

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **30 September 2020**
2. Commission 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. Province, country or other jurisdiction of incorporation or organization
Makati City, Philippines
6. Industry Classification Code (SEC Use Only)
7. Address of issuer's principal office Postal Code
Suite 2402 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City **1605**
8. Issuer's telephone number, including area code
(632) 633-9757 / 636-6080
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
As of 30 September 2019

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	P 6,160,000,000.00
Loans Payable	-

*Note: The total issued and outstanding shares are:
Common 6,806,878,853
Preferred 6,467,950,603

11. Are any or all of the 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

*Note: Only 6,160,000,000 common shares are listed in the Philippine Stock Exchange (PSE). The remaining common shares and the preferred shares will be listed with the PSE.

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 the registrant was required to file such reports)

Yes No

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

Yes No

**APPLICABLE ONLY TO REGISTRANTS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

13. Check whether the registrant 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 No This item is not applicable to the Company.

DOCUMENTS INCORPORATED BY REFERENCE

The Company attaches to this form and incorporates by reference as a component of Part I, its Financial Statements for the 3rd quarter of 2019, ending on 30 September 2020.

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein. The Company also attaches to this form and incorporates by reference as a component of Part 1 its Financial Statements for the third quarter of 2020, ending 30 September 2020.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

There were no material changes in financial condition and results of operation since the end of the last calendar year and for the comparable interim period.

- There were no known trends, demands, commitments, events or uncertainties that had a material effect on the Company's liquidity;
- There were no material commitments for capital expenditures;
- There were no significant elements of income or loss that did not arise from the Company's operations;
- All expenses of the Company are current and the Company does not expect any direct or contingent financial obligation that is substantial or material.
- There were no seasonal aspects that have a material effect on the financial condition or results of operations.

- The Board and Management of the Company are continuously and actively looking for other projects and businesses that the Company may venture into. In the meantime, all project-related operations are still suspended.

3rd Quarter 2019 vs. 3rd Quarter 2020

Cash balance during the period decreased by Php.87million (97.31%). The expenses of the Company consist of stock and transfer agent fees, taxes and licenses, professional fees, and stock listing fees. No sales and accounts receivables were accrued for the period January to September 2020. Net Loss is Php1.138 million and Php1.284 million for September 2020 and September 2019, respectively. Loss per share for the periods ended September 30, 2020 and 2019 is (Php0.0002) and (Php0.0002), respectively.

Other assets increased by 13.23%. These include unutilized Value Added Tax. Accounts payable and accrued expenses decreased by Php.064 million or .30%. Total equity decreased to (Php1.514) billion from a previous balance of (Php1.515).

December 2019 vs. 3rd Quarter 2020

Other Assets composed of accounts like Value Added Tax increased from Php1.361 million to Php1.511 million or 11.01% due to unutilized Value Added Tax, while accounts payables & accrued expenses at the end of 2019 decreased by Php.539 million at the end 3rd quarter of 2020. Equity for the period decreased from (Php1.515) billion at the end of year 2019 to (Php1.515) billion.

Key Performance Indicators

Performance Indicators	FORMULA	30-Sep-20	30-Sep-19
Current Ratio	Current Assets/Current Liabilities	0.2876 : 1 612,606 / 2,129,990	0.2878 : 1 612,539 / 2,128,274
Debt to Equity Ratio	Total Liabilities / Stockholders Equity	(1.4051) : 1 2,129,990 / (1,515,873)	(1.4054) : 1 2,128,274 / (1,514,383)
Equity to Debt Ratio	Stockholders Equity / Total Liabilities	(0.7117): 1 (1,515,873) / 2,129,990	(0.7116): 1 (1,514,383) / 2,128,274
Asset to Equity Ratio	Total Asset/Total Equity	(0.4051) : 1 612,606 / (1,515,873)	(0.4054) : 1 613,891 / (1,514,383)
Interest Rate Coverage Ratio	Earnings before Interest and Taxes / Interest Expense	N/A	N/A
Return on Asset Ratio	Net Income / Total Asset	(0.0019) : 1 (1,138) / 612,606	(0.0021) : 1 (1,284) / 613,891

