Year**
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	*8*	**P21,578**	**P21,578**	**P21,578**	**P -**	**P -**
Due to related parties	*9*	**2,106,848**	**2,106,848**	**2,106,848**	**-**	**-**
		P2,128,426	**P2,128,426**	**P2,128,426**	**P -**	**P -**

**Excluding withholding tax payable amounting to P16*

		As at December 31, 2017				
	Note	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	*8*	P21,578	P21,578	P21,578	P -	P -
Due to related parties	*9*	2,104,004	2,104,004	2,104,004	-	-
		P2,125,582	P2,125,582	P2,125,582	P -	P -

**Excluding withholding tax payable amounting to P17*

Interest Rate Risk
Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rate. The Group's exposure to changes in interest rates relates primarily to the Group's due to related parties. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. On the other hand, borrowings issued at variable rates expose the Group to cash flow interest rate risk.

Interest expense recognized on amounts owed to related parties amounted to P3.3 million in 2017. No interest expense was recognized in 2018 (Note 9).

The Group manages its interest cost by using fixed rate debt instruments. Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up rates charges on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

Fair Values Sensitivity Analysis for Fixed-rate Instruments
The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Fair Values
The carrying amounts of financial assets and liabilities approximate their fair values as at December 31, 2018 and 2017.

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments:

Cash in Banks and Receivables
The carrying amounts of cash in banks and receivables approximate their fair values due to the relatively short-term maturities of these financial assets. Receivables are reported at their net realizable amounts or at total amounts less allowances for estimated uncollectible accounts.

Security Deposits
The carrying amounts of security deposits approximate their fair values since the Group does not anticipate the carrying amount to be significantly different from the actual values that these would eventually be collected. These are reported at their net realizable amounts or at total amounts less allowances for estimated uncollectible accounts.

Accounts Payable and Accrued Expenses and Amounts Owed to Related Parties
The carrying amounts of accounts payable and accrued expenses and due to related parties approximate their fair values due to the relatively short-term maturities of these financial liabilities.

Capital Management
As discussed in Note 1 to the consolidated financial statements, significant events have occurred which indicate the existence of a material uncertainty which casts significant doubt about the ability of the Group to continue as going concern. The ability of the Group to continue as going concern will depend on the recoverability of the Group's claims for reimbursement from the PRA and on the success of any business that the Group may undertake.

The Group monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses and amounts owed to related parties. Total equity comprises capital stock, additional paid-in capital and deficit.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally-imposed capital requirements.

5. Receivables

As at December 31, 2018 and 2017, this account consists of receivables from:

	Note	
PRA		P611,850
MCRP Construction Corporation		114,460
Tenants		7,327
Others		6,247
	4	739,884
Less allowance for impairment losses on MCRP Construction Corporation, tenants and others		128,034
		P611,850

No impairment loss was recognized on the Subsidiary's receivable from the PRA, which arose from claims for reimbursements of reclamation costs and expenses paid by the Subsidiary on behalf of the PRA. Management and its legal counsel believe that the receivable is collectible as the amount is supported by a Supreme Court decision (dated July 9, 2002) which provides for the reimbursement of expenses that directly benefited the PRA (Note 1).

6. Project Development Cost

As at December 31, 2018 and 2017, this account consists of:

Excess of acquisition cost over net assets of the Subsidiary	P3,592,757
Project development cost:	
Professional and legal fees	1,128,566
Project and land development costs	1,107,434
Capitalized interest and bank charges	472,318
Project mobilization costs	254,736
Input tax	53,949
Documentary stamp tax	3,204
	6,612,964
Less allowance for impairment in value of:	
Project development cost	3,020,207
Excess of acquisition cost over net assets of the Subsidiary	3,592,757
	6,612,964
	P -

The excess of the Parent Company's acquisition cost of the shares of stock of the Subsidiary over the net assets of the Subsidiary pertains to the unbooked appraisal increase relative to the Three Islands, as discussed in Note 1. This appraisal increase was based on an independent appraisers' report dated March 20, 1996. The Hypothetical Development Approach in valuing the property was used in the appraisal.