Book Value per Common Share	Common Stockholders Equity / Total Number of Common Shares	(0.7440) :1 (5,064,164) / 6,806,879	(0.7438) :1 (5,062,674) / 6,806,879
Book Value per Preferred Share	Preferred Stockholders Equity / Total Number of Preferred Shares	0.5486 : 1 3,548,291 / 6,467,951	0.5486 : 1 3,548,291 / 6,467,951
Income(Loss) per share	Net Income / Total Number of Shares	(0.0002) : 1 (1,138) / 6,806,879	(0.0002) : 1 (1,284) / 6,806,879

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer:

CYBER BAY CORPORATION

By:



RAUL G. GERODIAS

President

Date:



DAVE NHOWEL M. ASEJO

Treasurer

Date: 19 November 2020

CYBER BAY CORPORATION AND SUBSIDIARY
INTERIM CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020 (With Comparative figures for September 30, 2019)
(Amounts in Thousands)

	UNAUDITED		AUDITED
	30-Sep-20	30-Sep-19	31-Dec-19
ASSETS			
Current Assets			
Cash and cash equivalents	176	89	59
Receivables	611,850	611,869	611,850
Prepaid income tax	581	581	581
Project Development Cost			
COST	6,612,964	6,612,964	6,612,964
Allowance for impairment value	(6,612,964)	(6,612,964)	(6,612,964)
	0	0	0
Other Assets	1,511	1,352	1,361
TOTAL ASSETS	614,117	613,891	613,851
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Accounts payable and accrued expenses	21,198	21,426	21,737
Due to related parties	2,108,792	2,106,848	2,106,848
Total Liabilities	2,129,990	2,128,274	2,128,585
Stockholders' Equity			
Subscribed Common Stock	6,806,879	6,806,879	6,806,879
Subscribed Preferred Stock	646,795	646,795	646,795
Less: Subscription Receivable	483,593	483,593	483,593
Capital Stock	6,970,081	6,970,081	6,970,081
Additional Paid -In Capital	2,902,073	2,902,073	2,902,073
Advances from Shareholders for Conversion to Equity	0	0	0
Retained Earnings (deficit)	(11,388,027)	(11,386,537)	(11,386,888)
Total Stockholders' Equity	(1,515,873)	(1,514,383)	(1,514,734)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	614,117	613,891	613,851

CYBER BAY CORPORATION AND SUBSIDIARY
CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
(Amounts in Thousands Except Per Share Figures)

	QUARTER ENDING	
	3 MONTHS ENDED SEPTEMBER 30, 2020	3 MONTHS ENDED SEPTEMBER 30, 2019
REVENUES		
Interest Income	0	0
Other Income	0	0
EXPENSES	184	515
INCOME BEFORE TAX	(184)	(515)
PROVISION FOR INCOME TAX	0	0
NET INCOME (LOSS)	(184)	(515)

	3 MONTHS ENDED SEPTEMBER 30, 2020	3 MONTHS ENDED SEPTEMBER 30, 2019
EARNINGS (LOSS) PER SHARE		
Net Income (LOSS) - (a)	(184)	(515)
Weighted Average number of shares - (b)	6,323,286	6,323,286
EPS - (a) / (b)	(0.0000)	(0.0001)

CYBER BAY CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (UNAUDITED)

(Amounts in Thousands Except Per Share Figures)

	YEAR-TO-DATE	
	9 MONTHS ENDED SEPTEMBER 30, 2020	9 MONTHS ENDED SEPTEMBER 30, 2019
REVENUES		
Interest Income	1	1
Other Income	0	0
EXPENSES	1,139	1,285
INCOME BEFORE TAX	(1,138)	(1,284)
PROVISION FOR INCOME TAX	0	0
NET INCOME BEFORE INCOME APPLICABLE TO MINORITY INTEREST	(1,138)	(1,284)
NET INCOME APPLICABLE TO MINORITY INTEREST		
NET INCOME (LOSS)	(1,138)	(1,284)
RETAINED EARNINGS (DEFICIT), BEGINNING	(11,386,898)	(11,385,253)
DIVIDENDS DECLARED COMMON PREFERRED		
RETAINED EARNINGS (DEFICIT), END	(11,388,036)	(11,386,537)

	9 MONTHS ENDED SEPTEMBER 30, 2020	9 MONTHS ENDED SEPTEMBER 30, 2019
EARNINGS (LOSS) PER SHARE		
Net Income (LOSS) - (a)	(1,138)	(1,284)
Weighted Average number of shares - (b)	6,323,286	6,323,286
EPS - (a) / (b)	(0.0002)	(0.0002)

CYBER BAY CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
SEPTEMBER 30, 2020 AND SEPTEMBER 30, 2019
(Amounts in Thousands)

	YEAR-TO-DATE	
	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	(1,138)	(1,284)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		
Operating Income (loss) before working capital changes	(1,138)	(1,284)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables		(19)
Prepaid Tax	-	-
Other assets	(150)	(136)
Increase (decrease) in:		
Accounts payable and accrued expenses	(539)	(168)
Due to Related Parties	1,944	
Cash generated from (used for) operations	117	(1,607)
Income Tax paid		
Net cash provided by operating activities	117	(1,607)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in:		
Land and project developments		
Project Development Cost		
Investments		
Property and equipment		
Leasehold rights		
Increase (decrease) in:		
Payable to PEA		
Deferred credit and other liabilities		
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan borrowings (repayments/adjustment)		
Long term loan borrowings (repayments)		
Increase in capital stock		
Net advances to affiliates		
Payment of cash dividend		
Net cash provided by financing activities		
NET DECREASE IN CASH	117	(1,607)
CASH AT BEGINNING OF PERIOD	59	1,696
CASH AT END OF PERIOD	176	89

CYBER BAY CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 and SEPTEMBER 30, 2019 and

FOR THE YEAR ENDED DECEMBER 31, 2018

(Amounts in Thousands, except par value)

	YEAR-TO-DATE		
	UNAUDITED		AUDITED
	SEPTEMBER 30, 2020	SEPTEMBER 30, 2019	DECEMBER 31, 2019
CAPITAL STOCK			
Preferred - P0.10 par value			
Authorized - 7,000,000 shares			
Issued - 6,467,951 shares	P 646,795	646,795	646,795
Common - P1 par value			
Authorized - 7,300,000 shares			
Issued - 5,985,062 shares	5,985,062	5,985,062	5,985,062
Subscribed - 821,817 shares	821,817	821,817	821,817
Total	7,453,674	7,453,674	7,453,674
Less: Subscription Receivable	483,593	483,593	483,593
Balance at end of period	6,970,081	6,970,081	6,970,081
ADVANCES FROM SHAREHOLDERS FOR CONVERSION	0	0	0
ADDITIONAL PAID IN CAPITAL	2,902,073	2,902,073	2,902,073
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of the period	(11,386,888)	(11,385,253)	(11,385,253)
Net Income (loss)	(1,138)	(1,284)	(1,635)
	P (1,515,872)	(1,514,383)	(1,514,734)

**CYBER BAY CORPORATION AND SUBSIDIARY
SCHEDULES TO FINANCIAL STATEMENTS**

As of September 30, 2020

Amounts in Thousands

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, 2019	Balance September 30, 2020
Not Applicable		
TOTAL	0	0

**CYBER BAY CORPORATION AND SUBSIDIARY
SCHEDULES TO FINANCIAL STATEMENTS**

As of September 30, 2020

Amounts in Thousands

Schedule E. Property, Plant and Equipment

Classification	Balance December 31, 2019	Additions at Cost	Retirements	Other Changes	Balance September 30, 2020
Transportation Equipment					
Office Equipment	Not Applicable				
Furniture & Fixtures					
Office Improvements					
TOTAL					