7. Other Noncurrent Assets

This account consists of:

	Note	**2018**	2017
Prepaid taxes		**P3,899**	P3,703
Receivables from related parties	*4*	**196**	196
Security deposits	*4*	**140**	140
Others		**30**	30
		4,265	4,069
Less allowance for impairment losses on:			
Prepaid taxes		**2,693**	2,693
Receivables from related parties		**196**	196
Security deposits		**140**	140
Others		**20**	20
		P1,216	P1,020

Prepaid taxes consist of input taxes and tax refund.

8. Accounts Payable and Accrued Expenses

This account consists of:

	Note	**2018**	2017
Accrued expenses	*4*	**P19,639**	P19,639
Payable to a third party	*4*	**1,939**	1,939
Withholding tax payable		**16**	17
		P21,594	P21,595

Accrued expenses represent liabilities to suppliers for various expenses incurred by the Group. The settlement of this account is highly dependent on the collection of claims from the PRA.

Payable to a third party pertains to non-interest bearing advances from a certain company.

9. Related Party Transactions

In the ordinary course of business, the Group has transactions with related parties summarized as follows:

Category	Year	Ref	Amount of Transaction	Outstanding Balances Due to Related Parties	Terms and Conditions	
Shareholders						
POPI						
Cash advance	**2018**	*a*	**P -**	**P6,968**	**Due and demandable;**	**Unsecured**
	2017	*a*	-	6,968	**interest bearing**	
Interest expense	**2018**	*a*	**-**	**18,460**		
	2017	*a*	3,317	18,460		
Other Shareholders						
Cash advance	**2018**	*a*	**-**	**31,850**	**Due and demandable;**	**Unsecured**
	2017	*a*	-	31,850	**interest bearing**	
Interest expense	**2018**	*a*	**-**	**2,031,173**		
	2017	*a*	-	2,031,173		
Primera Commercio Holding, Inc. (Primera)						
Cash advance	**2018**	*b*	**2,844**	**16,361**	**Due and demandable;**	**Unsecured**
	2017	*b*	3,415	13,517	**non-interest bearing**	
Italian Thai						
Cash advance	**2018**	*c*	**-**	**2,036**	**Due and demandable;**	**Unsecured**
	2017	*c*	-	2,036	**non-interest bearing**	
	2018			**P2,106,848**		
	2017			P2,104,004		

a) Cash advances from POPI and other shareholders bear interest at 15% per annum, compounded annually until fully paid. The payment terms are stipulated in the Repayment Agreement for such advances and were approved by the BOD on March 14, 2003.

At the option of the above shareholders, the advances shall be settled and paid according to any or a combination of the following:

- In cash by the Parent Company;
- In common shares of the Parent Company, through the issuance, at par value, by the Parent Company of new common shares. Under this option, the shareholder must exercise his right to convert the Project-related payable into common shares of the Parent Company when the weighted average market price of the shares within a 30 trading day period is at P0.95 or above, at a price approximate to the par value of the shares; and
- Through assignment by the Parent Company of all its rights, titles and interest in and to any salable portion of the reclaimed land in the Project, as identified by the above shareholders and subject to the BOD's approval.

In 2016, the Parent Company and the other shareholders entered into an agreement wherein the interest due on the advances under the Repayment Agreement will be waived and will no longer accrue starting in 2016 until the advances are fully paid, except for advances from POPI. Accordingly, in 2018, the Parent Company and the other shareholders entered into same agreement and the interest pertaining to advances from POPI will no longer accrue starting 2018.

b) The Parent Company obtains non-interest bearing cash advances from Primera to support its day-to-day operations. These advances are payable on demand. As at December 31, 2018, Primera has not provided options for the Parent Company's settlement of the advances.

c) The Parent Company obtains non-interest bearing cash advances from Italian Thai to be settled in cash. These advances are due and demandable as at December 31, 2018 and 2017.

d) The Group has no key management personnel compensation in 2018 and 2017.