Schedule F. Accumulated Depreciation

Description	Balance December 31, 2019	Additions charged to expense	Retirements	Other Charges	Balance September 30, 2020
Transportation Equipment					
Office Equipment	Not Applicable				
Furniture & Fixtures					
Office Improvements					
TOTAL					

**CYBER BAY CORPORATION AND SUBSIDIARY
SCHEDULES TO FINANCIAL STATEMENTS**

As of September 30, 2020

Amounts in Thousands

Schedule G. Other Assets

Description	Balance December 31, 2019	Additions at Cost	Charged to cost and expense	Charged to other accounts	Other Changes	Balance September 30, 2020
Pre-operating Expenses						-
Deferred Charges						-
Miscellaneous Deposit	140					140
Input Tax	4,044	150				4,194
Prepaid Expenses						-
Others	226			-		226
Allow for non recoverability	(3,049)					(3,049)
TOTAL	1,361	150	0	0	0	1,511

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 AND SUBSIDIARY
SCHEDULES TO FINANCIAL STATEMENTS**

As of September 30, 2020

Amounts in Thousands

Schedule I. Indebtedness to Affiliates and Related Parties

Name of Affiliate	Balance December 31, 2019	Balance September 30, 2020
Primera Comercio Holdings, Inc.	16,361	18,305
Italian Thai (BVI) Int'l.	2,036	2,036
POPI	25,428	25,428
Other Shareholders	2,063,023	2,063,023
TOTAL	2,106,848	2,108,792

Schedule J. Guarantees of Securities of Other Issuers

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 AND SUBSIDIARY
SCHEDULES TO FINANCIAL STATEMENTS**

As of September 30, 2020

Amounts in Thousands

Schedule K. Capital Stock

Title of Issue	No. of shares authorized	No. of shares issued and outstanding	No. of shares reserved for options, warrants conversion and others	No. of shares held by affiliates	Directors, officers and employees	Others
Preferred	7,000,000	6,467,951				6,467,951
Common	7,300,000	6,806,879			32	6,806,847
TOTAL	14,300,000	13,274,830	-	-	32	13,274,798

CYBER BAY CORPORATION AND SUBSIDIARY

AGING OF ACCOUNTS RECEIVABLE

As of September 30, 2020

Amounts in Thousands

	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		

CYBER BAY CORPORATION AND A SUBSIDIARY
SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED
(Amounts in Thousands)

1. Reporting Entity and Status of Operations

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 is involved in real estate development (except real estate subdivision) and reclamation. Incorporated in 1989, the Parent 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.

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, 2019, 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 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 Company.

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

Update on Operations of the Group

On March 30, 1996, the Parent Company, Central Bay and certain shareholders of Central Bay 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 Central Bay.

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 Central Bay, including the latter’s Joint Venture Agreement (JVA) with the Philippine Reclamation Authority (PRA) (formerly Public Estates Authority) to reclaim three partially reclaimed and substantially eroded islands (the “Three Islands”) with a total area of 750 hectares along Manila Bay (the “Project”) as its new property core holding.

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 Pinas, 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.

However, as ruled and decided by the Supreme Court 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 pursuant to the JVA and/or the law, the claims for reimbursements must be submitted to the PRA.

The Parent Company and Central Bay 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, in behalf of Central Bay, 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, PRA requested for the details and supporting documents of the claims which the Parent Company complied with on September 5, 2007.

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

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

On February 8, 2010, Central Bay received a letter from PRA informing Central Bay that based on the books and records of PRA, the latter was able to verify a total amount of P1.0 billion of Central Bay’s claims which is still subject to audit by the Commission on Audit (COA). In this regard, Central Bay is directed to furnish PRA with the details/breakdown of the said amount duly certified including all supporting documents, official receipts and other proofs of payments as well as audited financial statements. Central Bay provided the documents requested on March 5, 2010.