All amounts owed to related parties are to be settled in cash.

As at December 31, 2018 and 2017, the Group has receivables from related parties amounting to P0.2 million which is fully provided with allowance for impairment losses (Note 7).

10. Capital Stock

Common Stock
The Parent Company had its only public offering for common stocks in 1991. Common stock issued since the public offering amounted to P6.16 billion divided into 6.16 billion shares. These shares are registered with the SEC and traded in the PSE.

Preferred Stock
The preferred stock which may be issued in tranches or series, is redeemable at the option of the Parent Company, non-voting, entitled to preferential and cumulative dividends at a rate not exceeding 12% per annum, and shall have such other rights, preferences, restrictions and qualifications consistent with the Parent Company's By-laws and the Articles of Incorporation, as may be fixed by the BOD at the time of their issuance.

As a result of the conversion of payables to equity on November 13, 2012, the Parent Company issued shares in full settlement of payable to stockholders amounting to P647.0 million and loan payable amounting to P3.6 billion. The additional paid-in capital, net of direct transaction costs, amounted to P2.9 billion. Direct transaction costs for the issuance of shares amounted to P9.08 million.

The table below shows the equivalent number of common and preferred shares issued to the stockholders of the Parent Company in relation to the conversion of debt to equity:

	Number of Shares	
Stockholders	Common	Preferred
One Bacolod Express Holdings, Inc.	364,577,424	1,609,359,778
Primera	167,578,190	4,858,590,825
Cosco Land Corporation	56,132,206	-
David Go Securities Corporation	42,924,628	-
POPI	15,666,405	-
	646,878,853	6,467,950,603

In 2005, the BOD also approved the conversion to equity of the Parent Company's payable to POPI and Orion Land, Inc. (a wholly-owned subsidiary of POPI) amounting to P44.5 million and P2.4 million, respectively, as partial payment for their subscriptions. The application for conversion of debt to equity has not been filed with the SEC as at December 31, 2018.

11. General and Administrative Expenses

This account consists of:

	2018	2017	2016
Professional fees	**P1,542**	P1,914	P1,427
Listing fee and filing fee	**305**	355	290
Communications	**68**	93	104
Taxes and licenses	**16**	35	26
Others	**150**	171	70
	P2,081	P2,568	P1,917

"Others" includes various penalties charged by the SEC and various expenses incurred relative to PRA claims and equity restructuring.

12. Income Taxes

The reconciliation of income tax benefit computed at the statutory income tax rate to income tax expense in profit or loss follows:

	2018	2017	2016
Loss before income tax	**(P2,080)**	(P5,884)	(P4,799)
Income tax benefit at statutory rate at 30%	**(P624)**	(P1,765)	(P1,440)
Reductions in (additions to) income tax benefit resulting from:			
Movement in unrecognized deferred tax assets	**624**	770	573
Nondeductible expenses	**-**	995	867
Income tax expense	**P -**	P -	P -

Deferred tax assets on the following deductible temporary differences and unused NOLCO have not been recognized as the Group may not have sufficient taxable income in the future to realize the benefits of the related deferred tax assets.

	2018	2017
Allowance for impairment losses on project development cost	**P6,612,964**	P6,612,964
Allowance for impairment losses on receivables	**128,034**	128,034
NOLCO	**6,567**	6,440
Allowance for non-recoverability of other noncurrent assets	**3,049**	3,049
	P6,750,614	P6,750,487

As at December 31, 2018, the composition of NOLCO that can be claimed as deduction from future taxable income is as follows:

Year Incurred	Amount Incurred	Expired During the Year	Remaining Balance	Year of Expiration
2015	P1,954	(P1,954)	P -	2018
2016	1,918	-	1,918	2019
2017	2,568	-	2,568	2020
2018	2,081	-	2,081	2021
	P8,521	(P1,954)	P6,567	

<u>Tax Reform for Acceleration and Inclusion Act</u>
Republic Act 10963, *Tax Reform for Acceleration and Inclusion Act* (TRAIN) was signed into law on December 19, 2017 and took effect on January 1, 2018. While most of the changes will affect individuals, the TRAIN Law also introduced changes to income tax, VAT and excise taxes. In the opinion of management, the TRAIN Law will not have a material effect on the consolidated financial statements.