On December 13, 2010, Central Bay filed a petition with the COA to claim for reimbursement with the revised amount of P11.5 billion (down from the initial claim of P13.4 billion) and not merely P1.0 billion as initially verified by the PRA. Considering that PRA has already validated and acknowledged Central Bay’s claim for reimbursement amounted to P1.0 billion, the only issue submitted to the COA is whether or not the other claims are likewise rightful items for reimbursement. Central Bay and 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. Central Bay has submitted its final report on November 8, 2011.

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

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.

On November 22, 2016, the Subsidiary and the PRA filed a Joint Motion for Judgment ("Joint Motion") based on the Compromise Agreement with the COA. On May 23, 2019, the COA rendered a decision declaring the Compromise Agreement as invalid, and partially granted the Subsidiary's money claims against the PRA amounting to P714.9 million (the "Decision"). On July 25, 2019, a Motion for Reconsideration on the Decision was filed by the Subsidiary with the COA. As at February 28, 2020, the Subsidiary is still waiting for the COA's resolution on the Motion for Reconsideration.

For the years 2018 and 2017, the Group 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 loss incurred for the years ended December 31, 2019 and 2017 amounted to P2.08 million and P5.9 million, respectively. The accumulated deficit as at December 31, 2019 and 2017 amounted to P11.4 billion and P11.4 billion, respectively. The capital deficiency as at December 31, 2019 and 2017 amounted to P1.5 billion and P1.5 billion, respectively.

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

The ability of the Parent Company and Central Bay to continue as going concern entities will depend on the recoverability of Central Bay's claims for reimbursement from PRA and on the success of any business that the Parent Company and Central Bay may undertake. All of these matters indicate the existence of a material uncertainty which casts significant doubt about the ability of the Parent Company and Central Bay 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 its 100%-owned subsidiary, Central Bay Reclamation and Development Authority (the "Group"). The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) 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) and approved by the Philippine Board of Accountancy.

The consolidated financial statements of the Group as at and for the year ended December 31, 2019 were approved and authorized for issuance by the Board of Directors (BOD) on March 20, 2020.

Basis of Measurement

The consolidated financial statements have been prepared on the 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 also the Parent Company's functional currency. All financial information presented in Philippine peso has been 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 conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from such estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis 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 Group's accounting policies, management has made the following judgment apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Estimates and Assumptions

The key estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial

statements. Actual results could differ from these estimates:

Allowance for Impairment Losses on Receivables

The Group reviews the collectability of its receivables and maintains an allowance for impairment losses on receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group based on available facts and circumstances that affect the collectability of the accounts.

As at September 30, 2020 and December 31, 2019, the Group's allowance for impairment losses on receivables amounted to P128 million (see Note 5).

Estimating Allowance for Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that the carrying amount of an asset may be impaired. If such indication exists, the Group makes an estimate of the asset's recoverable amount. At the reporting date, the Group assesses 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.

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset 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.

As at September 30, 2020 and December 31, 2019, impairment losses on project development costs amounted to P6.6 billion (see Note 6). As at September 30, 2020 and December 31, 2019, impairment losses on non-recoverability of other noncurrent assets amounted to P3.0 million (see Note 7).

Provisions

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 September 30, 2020 and December 31, 2019, the Group does not have any legal or constructive obligations that require provision.

Contingencies

The Group currently has various legal claims. The Group's estimate of the probable costs for the resolution of these claims have 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 September 30, 2020 and December 31, 2019, the Group did not accrue any possible losses as a result of the legal claims as they have assessed these cases will not have a material adverse effect on its financial position and results of operations.

3. Summary of Significant Accounting Policies

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

Adoption of New and Revised Standards, Amendments to Standards and Interpretations

The Group has adopted the following relevant and applicable amendments to standards and interpretations starting January 1, 2016 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Group's consolidated financial statements.

- *Disclosure Initiative (Amendments to PAS 1)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:
 - Information should not be obscured by aggregating or by providing immaterial information.
 - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.
 - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
 - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Standards, Amendments to Standards and Interpretations Issued but Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2016, and have not been applied in preparing these consolidated financial statements. Except as otherwise indicated, none of these are expected to have a significant effect on the consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

Effective January 1, 2018

- *PFRS 9 Financial Instruments (2014)*. 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, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. 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 new standard is to be applied retrospectively early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of PFRS 9.

- *PFRS 15, 'Revenue from contracts with customers'*, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The standard replaces PAS 18 'Revenue' and PAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Company's initial assessment of PFRS 15's potential impact is that it will not significantly affect its current revenue recognition. The Company will continue its assessment and finalize the same upon the effective date of the new standard.
- *PFRS 16, 'Leases'*, is the new standard for lease accounting that will replace PAS 17, 'Leases'. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the standard's approach to lessor accounting substantially unchanged from PAS 17. The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted, but only in conjunction with PFRS 15, 'Revenue from Contracts with Customers'. In order to facilitate transition, entities can choose a 'simplified approach' that includes certain reliefs related to the measurement of the right-of-use asset and the lease liability, rather than full retrospective application; furthermore, the 'simplified approach' does not require a restatement of comparatives. In addition, as a practical expedient, entities are not required to reassess whether a contract is, or contains, a lease at the date of initial application (that is, such contracts are "grandfathered"). Management is currently assessing the impact of PFRS 16 (Company as lessor) on its financial statements and has identified that its rental arrangements may be affected. The Company will continue to assess impact until the date of mandatory adoption.

Financial Assets

Date of Recognition. 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. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Purchases or sales of financial assets are recognized on the settlement date.

Financial assets are classified into the following categories: financial asset at FVPL, loans and receivables, held-to-maturity (HTM) investments, and available-for-sale (AFS) financial assets. The Group determines the classification at initial recognition and where allowed and appropriate, re-evaluates such designation at every reporting date. The Group has not designated any financial assets as financial asset at FVPL, HTM investments or AFS financial assets.

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

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition that are an integral part of the effective interest rate. The amortization is included as interest income in profit or loss. The losses arising from impairment of such loans and receivables are recognized in profit or loss.

The Group's cash in banks, receivables, receivables from related parties and miscellaneous deposits are included in this category.

Cash in banks is stated at its face value.

Financial Liabilities

Financial liabilities are classified into two categories: financial liabilities at FVPL and other financial liabilities. The Group determines the classification at initial recognition and where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group has not designated any financial liability at FVPL.

Other Financial Liabilities. This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable and accrued expenses, due to related parties).

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

The Group's accounts payable and accrued expenses and due to related parties are included in this category.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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 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 and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

Impairment of Financial Assets

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

Assets Carried at Amortized Cost. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to profit or loss.

If, in subsequent years, the amount of estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

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 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 assets are written down to their recoverable amounts. 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 profit or loss 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, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Capital Stock

Capital stock is composed of common stock and preferred stock and is classified as equity. Incremental cost directly attributable to the issue of capital stock, if any, is recognized as a deduction from equity, net of any tax effects.

Additional Paid-in Capital

Additional paid-in capital represents the excess of consideration received over the par value of capital stock.

Deficit

Deficit represents the accumulative balance of net loss and prior period 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 is recognized as the interest accrues, taking into account the effective yield on the asset.

Expense Recognition

Expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred.

Expenses are also recognized when decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized in profit or loss on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

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 comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss 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) and excess of minimum corporate income tax (MCIT). 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 benefit 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 EPS is computed by dividing the net income (loss) for the period attributable to equity holders of the Parent Company by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustments for any stock dividends declared.