13. Basic and Diluted Loss Per Share

The following table represents information necessary to calculate loss per share:

	2018	2017	2016
Net loss (a)	**(P2,080)**	(P5,884)	(P4,799)
Weighted average number of shares (b)	**6,323,286**	6,323,286	6,323,286
Basic and diluted loss per share (a/b)	**(P0.0003)**	(P0.001)	(P0.001)

As at December 31, 2018 and 2017, there are no dilutive debt or equity instruments.

14. Other Matter

The Group is contingently liable for lawsuits or claims filed by third parties and a creditor bank which are either pending decision by the courts or are under negotiation. The outcome of these lawsuits/claims is not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements.

CYBER BAY CORPORATION AND A SUBSIDIARY
SEC Supplementary Schedules and Other Documents
December 31, 2018

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SCHEDULE A. Financial Assets

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting period (iii)	Income received and accrued
Cash in banks	P -	P1,696	P1,696	P -
Receivables	-	739,884	739,884	-
Receivables from related parties	-	196	196	-
Miscellaneous deposits	-	140	140	-
	P -	**P741,916**	**P741,916**	**P -**

SCHEDULE B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders

Name of debtor	Balance December 31, 2017	Additions	Amounts collected	Amounts written off	Balance December 31, 2018
MCRP Construction Corp.	P114,460	P -	P -	P -	P114,460
Tenants	7,327	-	-	-	7,327
Others	6,247	-	-	-	6,247
Allowance for doubtful accounts	(128,034)	-	-	-	(128,034)
	P -	**P -**	**P -**	**P -**	**P -**

SCHEDULE C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

Name and designation of debtor	Balance at the beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Advances							
Central Bay Reclamation and Development Corporation	P5,265,568,847	P194,932	P -	P -	P5,265,763,779	P -	P5,265,763,779

SCHEDULE F. Indebtedness to Related Parties

Name of affiliate	Balance December 31, 2017	Additions	Amounts paid	Balance December 31, 2018
Primera Commercio Holdings, Inc.	P13,517	P2,844	P -	P16,361
Italian Thai (BVI) Int'l.	2,036	-	-	2,036
POPI	25,428	-	-	25,428
Other Shareholders	2,063,023	-	-	2,063,023
	P2,104,004	**P2,844**	**P -**	**P2,106,848**

SCHEDULE H. Capital Stock
(Amounts in Thousands)

Title of Issue (i)	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
PREFERRED STOCK	7,000,000	6,467,951	-	-	-	-
COMMON STOCK	7,300,000	6,806,879	-	-	-	-
	14,300,000	13,274,830	-	-	-	-