Diluted EPS is computed by adjusting the net income (loss) for the period attributable to equity holders of the Parent Company and the weighted average number of issued and outstanding common shares during the period, 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 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 and Financial Instruments

The Group's activities are exposed to a variety of financial risk. 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.

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

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 Board of Directors (BOD) has the overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the 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 cash in banks, receivables, receivables from related parties and miscellaneous deposits. Management and its legal counsel believe that the receivable from 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 as at September 30, 2020 and December 31, 2019 are as follows:

September 30, 2020

	Gross Carrying Amount	Neither Past Due nor Impaired	Past due but not Impaired	Overdue and Impaired
Cash in banks	P176	P176	P -	P -
Receivables	739,884	-	611,850	128,034
Receivables from related parties	196	-	-	196
Miscellaneous deposits	140	-	-	140
	P740,396	P176	P611,850	P128,370

December 31, 2019

	Gross Carrying Amount	Neither Past Due nor Impaired	Past due but not Impaired	Overdue and Impaired
Cash in banks	P59	P59	P -	P -
Receivables	739,884	-	611,850	128,034
Receivables from related parties	196	-	-	196
Miscellaneous deposits	140	-	-	140
	P740,279	P59	P611,850	P128,370

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 going concern will depend on the recoverability of the Group's claims for reimbursement from PRA and on the success of any business that the Group may undertake. The Group is in default of its loan obligations since October 1998.

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

As at September 30, 2020					
<i>Note</i>	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year
Nonderivative Financial Liabilities					
Accounts payable and accrued expenses*	8	P21,187	P21,187	P21,187	P -
Due to related parties	9	2,108,792	2,108,792	2,108,792	-
		P2,129,979	P2,129,979	P2,129,979	P -

*Excluding withholding tax payable

As at December 31, 2019					
<i>Note</i>	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year
Nonderivative Financial Liabilities					
Accounts payable and accrued expenses*	8	P21,733	P21,733	P21,733	P -
Due to related parties	9	2,106,848	2,106,848	2,106,848	-
		P2,128,581	P2,128,581	P2,128,581	P -

*Excluding withholding tax payable

Interest Rate Risk

The Group's exposure to interest rate risk results from interest rate volatilities.

As the Group's due to related parties bears fixed interest rate, it is not significantly exposed to fluctuation in market interest rates.

Fair Values

The carrying amount of financial assets and liabilities approximate their fair values due to the relatively short-term nature of these financial instruments. The Group is in default of its obligation rendering them due and demandable.

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 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 due to related parties. Capital comprises the capital stock, payable to stockholders for conversion to equity, additional paid-in capital and deficit.

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

5. Receivables

This account as at September 30, 2020 and December 31, 2019 consists of receivables from:

	<i>Note</i>	
PRA	<i>1</i>	P611,850
MCRP Construction Corporation		114,460
Tenants		7,327
Others		6,247
		739,884
Less allowance for impairment losses on MCRP Construction Corporation, tenants and others		128,034
	<i>4</i>	P611,850

The above receivables are all currently due and demandable from the debtors.

No impairment loss was made on the Subsidiary's receivable from the PRA, which arose from claims for reimbursements of reclamation costs and expenses paid for by the Subsidiary in 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 (see Note 1).

6. Project Development Cost

This account as at September 30, 2020 and December 31, 2019 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 pertaining 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:

	<i>Note</i>	September 30, 2020	December 31, 2019
Prepaid taxes		P4,194	P4,044
Receivables from related parties	<i>4</i>	196	196
Miscellaneous deposits	<i>4</i>	140	140
Others		30	30
		4,560	4,410
Less allowance for impairment losses on prepaid taxes and receivables from related parties		3,049	3,049
		P1,511	P1,361

Prepaid taxes consist of input taxes and tax refund.

Miscellaneous deposits pertain to security deposits made by the client.