SCHEDULE J. Schedule of PFRS

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: 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			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards - Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: PFRS version that a first-time adopter can apply			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Deletion of short-term exemptions for first-time adopters			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Meaning of ‘vesting condition’			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Classification and measurement of contingent consideration			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope exclusion for the formation of joint arrangements			✓
	Annual Improvements to PFRSs 2015-2017 Cycle: Amendments to PFRS 3 and PFRS 11 - Previously held interest in a joint operation		✓	
	Amendments to PFRS 3: Definition of a Business		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Changes in method for disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and 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	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: ‘Continuing involvement’ for servicing contracts			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Offsetting disclosures in condensed interim financial statements			✓
PFRS 8	Operating Segments	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Disclosures on the aggregation of operating segments			✓
PFRS 9	Financial Instruments (2014)	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
	Annual Improvements to PFRSs 2015-2017 Cycle: Amendments to PFRS 3 and PFRS 11 - Previously held interest in a joint operation		✓	
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Clarification of the scope of the standard		✓	
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
PFRS 16	Leases		✓	
PFRS 17	Insurance Contracts		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of Financial Statements - Comparative Information beyond Minimum Requirements	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
	Amendments to PAS 1 and PAS 8: Definition of Material		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
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 1 and PAS 8: Definition of Material		✓	
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	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
	Annual Improvements to PFRSs 2015-2017 Cycle: Amendments to PAS 12 - Income tax consequences of payments on financial instruments classified as equity		✓	
PAS 16	Property, Plant and Equipment			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Property, Plant and Equipment - Classification of Servicing Equipment			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
PAS 17	Leases			✓
PAS 19 (Amended)	Employee Benefits			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Discount rate in a regional market sharing the same currency - e.g. the Eurozone			✓
	Amendments to PAS 19: Plan Amendment, Curtailment or Settlement		✓	
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	✓		
	Annual Improvements to PFRSs 2015-2017 Cycle: Amendments to PAS 23 – Borrowing costs eligible for capitalization		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of ‘related party’	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Measuring an associate or joint venture at fair value			✓
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Interim Financial Reporting - Segment Assets and Liabilities			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: 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			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
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 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)			✓
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
Philippine Interpretations				
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 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty over Income Tax Treatments		✓	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-32	Intangible Assets - Web Site Costs			✓
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 - Revenue recognition for sales of property units under pre-completion contracts			✓
PIC Q&A 2006-02	PAS 27.10(d) - Clarification of criteria for exemption from presenting consolidated financial statements			✓
PIC Q&A 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
PIC Q&A 2007-03	PAS 40.27 - Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2008-01-Revised	PAS 19.78 - Rate used in discounting post-employment benefit obligations			✓
PIC Q&A 2009-01	Framework.23 and PAS 1.23 - Financial statements prepared on a basis other than going concern			✓
PIC Q&A 2010-02	PAS 1R.16 - Basis of preparation of financial statements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements - Current/non-current classification of a callable term loan			✓
PIC Q&A 2011-02	PFRS 3.2 - Common Control Business Combinations			✓
PIC Q&A 2011-03	Accounting for Inter-company Loans	✓		
PIC Q&A 2011-04	PAS 32.37-38 - Costs of Public Offering of Shares			✓
PIC Q&A 2011-05	PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost			✓
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property - Acquisition of Investment properties - asset acquisition or business combination?			✓
PIC Q&A 2012-01	PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✓
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			✓
PIC Q&A 2013-03 (Revised)	PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✓
PIC Q&A 2015-01	Conforming Changes to PIC Q&As - Cycle 2015	✓		
PIC Q&A 2016-01	Conforming Changes to PIC Q&As - Cycle 2016			✓
PIC Q&A 2016-02	PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity			✓
PIC Q&A 2016-03	Accounting for Common Areas and the Related Subsequent Costs by Condominium Corporations (Subject to approval by the BOA)			✓
PIC Q&A 2016-04	Application of PFRS 15 “Revenue from Contracts with Customers” on Sale of Residential Properties under Pre-Completion Contracts			✓
PIC Q&A 2017-01	Conforming Changes to PIC Q&As - Cycle 2017	✓		
PIC Q&A 2017-02	PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building			✓
PIC Q&A 2017-03	PAS 28 - Elimination of profits and losses resulting from transactions between associates and/or joint ventures			✓
PIC Q&A 2017-04	PAS 24 - Related party relationships between parents, subsidiary, associate and non-controlling shareholder			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PIC Q&A 2017-05	PFRS 7 – Frequently asked questions on the disclosure requirements of financial instruments under PFRS 7, Financial Instruments: Disclosures	✓		
PIC Q&A 2017-06	PAS 2, 16 and 40 – Accounting for Collector's Items			✓
PIC Q&A 2017-07	PFRS 10 – Accounting for reciprocal holdings in associates and joint ventures			✓
PIC Q&A 2017-08	PFRS 10 – Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture			✓
PIC Q&A 2017-09	PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees			✓
PIC Q&A 2017-10	PAS 40 - Separation of property and classification as investment property			✓
PIC Q&A 2017-11	PFRS 10 and PAS 32 - Transaction costs incurred to acquire outstanding non-controlling interest or to sell non-controlling interest without a loss of control			✓
PIC Q&A 2017-12	Subsequent Treatment of Equity Component Arising from Intercompany Loans			✓
PIC Q&A 2018-01	Voluntary changes in accounting policy			✓
PIC Q&A 2018-02	Non-controlling interests and goodwill impairment test			✓
PIC Q&A 2018-03	Fair value of PPE and depreciated replacement cost			✓
PIC Q&A 2018-04	Inability to measure fair value reliably for biological assets within the scope of PAS 41			✓
PIC Q&A 2018-05	Maintenance requirement of an asset held under lease			✓
PIC Q&A 2018-06	Cost of investment in subsidiaries in SFS when pooling is applied			✓
PIC Q&A 2018-07	Cost of an associate, joint venture, or subsidiary in separate financial statements			✓
PIC Q&A 2018-08	Accounting for the acquisition of non-wholly owned subsidiary that is not a business			✓
PIC Q&A 2018-09	Classification of deposits and progress payments as monetary or non-monetary items			✓
PIC Q&A 2018-10	Scope of disclosure of inventory write-down			✓
PIC Q&A 2018-11	Classification of land by real estate developer			✓
PIC Q&A 2018-12	PFRS 15 implementation issues affecting the real estate industry			✓
PIC Q&A 2018-13	Conforming Changes to PIC Q&As – Cycle 2018	✓		
PIC Q&A 2018-14	PFRS 15 - Accounting for Cancellation of Real Estate Sales			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PIC Q&A 2018-15	PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current			✓
PIC Q&A 2018-16	PFRS 13 - Level of fair value hierarchy of government securities using Bloomberg's standard rule on fair value hierarchy			✓
PIC Q&A 2019-01	Accounting for service charges under PFRS 15, Revenue from Contracts with Customers			✓
PIC Q&A 2019-02	Accounting for cryptographic assets			✓