8. Accounts Payable and Accrued Expenses

This account consists of:

	<i>Note</i>	September 30, 2020	December 31, 2019
Accrued expenses	4	P19,248	P19,794
Payable to third party	4	1,939	1,939
Withholding tax payable		10	4
		P21,198	P21,737

Accrued expenses are liability to suppliers from cumulative expenses incurred by the Group. The settlement of this account is highly dependent on collection of claims from PRA.

The above payables are all currently due and demandable.

9. Related Party Transactions

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

Category	Year	<i>Ref</i>	Amount of Transaction	Outstanding Balances Due to Related Parties	Terms and	Conditions
Shareholders						
<u>Prime Orion</u>						
<u>Philippines Inc.</u>						
<u>(POPI)</u>						
Cash advance	Sep 30, 2020		P -	P6,968	Due and demandable; interest bearing	Unsecured
	Dec 31, 2019		-	6,968		
Interest expense	Sep 30, 2020	<i>a</i>	-	18,460		
	Dec 31, 2019		-	18,460		
<u>Other Shareholders</u>						
Cash advance	Sep 30, 2020		-	31,850	Due and demandable; interest bearing	Unsecured
	Dec 31, 2019		-	31,850		
Interest expense	Sep 30, 2020	<i>a</i>	-	2,031,173		
	Dec 31, 2019		-	2,031,173		
<u>Primera Comercio</u>						
<u>Holding, Inc.</u>						
Cash advance	Sep 30, 2020	<i>b</i>	-	18,305	Due and demandable; non -interest bearing	Unsecured
	Dec 31, 2019		1,944	16,361		
<u>Italian Thai</u>						
Cash advance	Sep 30, 2020		-	2,036	Due and demandable; non -interest bearing	Unsecured
	Dec 31, 2019		-	2,036		
	Sep 30, 2020			P2,108,792		
	Dec 31, 2019			P2,106,848		

- a) Cash advances from POPI and other shareholders bears interest of 15% per annum, compounded annually until fully paid. The payment term which was stipulated in the Repayment Agreement for such advances were approved by the BOD on March 14, 2003. At the option of the above stockholders, payment 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 issue, 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 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 stockholders and subject to the BOD's approval.
- b) The Parent Company obtains cash advances from Primera to support its day to day operations. These advances are payable on demand. As at September 30, 2020, the stockholders have yet to decide what option to take to settle outstanding payable.
- 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 September 30, 2020 and December 31, 2019.
- d) The Group has no key management personnel as at September 30, 2020 and December 31, 2019.

As at September 30, 2020 and December 31, 2019, the Group has receivables from related parties amounting to P0.2 million which is fully provided with allowance for impairment losses.

10. Capital Stock

The preferred shares may be issued in tranches or series, redeemable at the option of the Parent Company, non-voting, entitled to preferential and cumulative dividends at the rate not exceeding 12% per annum, and shall have such other rights, preferences, restrictions and qualifications consistent with 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 the following 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:

Stockholders	Number of Shares	
	Common	Preferred
One Bacolod Express Holdings, Inc.	364,577,424	1,609,359,778
Primera Comercio Holding, Inc.	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 its subscriptions. As at September 30, 2020, there are no updates with regard to this transaction.

11. General and Administrative Expenses

This account consists of:

	September 30, 2020	December 31, 2019
IT Expense	P-	P-
Professional fees	790	1,154
Listing fee and filing fee	268	259
Communication, light and water	-	57
Taxes and licenses	36	37
Others	45	129
	P1,139	P1,636

“Others” includes various penalties charged by SEC and various expenses relative to PRA claims and equity restructuring.

12. Basic and Diluted Loss Per Share

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

	September 30, 2020	December 31, 2019
Net loss (a)	(P1,139)	(P1,635)
Weighted average number of shares (b)	6,323,286	6,323,386
Basic and diluted loss per share (a/b)	(P0.0002)	(P0.003)

As at September 30, 2020 and December 31, 2019 there are no dilutive debt or equity instruments.

13. Other Matter

The Subsidiary 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 statement.