Legend:

Adopted *– means a particular standard or interpretation is relevant to the operations of the Group (even if it has no effect or no material effect on the consolidated financial statements), for which there may be a related particular accounting policy made in the consolidated financial statements and/or there are current transactions the amounts or balances of which are disclosed on the face or in the notes to the consolidated financial statements.*

Not Adopted *– means a particular standard or interpretation is effective but the Group did not adopt it due to either of these two reasons: 1) The Group has deviated or departed from the requirements of such standard or interpretation; or 2) The standard provides for an option to early adopt it but the Group decided otherwise.*

Not Applicable *– means the standard or interpretation is not relevant at all to the operations of the Group.*

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
Amounts in Thousands
As of December 31, 2018

Schedule A. Marketable Securities

Name of Issuing entity and asssociation of each issue	Number of shares or rincipal aamounts of bond	Amount shown in balance sheet	Income received and accrued
	Not Applicable		

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders

Name and Designation of debtor	Balance December 31, 2017	Additions	Amounts Collected	Amounts written off	Current	Not Current	Balance December 31, 2018
MCRP Construction Corp.	114,460						114,460
Tenants	7,327						7,327
Others	6,247						6,247
Allowance for doubtful accounts	(128,034)						(128,034)
TOTAL	-	-	-	-	-	-	-

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
Amounts in Thousands
As of December 31, 2018

Schedule C. Non-Current Marketable Equity Securities, Other Long-Term Investment in Stocks, and Other Investments

Name of issuing entity	Number of shares principal amount	Amount in pesos	Equity in earnings (losses of investees) for the period	Other	Distribution of earnings by investees	Other	Number of shares principal amount	Amount in pesos	Dividends Received not accounted for by the equity method
		Not Applicable							

Schedule D. Indebtedness of Unconsolidated Subsidiaries and Affiliates

Name of Affiliates	Balance December 31, 2017	Balance December 31, 2018
	Not Applicable	
TOTAL	**0**	**0**

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
Amounts in Thousands
As of December 31, 2018

Schedule E. Property, Plant and Equipment

Classification	Balance December 31, 2017	Additions at Cost	Retirements	Other Changes	Balance December 31, 2018
Transportation Equipment	-				-
Office Equipment	-	Not Applicable			-
Furniture & Fixtures	-				-
Office Improvements	-				-
TOTAL	**-**	**-**	**-**	**-**	**-**

Schedule F. Accumulated Depreciation

Description	Balance December 31, 2017	Additions charged to expense	Retirements	Other Charges	Balance December 31, 2018
Transportation Equipment	-				-
Office Equipment	-	Not Applicable			-
Furniture & Fixtures	-				-
Office Improvements	-				-
TOTAL	**-**	**-**	**-**	**-**	**-**

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
Amounts in Thousands
As of December 31, 2018

Schedule G. Other Assets

Description	Balance December 31, 2017	Additions at Cost	Charged to cost and expense	Charged to other accounts	Other Changes	Balance December 31, 2018
Pre-operating Expenses						-
Deferred Charges						-
Miscellaneous Deposit	140					140
Input Tax	2,497	196				2,693
Prepaid Expenses	1,206					1,206
Others	226					226
Allow for non recoverability	(3,049)					(3,049)
TOTAL	**1020**	**196**	**0**	**0**	**0**	**1,216**

Schedule H. Long Term Debt

Title of Issue and type of Obligation	Amount authorized	Current portion of Long Term Debt	Amount shown in Balance Sheet
Not Applicable			
TOTAL	-	-	-

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
Amounts in Thousands
As of December 31, 2018

Schedule I. Indebtedness to Affiliates and Related Parties

Name of Affiliate	Balance December 31, 2017	Balance December 31, 2018
Primera Commercio Holdings, Inc.	13,517	16,361
Italian Thai (BVI) Int'l.	2,036	2,036
POPI	25,428	25,428
Other Shareholders	2,063,023	2,063,023
TOTAL	**2,104,004**	**2,106,848**

Schedule J. Guarantees of Securities of Other Isssuers

Name of Issuing entity of Securities guaranteed by the company for which this 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			

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
As of December 31, 2018

Schedule K. Capital Stock

Title of Issue	No. of shares authorized	No. of shares issued and outstanding	No. of shares reserved for options, warrants convertion and others	No. of shares held by affiliates	Directors, officers and employees	Others
Preferred	7,000,000,000	6,467,950,603				6,467,950,603
Common	7,300,000,000	6,806,878,853			32,000	6,806,846,853
TOTAL	**14,300,000,000**	**13,274,829,456**	**-**	**-**	**32,000**	**13,274,797,456**

CYBER BAY CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
Amounts in Thousands
As of December 31, 2018

	Total	**1 Month**	**2 Months**	**3 Months**	**4 Months& Over**	**Past Due Accounts & Items in Litigation**
a. Trade Receivables						
1 Tenants	7,327					7,327
Less: Allowance	(7,327)					(7,327)
Net Trade Receivables	-	-	-	-	-	-
b. Non-Trade Receivables						
2 Public Estates Authority	611,850				611,850	
3 MCRP Construction Corp.	114,460				114,460	
4 Others	6,247				6,247	
Less: Allowance	(120,707)				(120,707)	
Net Non-Trade Receivables	611,850	-	-	-	611,850	-
TOTAL RECEIVABLES	611,850	-	-	-	611,850	-

Type of Receivable	**Nature / Description**	**Collection Period**
1 Tenants	Trade receivables from tenants	Under Litigation
2 Public Estates Authority	Intercompany Receivables	
3 MCRP Construction Corp.	Intercompany Receivables	
4 Others		